Full Year 2023
Financial report

SYENSQO

Regulated information
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Contents

Forenote

In addition to IFRS accounts, Syensqo 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

Underlying (in € million)	Fourth quarter 2023	2022	% yoy	% organic	Full Year 2023	2022	% yoy	% organic
Net sales	1,577	1,930	-18.3%	-14.2%	6,834	7,890	-13.4%	-10.2%
EBITDA	294	397	-25.9%	-20.6%	1,618	1,863	-13.1%	-10.0%
EBITDA margin	18.7%	20.6%	*-190 bps*	-	23.7%	23.6%	*+10 bps*	-
Operating cash flow	-	-	-	-	1,275	1,336	-4.6%	-
FCF	-	-	-	-	448	577	-22.3%	-
ROCE	-	-	-	-	10.6%	13.7%	*-310 bps*	-

FY 2023 Highlights

- Successfully completed separation from Solvay to create a new independently listed **speciality chemical leader** focused on innovation and growth
- **Net sales** of €6.8 billion decreased by 10% organically versus a record full year 2022, driven by 11% lower volumes and 1% increase in prices. Volumes were impacted by the more challenging macroeconomic environment and customer destocking, partially offset by strong growth in Composite Materials
- **Underlying EBITDA** of €1.6 billion in-line with full year 2023 outlook; **EBITDA margin** of 23.7% increased by 10 basis points year-on-year, supported by strong net pricing
- **Underlying net** profit of €752 million
- Strong **operating cash flow** of €1.3 billion allowing for an acceleration in growth investments to extend leadership position and drive long-term profitable growth. Free cash flow to shareholders of €448 million
- Strengthened **balance sheet** with year-end net debt of €1.6 billion and leverage ratio of 1.0x
- **Return on Capital Employed** (ROCE) of 10.6%
- Proposed **dividend** of €1.62 per share (payout ratio of 23%), as announced in November 2023, subject to shareholders' approval during the Annual General Meeting scheduled for May 23, 2024
- Launched new and more ambitious sustainability goals, targeting **carbon neutrality by 2040**
- 50% of 2030 Scope 1, 2 and 3[1] greenhouse gas emissions (GHG) reduction target already achieved

Ilham Kadri, CEO

"2023 was a historic year for Syensqo and I am proud of our achievements. We successfully completed our separation, listed on Euronext Brussels and Paris in December, while meeting our full year EBITDA target, and further strengthening our balance sheet. This was all achieved in the context of a volatile macroeconomic and business environment. We also used our strong cash generation to accelerate the pace of our capital investments in key strategic technologies and platforms, aligned with our mid-term targets.

"Over the last two years, we have significantly outperformed our markets and peer group. While we currently expect a muted recovery in demand in many of our markets during 2024, I have never been more confident in the long-term drivers of our business and our teams' ability to innovate and win new customers to unlock shareholder value."

2024 Outlook

For 2024, we expect the overall demand dynamics across our major end markets to reflect the trends we saw towards the end of 2023, with flattish overall volumes. In addition, the end of customer destocking in a number of our end markets has started to prompt a more stable demand outlook since the start of the year. More specifically, and based on our year-to-date performance, we expect our Q1 2024 underlying EBITDA to increase by approximately 20% versus the level achieved in Q4 2023.

Full-year underlying EBITDA is currently estimated to be in the range of €1.4 billion and €1.55 billion. The lower end of range is aligned with current market dynamics and the annualised EBITDA performance we expect to achieve in Q1 2024. The higher end of the range assumes a modest year-on-year volume

[1] Focus 5 categories covering at least 70% of the full scope, eligible for SBTi

recovery, predominantly in the second half of the year, subject to the overall macroeconomic and demand environments.

Capital expenditures are expected to be in the range of €600-€650 million as we prioritise our investments based on the outlook for 2024 and take into account the acceleration of overall spend in 2023. Free Cash Flow is estimated to be in the range of €400 million and €500 million, excluding the previously announced c.$180million PFAS payment to the New Jersey Department of Environmental Protection, which is expected to be made during Q2 2024.

Aligned with the mid-term financial targets provided at our recent Capital Markets Day, the Syensqo team is focused on accelerating value creation by delivering superior revenue growth, margin expansion and increasing returns.

Mid-term Financial Targets

Syensqo's mid-term financial targets, as set at our Capital Markets Day, are as follows:

- Net sales growth: **5% to 7%** (2024-2028)
- Underlying EBITDA Margin (in %): **to mid-20s** by 2028
- Return on Capital Employed: **to mid-teens** by 2028

ONE Planet roadmap

In November 2023, Syensqo released our new, and more ambitious, sustainability targets, structured around three pillars: climate, sustainable growth, and better life. Through our sustainability ambitions, we aim to drive more environmentally friendly solutions to our customers and make our own operations more sustainable. We also aim to design solutions for a better and more equitable life, for employees and across the value chain.

Climate	2023 vs 2021	2023	2021	2030 target
Scope 1 & 2 GHG emissions (Mt)	20% Structural reduction[a]	1.6 Mt	2.1 Mt[b]	Reduce by 40%
"Focus 5 categories" Scope 3[2] GHG emissions (Mt)[c,d]	11% Structural reduction[a]	6.1 Mt[c]	7.1 Mt[b,c]	Reduce by 23%[e]
Growth	**2023 vs 2021**	**2023**	**2021**	**2030 target**
Circular sales[f]	+1% point	13%	12%	18%
Better life	**2023 vs 2021**	**2023**	**2021**	**Target**
Safety Reportable Injury and Illness rate - RIIR[g]	38% Reduction	0.28	0.45	Aim for zero
% of women in middle & senior management[h]	+4% points	28%	24%[i]	Aim for gender parity by 2033

Climate

In November 2023, we unveiled our plans to achieve carbon neutrality for scope 1 and 2 emissions before 2040 across all businesses. In addition, we announced a target to reduce our greenhouse gas emissions by 40% by 2030, compared to 2021 levels. By the end of 2023, we had already achieved a 20% structural reduction in scope 1 and 2 emissions, or half of our 2030 target.

Since 2018, Syensqo has launched 47 projects globally to drive our transition to green energy, accelerate electrification and improve processes, all focused on reducing Scope 1 and 2 emissions. By the end of 2023, 73% of our sites were procuring 100% renewable electricity.

In 2023, we also established another new and ambitious goal, targeting a 23% reduction of our Scope 3 greenhouse gas emissions from the "focus five"(c) categories by 2030, versus 2021. This target covers more than 73% of Syensqo's total Scope 3 emissions. By the end 2023, we achieved a 11% structural reduction of "focus 5 categories" Scope 3 GHG emissions.

[2] Focus 5 categories covering at least 70% of the full scope, eligible for SBTi

Growth

Committed to the transition to a circular economy, Syensqo aims to increase the share of sales enabling circularity for our customers, targeting 18% of total net sales in 2030 (versus 12% of sales in 2021). In 2023, 13% of Syensqo's sales were generated by products that enable circularity, based on renewable raw materials and energy. Syensqo and the Ellen MacArthur Foundation have signed a Strategic Partner agreement for three years, focusing on advancing the circularity and sustainability agenda within the chemical sector. The partnership underscores Syensqo's commitment to actively contribute to the transformation of value chains to circular business models. This partnership will enable the Foundation network to continue relying on Syensqo's input and expertise, while also supporting its efforts to find new solutions to eliminate waste, make products and materials circular, and regenerate nature.

Better Life

The safety and wellbeing of our people is a key priority for Syensqo. In 2023, our reportable injury and illness rate (RIIR) decreased to 0.28 (versus 0.42 in 2022), an improvement of 38%.

During 2023, we also accelerated our progress towards gender parity. The share of women in middle and senior management reached 28%, an improvement of 400 basis points, compared to 2021. Syensqo has committed to reaching 100% employees earning living wage, following UN Global Compact definition, by 2026. Our living wage initiative complements "Syensqo Cares" program, which provides all our employees with social benefits, such as disability leave, healthcare and life insurance as well as 16 weeks of parental or adoption leave for both parents, regardless of sexual orientation.

a) Structural reductions are linked to specific projects and recurring impacts. It excludes lower activity levels.
b) In 2021, scope 1 & 2 of GHG emissions are at 2.1 Mt at constant scope with +0.1Mt led by change in the reporting scope. In 2021, scope 3 of GHG emissions for "focus five" categories are at 7.1Mt at constant scope +0.4Mt led by change in the reporting scope. Total scope 3 GHG emissions at 8.4Mt in 2023 and at 8.5Mt in 2021 at constant scope.
c) Syensqo's "focus five" categories of Scope 3 GHG emissions are: (1) purchased goods and services (Category 1), which includes impacts of upstream transportation and distribution (Category 4) and waste generated in operations (Category 5); (2) fuel-and energy-related activities (Category 3); (3) processing of sold products (Category 10); (4) use of sold products (Category 11); and (5) end-of-life treatment of sold products (Category 12).
d) Total scope 3 greenhouse gas emissions indicator is in the scope of the reasonable assurance report from our Independent auditor while Scope 3 "focus five" categories greenhouse gas emissions indicator is not in the scope of our Independent auditor. A revision of the methodology for categories 3.1 (purchased goods and services), categories 3.4 (upstream transportation and distribution) and 3.5 (waste generated in operations) by the end of 2024 will address a limitation in accuracy identified in the existing methodology.
e) Reduce by 23% Scope 3 greenhouse gas emissions, as compared to 2021, from its "focus five" categories(c)
f) The Syensqo KPI is "share Sales of product contributing Circular economy". This approach has been reviewed by Ellen MacArthur Foundation's Circulytics organisation. We identified limits in accuracy to this approach as the cumulated mass of all reactants might be higher than the final mass of products for some products (due to evaporation processes, waste and by-product generation). Therefore, for year 2024, we will incrementally adopt the Renewable Carbon Index calculation approach, that will allow us to measure the molar content of renewable carbon from reactants included in the final product over the molar content of total carbon from the final product. This will help us bring the accuracy of renewable content measurement to the highest standard.
g) RIIR: (Reportable Injury & Illness rate): number of reportable injury or illness per 200,000 work hours. Scope: Employees and contractors.
h) % of women in middle/senior management - Management categories are defined on the basis of the Hay Job Evaluation Methodology. Middle and senior management levels refer to the entire active internal workforce having Hay points above 530.
i) Figure published in the supplement to the register document dated June 29, 2023

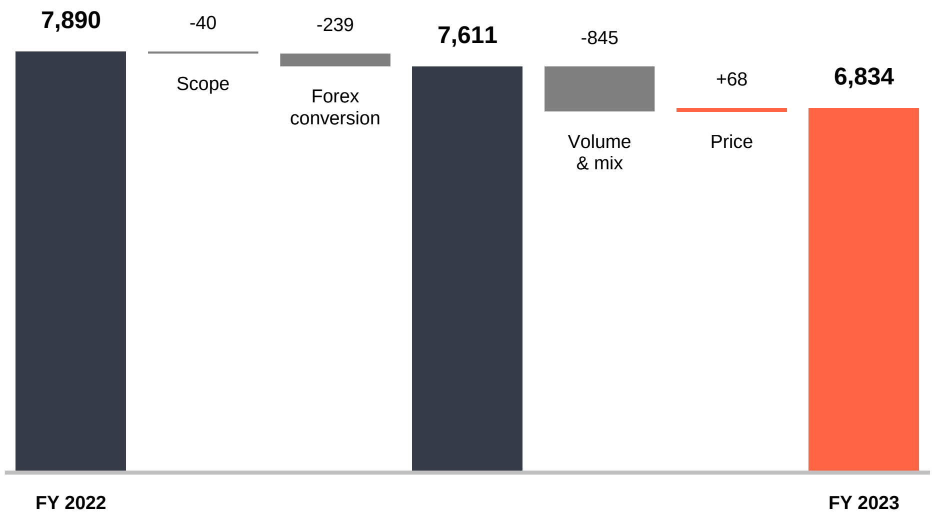
Key figures

Underlying key figures

(in € million)	H2 2023	H2 2022	% YoY	FY 2023	FY 2022	% YoY
Net sales	**3,206**	**4,042**	***-20.7%***	**6,834**	**7,890**	***-13.4%***
EBITDA	**712**	**937**	***-24.0%***	**1,618**	**1,863**	***-13.1%***
EBITDA margin	*22.2%*	*23.2%*	*-1.0pp*	*23.7%*	*23.6%*	*+0.1pp*
EBIT	**457**	**675**	***-32.2%***	**1,134**	**1,381**	***-17.9%***
Net financial charges	-92	-76	*-20.8%*	-159	-133	*-20.1%*
Income tax expenses	-81	-112	*+28.1%*	-218	-260	*+15.9%*
Tax rate				*23.0%*	*21.1%*	*+1.9pp*
(Profit) / loss attributable to non-controlling interests	-2	-6	*-64.2%*	-4	-14	*-72.5%*
Profit / (loss) attributable to Syensqo shareholders	**283**	**481**	***-41.2%***	**752**	**974**	***-22.8%***
Basic earnings per share (in €)	**2.67**	**4.54**	***-41.2%***	**7.10**	**9.20**	***-22.8%***
Capex	544	423	*+28.6%*	848	642	*+32.2%*
FCF to Syensqo shareholders	**181**	**467**	***-61.3%***	**448**	**577**	***-22.3%***
FCF conversion ratio (LTM)				28.2%	31.4%	*-3.2pp*
Net financial debt				**1,584**	**3,814**	***-58.5%***
Underlying leverage ratio				*1.0*	*2.0*	*-52.2%*
ROCE				***10.6%***	***13.7%***	***-3.1pp***
Research & innovation				340	302	*+12.4%*
Research & innovation as % of sales				***5.0%***	***3.8%***	***+1.1pp***

Group performance

Net Sales



Net sales of €6,834 million in 2023 declined by 13% on a reported basis, or 10% organically, versus a record 2022 performance, as higher overall pricing, particularly in the Materials segment, was offset by lower volumes, particularly in the Consumer and Resources segment.

In the fourth quarter of 2023, net sales of €1,577 million declined by 18% on a reported basis, or 14% organically, versus the fourth quarter of 2022, driven by lower volumes, particularly in the Consumer and Resources segment, and to a lesser degree, by lower pricing. On both a full year and fourth quarter basis, lower volumes were a result of softer year-on-year demand across most end markets, with the exception of Aerospace. On a geographic basis, full year and fourth quarter net sales declined in all regions, due to lower volumes given the more challenging overall macroeconomic environment.

Net sales by region and end-market

(in € million)	FY 2023	FY 2022	% yoy
Europe	1,692	1,787	-5.3%
North America	2,232	2,532	-11.8%
Latin America	553	694	-20.3%
Asia and Rest of the world	2,357	2,876	-18.0%
Syensqo	**6,834**	**7,890**	**-13.4%**

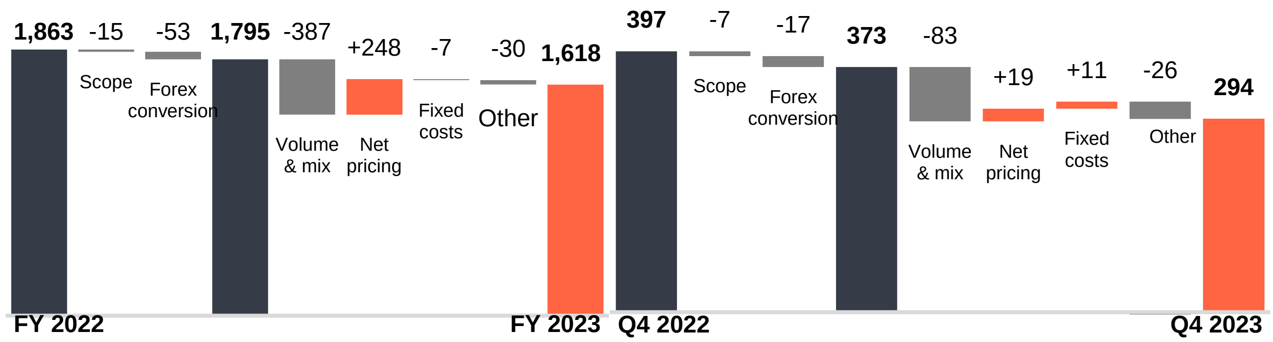
2023 sales by end-markets

(in %)	Materials	Consumer & Resources	*Syensqo*
Automotive	25%	4%	16%
Aerospace	26%	0%	15%
Electronics	16%	1%	10%
Building	3%	9%	5%
Resources & Environment	7%	30%	17%
Consumers goods, Healthcare & HPC	12%	16%	13%
Agro, Feed & Food	3%	19%	10%
Industrial applications	8%	22%	14%
Syensqo	**100%**	**100%**	**100%**

2022 sales by end-markets

(in %)	Materials	Consumer & Resources	*Syensqo*
Automotive	29%	3%	17%
Aerospace	22%	0%	12%
Electronics	14%	1%	8%
Building	5%	9%	7%
Resources & Environment	6%	25%	15%
Consumers goods, Healthcare & HPC	12%	16%	14%
Agro, Feed & Food	3%	23%	13%
Industrial applications	8%	23%	15%
Syensqo	**100%**	**100%**	**100%**

Underlying EBITDA

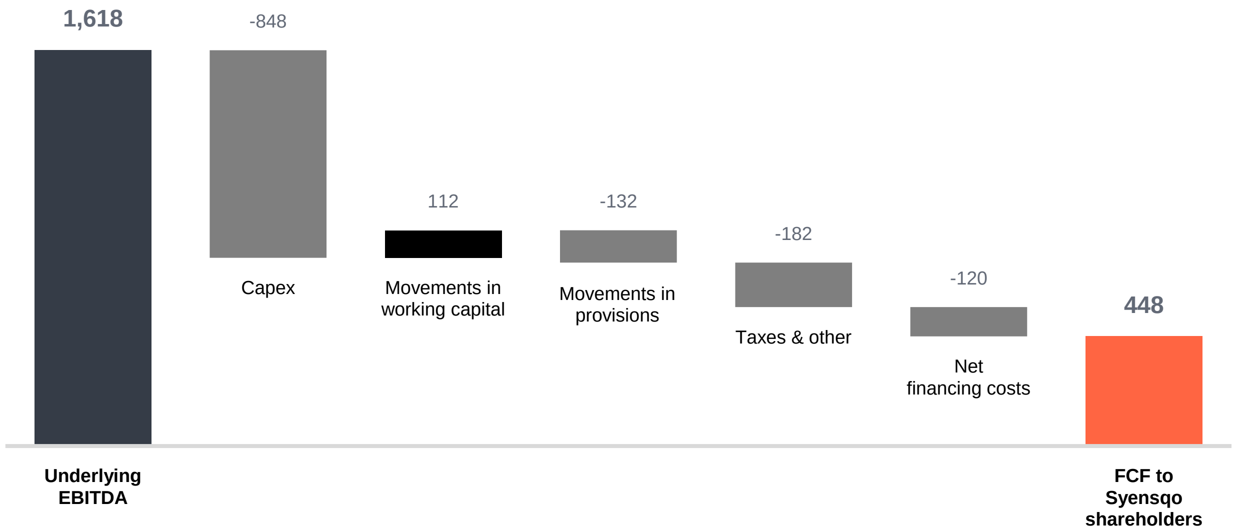


Underlying EBITDA of €1,618 million in 2023 declined by 13% on a reported basis, or 10% organically, versus a record 2022 performance, driven by lower volumes described above. This was partially offset by positive net pricing, particularly in the Materials segment and, to a lesser extent, in the Consumer and Resources segment. On a full year basis, fixed costs remained broadly stable versus 2022, as cost saving initiatives largely offset inflationary pressures and an increase in operating expenses to support future growth. Underlying EBITDA margin of 23.7% in 2023 increased by 10 basis points versus 2022 as higher Materials EBITDA margin was offset by lower Consumer and Resources EBITDA margin.

In the fourth quarter of 2023, Underlying EBITDA of €294 million declined by 26% on a reported basis, or 21% organically, versus the fourth quarter of 2022, driven by lower volumes as described above. This was partially offset by positive net pricing in the Materials segment as well as lower overall fixed costs. Underlying EBITDA margin of 18.7% in the fourth quarter of 2023 declined by 190 basis points versus the fourth quarter of 2022, driven by lower Consumer and Resources EBITDA margin and, to a lesser extent, lower Materials EBITDA margin.

Free cash flow

Free cash flow to shareholders reached €448 million in 2023 versus €577 million in 2022, primarily due to lower profitability and higher capital expenditures, partially offset by cash inflows from working capital movements.



Underlying net debt

Underlying net financial debt amounted to €1,584 million at the end of 2023, representing a leverage ratio of 1.0x.

Provisions

Provisions increased by €364 million in 2023 to €1,076 million, primarily driven by an additional €229 million related to PFAS settlement with the New Jersey Department of Environmental Protection (NJDEP). The Company expects to make a cash payment of approximately US$180 million related to the settlement during Q2 2024, with the balance paid over a 30-year period.

(in € millions)	FY 2022	Payments	Net new provisions	Unwinding of provisions	Voluntary pension contributions	Asset return	Remea-surements	Changes in scope & other	FY 2023	YoY change
Employee benefits	**-338**	39	-33	-102	86	56	-56	-26	**-373**	**-35**
Environment	**-270**	32	-267	-10	-	-	11	2	**-500**	**-230**
Restructuring and other provisions	**-104**	61	-170	-	-	-	2	10	**-202**	**-98**
Total	**-712**	**132**	**-470**	**-112**	**86**	**56**	**-42**	**-14**	**-1,076**	**-364**

Impairment

As a result of a review of the carrying value of the Aroma cash generating unit, and in compliance with IAS 36 “impairment of assets”, a non-cash impairment loss of €114 million was taken during the fourth quarter of 2023.

Dividend

Total proposed dividend of €1.62 per share, as announced in November 2023, subject to Shareholders’ approval during the Annual General Meeting scheduled for May 23, 2024, with payment thereafter. Moreover, in compliance with the Belgian tax law, Syensqo SA will exceptionally withhold an amount corresponding to the tax on the 2023 dividend (at 30% or at a reduced rate in application of the applicable Tax treaties) paid to the shareholders usually benefitting from an exemption of withholding tax (under article 264/1 of the Belgian Income Tax Code, Article 106 §5 or Article 106 §6 of the Royal Decree implementing the Income Tax Code). The amount will be provisionally retained, not paid to the Belgian Treasury and released by Syensqo SA once the one-year detention will be reached. These shareholders or their paying agents are however proposed to contact Syensqo Investor Relations department to discuss a potential way forward.

Performance by segments

Net sales bridge

Net sales Q4

(in € million)	Q4 2022	Scope	Forex conversion	Volume & mix	Price	Q4 2023
Syensqo	**1,930**	**-9**	**-81**	**-169**	**-92**	**1,577**
Materials	1,038	-	-43	-45	-23	927
Consumer & Resources	890	-9	-38	-123	-70	650
CBS	2	-	-	-2	-	-

Net sales FY

(in € million)	FY 2022	Scope	Forex conversion	Volume & mix	Price	FY 2023
Syensqo	**7,890**	**-40**	**-239**	**-845**	**68**	**6,834**
Materials	4,078	-	-129	-152	208	4,004
Consumer & Resources	3,805	-40	-110	-692	-138	2,826
CBS	7	-	-	-2	-1	4

Materials

Net sales of €4,004 million in 2023 declined by 2% on a reported basis, but increased by 1% organically, versus 2022. On a reported basis, the 2% year-on-year decline was driven by the combination of lower volumes and unfavourable foreign exchange movements, partially offset by higher prices. The decline in volumes was a result of softer demand across most end markets, particularly in Automotive and Construction, partially offset by strong growth in Aerospace and Electronics. Automotive volumes were also impacted by customer destocking.

Specialty Polymers net sales of €2,936 million in 2023 declined by 6% on a reported basis, or 3% organically, versus a record 2022 as higher prices were offset by lower volumes. **Composite Materials** net sales of €1,069 million in 2023 increased by 12% on a reported basis, or 15% organically versus 2022, driven by a combination of higher prices and volume growth. The year-on-year increase in volumes was driven by sustained growth in both commercial aircraft as well as space and defence applications.

In the fourth quarter of 2023, segment net sales of €927 million declined by 11% on a reported basis, or 7% organically, versus the fourth quarter of 2022 driven by lower volumes and, to a lesser extent, lower prices. The decline in year-on-year volumes were a result of softer demand across most end markets, partially offset by strong growth in Aerospace.

Specialty Polymers net sales of €637 million in the fourth quarter of 2023 declined by 19% on a reported basis, or 16% organically, versus the fourth quarter of 2022 driven by lower volumes, particularly in Construction and Electronics, as well as lower prices. **Composite Materials** net sales of €290 million in the fourth quarter of 2023 increased by 18% on a reported basis, or 22% organically versus the fourth quarter of 2022 driven by a combination of higher prices and volume growth. The year-on-year increase in volumes was primarily driven by sustained growth in both commercial aircraft as well as space and defence applications.

Underlying segment EBITDA of €1,312 million in 2023 increased by 2% on a reported basis, or 3% organically, versus 2022 as positive net pricing in both Specialty Polymers and Composite Materials was partially offset by lower volumes in Specialty Polymers as well as higher operating expenses to support future growth. Underlying EBITDA margin of 32.8% in 2023 increased by 110 basis points versus 2022 driven by higher EBITDA margins in both Speciality Polymers and Composite Materials.

In the fourth quarter of 2023, underlying segment EBITDA of €261 million declined by 15% on a reported basis, or 13% organically, versus the fourth quarter of 2022 as positive net pricing in both Composite Materials and Speciality Polymers as well as higher volumes in Composite Materials were offset by lower volumes in Speciality Polymers. Underlying EBITDA margin of 28.1% declined by 140 basis points versus the fourth quarter of 2022 as lower EBITDA margin in Specialty Polymers was partially offset by higher EBITDA margin in Composite Materials.

Consumer & Resources

Net sales of €2,826 million in 2023 declined by 26% on a reported basis, or 23% organically versus 2022. On a reported basis, the 26% year-on-year decline was primarily driven by sharply lower volumes in the second half of the year. To a lesser extent, the decline in net sales was also due to lower pricing as well as scope changes and unfavourable foreign exchange movements. The decline in volumes was primarily a result of customer destocking and softer demand across most end markets, particularly in Agro, Feed & Food, Resources & Environment and Construction.

Novecare net sales of €1,367 million in 2023 declined by 28% on a reported basis, or 25% organically versus 2022. This was primarily driven by lower volumes across all major end markets as a result of softer demand as well as customer destocking, particularly Agro, Feed & Food, Construction and Industrial applications.

Technology Solutions net sales of €687 million in 2023 declined by 7% on a reported basis, or 5% organically, versus 2022 driven by lower demand in the second half of the year, as well as lower volumes from mining due to disruptions at certain mines. This was partially offset by higher year-on-year pricing.

Aroma Performance net sales of €347 million in 2023 declined by 40% on a reported basis, or 38% organically, versus 2022, driven by significantly lower demand in the second half of the year as well as strong competition in the food, flavour and fragrance markets.

Oil & Gas net sales of €424 million in 2023 declined by 28% on a reported basis, or 24% organically, versus 2022, driven by lower drilling activity in the United States, lower natural gas demand as well as higher competitive pressure.

In the fourth quarter of 2023, segment net sales of €650 million declined by 27% on a reported basis, or 23% organically, versus the fourth quarter of 2022. This was primarily due to lower volumes and, to a lesser extent, lower prices. The lower volumes were primarily a result of softer demand across most major end markets, particularly Agro, Feed & Food as well Resources & Environment. On a sequential basis, most end markets experienced relatively stable demand.

Novecare net sales of €318 million in the fourth quarter of 2023 declined by 27% on a reported basis or 23% organically, versus the fourth quarter of 2022 primarily due to lower demand in the agro, consumer and construction markets.

Technology Solutions net sales of €171 million in the fourth quarter of 2023 declined by 9% on a reported basis, or 7% organically, versus the fourth quarter of 2022 primarily due to lower volumes in mining related to temporary disruptions at certain mines. On a sequential basis, net sales increased by 8% versus the third quarter of 2023.

Aroma Performance net sales of €78 million in the fourth quarter of 2023 declined by 35% on a reported basis or 33% organically, versus the fourth quarter of 2022 primarily due to lower demand as well as strong competitive pressure. On a sequential basis, demand showed increasing signs of stabilization and market share gains.

Oil & Gas net sales of €83 million in the fourth quarter of 2023 declined by 43% on a reported basis, or 38% organically, versus the fourth quarter of 2022 primarily due to lower demand in the United States.

Underlying segment EBITDA of €458 million in 2023 declined by 39% on a reported basis or 36% organically, versus 2022. This was primarily due to lower volumes, partially offset by fixed cost reductions and positive net pricing. Underlying EBITDA margin of 16.2% declined by 350 basis points versus 2022, primarily due to lower EBITDA margins in Aroma Performance and Oil & Gas.

In the fourth quarter of 2023, underlying segment EBITDA of €79 million declined by 39% on a reported basis, or 35% organically, versus the fourth quarter of 2022. This was primarily due to lower prices and volumes with stable net pricing. Underlying EBITDA margin of 12.3% declined by 240 basis points versus the fourth quarter of 2022, primarily due to lower EBITDA margin in Aroma Performance and Oil & Gas. Novecare EBITDA margin was approximately unchanged year-on-year.

Corporate and Business Services

Corporate and Business services reported a loss of €151 million to Syensqo's EBITDA in 2023, a year-on-year reduction of €26 million versus 2022, primarily driven by lower spend related to the separation project and structural cost savings initiatives, partially offset by higher spend on growth platforms.

Key segment figures

Segment review			Underlying					
(in € million)	H2 2023	H2 2022	% YoY	% organic	FY 2023	FY 2022	% YoY	% organic
Net sales	**3,206**	**4,042**	***-20.7%***	***-16.0%***	**6,834**	**7,890**	***-13.4%***	***-10.2%***
Materials	1,886	2,152	*-12.3%*	*-7.6%*	4,004	4,078	*-1.8%*	*+1.5%*
Specialty Polymers	1,338	1,644	*-18.6%*	*-14.1%*	2,936	3,124	*-6.0%*	*-2.6%*
Composite Materials	549	508	*+8.0%*	*+13.2%*	1,069	954	*+12.0%*	*+14.9%*
Consumer & Resources	1,318	1,886	*-30.1%*	*-25.5%*	2,826	3,805	*-25.7%*	*-22.7%*
Novecare	643	946	*-32.0%*	*-27.3%*	1,367	1,905	*-28.2%*	*-24.7%*
Technology Solutions	330	378	*-12.6%*	*-9.1%*	687	739	*-7.0%*	*-5.4%*
Aroma Performance	159	266	*-40.1%*	*-37.0%*	347	575	*-39.6%*	*-38.0%*
Oil & Gas	186	296	*-37.3%*	*-31.3%*	424	586	*-27.7%*	*-23.5%*
Corporate & Business Services	-		*n.m.*	*n.m.*	4	7	*-47.1%*	*-46.0%*
EBITDA	**712**	**937**	***-24.0%***	***-19.2%***	**1,618**	**1,863**	***-13.1%***	***-10.0%***
Materials	585	692	*-15.4%*	*-12.6%*	1,312	1,290	*+1.6%*	*+3.2%*
Consumer & Resources	199	321	*-37.9%*	*-32.7%*	458	749	*-38.9%*	*-36.0%*
Corporate & Business Services	-72	-76	*+4.8%*	-	-151	-177	*+14.3%*	-
EBITDA margin	***22.2%***	***23.2%***	***-1.0pp***	**-**	***23.7%***	***23.6%***	***+0.1pp***	**-**
Materials	*31.0%*	*32.1%*	*-1.1pp*	-	*32.8%*	*31.6%*	*+1.1pp*	-
Consumer & Resources	*15.1%*	*17.0%*	*-1.9pp*	-	*16.2%*	*19.7%*	*-3.5pp*	-
Capex in continuing operations	**544**	**423**	***+28.6%***	**-**	**848**	**642**	***+32.2%***	**-**
Materials					557	400	*+39.3%*	
Consumer & Resources					217	190	*+14.2%*	
Corporate & Business Services					74	52	*+43.4%*	
Cash conversion	***23.7%***	***54.9%***	***-31.2pp***	**-**	***47.6%***	***65.5%***	***-18.0pp***	**-**
Materials					*57.5%*	*69.0%*	*-11.5pp*	
Consumer & Resources					*52.6%*	*74.6%*	*-22.0pp*	
Research & innovation					**340**	**302**	***+12.4%***	
Materials					227	186	*+21.6%*	
Consumer & Resources					101	97	*+4.0%*	
Corporate & Business Services					12	19	*-35.2%*	
Research & innovation as % of sales					***5.0%***	***3.8%***	***+1.1pp***	
Materials					*5.7%*	*4.6%*	*+1.1pp*	
Consumer & Resources					*3.6%*	*2.5%*	*+1.0pp*	

Key IFRS figures

H2 key figures	IFRS			Underlying		
(in € million)	H2 2023	H2 2022	% YoY	H2 2023	H2 2022	% YoY
Net sales	**3,206**	**4,042**	***-20.7%***	**3,206**	**4,042**	***-20.7%***
EBITDA	**594**	**803**	***-26.0%***	**712**	**937**	***-24.0%***
EBITDA margin				*22.2%*	*23.2%*	*-1.0pp*
EBIT	**152**	**468**	***-67.6%***	**457**	**675**	***-32.2%***
Net financial charges	-92	-72	*-27.9%*	-92	-76	*-20.8%*
Income tax expenses	-164	53	*n.m.*	-81	-112	*+28.1%*
(Profit) / loss attributable to non-controlling interests	-1	-6	*-73.3%*	-2	-6	*-64.2%*
Profit / (loss) attributable to Syensqo shareholders	**-106**	**444**	***n.m.***	**283**	**481**	***-41.2%***
Basic earnings per share (in €)	**-1.01**	**4.19**	***n.m.***	**2.67**	**4.54**	***-41.2%***
Capex				544	423	*+28.6%*
FCF to Syensqo shareholders				181	467	*-61.3%*
Net financial debt				**1,584**	**3,814**	***-58.5%***
Underlying leverage ratio				*1.0*	*2.0*	*-52.2%*

FY key figures	IFRS			Underlying		
(in € million)	**FY 2023**	**FY 2022**	***% YoY***	**FY 2023**	**FY 2022**	***% YoY***
Net sales	**6,834**	**7,890**	***-13.4%***	**6,834**	**7,890**	***-13.4%***
EBITDA	**1,286**	**1,720**	***-25.3%***	**1,618**	**1,863**	***-13.1%***
EBITDA margin				*23.7%*	*23.6%*	*+0.1pp*
EBIT	**547**	**1,098**	***-50.2%***	**1,134**	**1,381**	***-17.9%***
Net financial charges	-158	-132	*-19.6%*	-159	-133	*-20.1%*
Income tax expenses	-192	-2	*n.m.*	-218	-260	*+15.9%*
Tax rate				*23.0%*	*21.1%*	*+1.9pp*
(Profit) / loss attributable to non-controlling interests	-3	-14	*-76.0%*	-4	-14	*-72.5%*
Profit / (loss) attributable to Syensqo shareholders	**193**	**950**	***-79.6%***	**752**	**974**	***-22.8%***
Basic earnings per share (in €)	**1.83**	**8.97**	***-79.6%***	**7.10**	**9.20**	***-22.8%***
Dividend [1]	**1.62**	**-**		**1.62**	**-**	
Capex				848	642	*+32.1%*
FCF to Syensqo shareholders				448	577	*-22.3%*
FCF conversion ratio (LTM)				28.2%	31.4%	*-3.2pp*
Net financial debt				**1,584**	**3,814**	***-58.5%***
Underlying leverage ratio				*1.0*	*2.0*	*-52.2%*
ROCE				***10.6%***	***13.7%***	***-3.1pp***
Research & innovation				340	302	*+12.4%*
Research & innovation as % of sales				***5.0%***	***3.8%***	***+1.1pp***

(1) Total gross dividend of €1.62 subject to shareholder’s approval.

Supplementary information

Reconciliation of alternative performance metrics

Syensqo measures its financial performance using alternative performance metrics, which can be found below. Syensqo 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.

(in € million)		FY 2023	FY 2022
Profit / (loss) for the period before taxes	a	974	1,248
Earnings from associates & joint ventures	b	25	16
Income taxes	c	-218	-260
Underlying tax rate	d = -c/(a-b)	**23.0%**	**21.1%**

Free cash flow (FCF)

(in € million)		H2 2023	H2 2022	FY 2023	FY 2022
Cash flow from operating activities	a	618	921	1,275	1,336
of which voluntary pension contributions	b	-86	-	-86	-
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	c	-102	-2	-105	-6
Cash flow from investing activities	d	-1,304	-507	-1,231	-644
of which change in internal bank accounts with remaining Solvay Group	e	-828	-165	-570	-227
of which capital expenditures required for the partial demerger and excluded from Free Cash Flow	f	-3	-	-54	-
Acquisition (-) of subsidiaries	g	-	-	-2	-
Acquisition (-) of investments - Other	h	-7	-2	-14	-3
Loans to associates and non-consolidated companies and related parties	i	25	-2	172	102
Sale (+) of subsidiaries and investments	j	27	52	32	66
Recognition of factored receivables	k	-	-26	-	-26
Corporate costs after taxes	l	-24	-24	-51	-53
Payment of lease liabilities	m	-25	-26	-53	-51
FCF	n = a-b-c+d-e-f-g-h-i-j-k+l+m	**239**	**508**	**568**	**682**
Net interests received/(paid)	o	-57	-35	-119	-97
Dividends paid to non-controlling interests	p	-8	-6	-8	-8
Capital Injection from non-controlling interests	q	7	-	7	-
FCF to Syensqo shareholders	r = n+o+p+q	**181**	**467**	**448**	**577**
FCF to Syensqo shareholders from continuing operations (LTM)	s	**448**	**577**	**448**	**577**
Dividends paid to non-controlling interests from continuing operations (LTM)	t	-8	-8	-8	-8
Underlying EBITDA (LTM)	u	1,618	1,863	1,618	1,863
FCF conversion ratio (LTM)	v = (s-t)/u	28.2%	31.4%	28.2%	31.4%

Net working capital		2023	2022
(in € million)		December 31	December 31
Inventories	a	1,244	1,392
Trade receivables	b	907	1,027
Other current receivables	c	384	305
Trade payables	d	-918	-972
Other current liabilities	e	-417	-538
Net working capital	**f = a+b+c+d+e**	**1,200**	**1,213**
Quarterly total sales	g	1,601	1,996
Annualized quarterly total sales	h = 4*g	6,404	7,984
Net working capital / quarterly total sales	i = f / h	**18.7%**	**15.2%**

Capital expenditure (capex) *(in € million)*		H2 2023	H2 2022	FY 2023	FY 2022
Acquisition (-) of tangible assets	a	-470	-364	-762	-522
of which capital expenditures required for the partial demerger and excluded from Free Cash Flow	b	3	-	54	-
Acquisition (-) of intangible assets	c	-52	-33	-88	-69
Payment of lease liabilities	d	-25	-26	-53	-51
Capex	e = a+b+c+d	**-544**	**-423**	**-848**	**-642**
Materials				-557	-400
Consumer & Resources				-217	-190
Corporate & Business Services				-74	-52
Underlying EBITDA	f	**712**	**937**	1,618	**1,863**
Materials		585	692	1,312	1,290
Consumer & Resources		199	321	458	749
Corporate & Business Services		-72	-76	-151	-177
Cash conversion	g = (e+f)/f	**23.7%**	**54.9%**	**47.6%**	**65.5%**
Materials				57.5%	69.0%
Consumer & Resources				52.6%	74.6%

Net financial debt (in € million)		2023 December 31	2022 December 31
Non-current financial debt	a	-2,159	-1,851
Current financial debt	b	-154	-4,025
IFRS gross debt	c = a+b	-2,313	-5,877
Underlying gross debt	d = c+h	-2,813	-5,877
Other financial instruments (current + non-current)	e	78	1,818
Cash & cash equivalents	f	1,150	244
Total cash and cash equivalents	g = e+f	1,228	2,062
IFRS net debt	i = c+g	**-1,084**	**-3,814**
Perpetual hybrid bonds	h	-500	
Underlying net debt	j = i+h	**-1,584**	**-3,814**
Underlying EBITDA (LTM)	k	1,618	1,863
Underlying leverage ratio	l = -j/k	**1.0**	**2.0**

ROCE *(in € million)*		FY 2023 As calculated	FY 2022 As calculated
EBIT (LTM)	a	1,134	1,452
Accounting impact from Novation of CO2 hedges and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-134	-211
Numerator	c = a+b	**1,000**	**1,241**
WC industrial	d	1,443	1,323
WC Other	e	-146	-205
Property, plant and equipment	f	3,243	3,035
Intangible assets	g	1,785	1,843
Right-of-use assets	h	199	198
Investments in associates & joint ventures	i	208	205
Other investments	j	8	5
Goodwill	k	2,648	2,624
Denominator	l = d+e+f+g+h+i+j+k	**9,388**	**9,028**
ROCE	***m = c/l***	***10.6%***	***13.7%***

Reconciliation of underlying income statement indicators

In addition to IFRS accounts, Syensqo also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Syensqo'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.

Consolidated income statement H2	H2 2023			H2 2022		
(in € million)	**IFRS**	**Adjust-ments**	**Under-lying**	**IFRS**	**Adjust-ments**	**Under-lying**
Sales	**3,274**	**-**	**3,274**	**4,178**	**-**	**4,178**
of which revenues from non-core activities	68	-	68	136	-	136
of which net sales	3,206	-	3,206	4,042	-	4,042
Cost of goods sold	-2,197	-	-2,197	-2,862	-	-2,862
Gross margin	**1,078**	**-**	**1,078**	**1,316**	**-**	**1,316**
Commercial costs	-154	-	-154	-108	-	-108
Administrative costs	-257	-31	-287	-324	-32	-356
Research & development costs	-168	1	-167	-173	1	-172
Other operating gains & losses	-56	29	-27	-83	71	-12
Earnings from associates & joint ventures	15	-	15	8	-	8
Result from portfolio management & major restructuring	-333	333	-	-25	25	-
Result from legacy remediation & major litigations	26	-26	-	-142	142	-
EBITDA	**594**	**119**	**712**	**803**	**134**	**937**
Depreciation, amortization & impairments	-442	187	-255	-334	73	-262
EBIT	**152**	**306**	**457**	**468**	**207**	**675**
Net cost of borrowings	-83	8	-75	-82	-	-82
Coupons on perpetual hybrid bonds	-	-1	-1	-	-	-
Cost of discounting provisions	-18	2	-16	14	-8	5
Result from equity instruments measured at fair value	8	-8	-	-4	4	-
Profit / (loss) for the period before taxes	**59**	**306**	**365**	**396**	**203**	**599**
Income taxes	-164	83	-81	53	-166	-112
Profit / (loss) for the period	**-105**	**389**	**285**	**449**	**37**	**486**
attributable to Syensqo share	-106	389	283	444	37	481
attributable to non-controlling interests	1	-	2	6	-	6
Basic earnings per share (in €)	-1.01	3.68	2.67	4.19	0.35	4.54
Diluted earnings per share (in €)	-1.00	3.66	2.66	4.19	0.35	4.54

EBITDA on an IFRS basis totaled €594 million, versus €712 million on an underlying basis. The difference of €119 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €214 million to adjust for the "*Result from portfolio management and major restructuring*" (excluding depreciation, amortization and impairment elements), mainly including costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €-26 million to adjust for the "*Result from legacy remediation and major litigations*", mainly due to adjustment for Legacy remediation and litigations related to accruals to environmental provisions, income from HSE cross indemnities and insurance indemnities for the PFAS settlement.
- €-38 million to exclude net gains related to the novation of the CO2 hedges, in the context of the separation from the Solvay Group, deferred in adjustments until the maturity of the economic hedge
- €-31 million to consider a portion of the Solvay "Corporate costs, based on their relative usage by Syensqo, as they were not included in the IFRS Financial Statements.

EBIT on an IFRS basis totaled €152 million, versus €457 million on an underlying basis. The difference of €306 million is explained by the above-mentioned €119 million adjustments at the EBITDA level and €187 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €68 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 €67 million.
- €119 million to adjust for the impact of impairment of the CGU Aroma and of other minor non-performing assets in "*Results from portfolio management and major restructuring*"

Net financial charges on an IFRS basis were €-92 million versus €-92 million on an underlying basis. The adjustments made to IFRS net financial charges mainly consists of:

- €8 million related to the remeasurement of the Long term incentive plans for which the beneficiaries will receive Solvay share,
- €2 million related to the impact of decreasing discount rates on environmental provisions
- €-8 million related to the exclusion of the results from investments at fair value through P&L.

Income taxes on an IFRS basis were €-164 million, versus €-81 million on an underlying basis. The €-83 million adjustment mainly relates to the adjustments of the earnings before taxes described above and valuation allowances on deferred tax assets related to prior periods.

Profit / (loss) attributable to Syensqo shareholders was €-106 million on an IFRS basis and €283 million on an underlying basis. The delta of €389 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

FY consolidated income statement

(in € million)	FY 2023 IFRS	FY 2023 Adjust-ments	FY 2023 Under-lying	FY 2022 IFRS	FY 2022 Adjust-ments	FY 2022 Under-lying
Sales	**7,065**	**-**	**7,065**	**8,123**	**-**	**8,123**
of which revenues from non-core activities	231	-	231	233	-	233
of which net sales	6,834	-	6,834	7,890	-	7,890
Cost of goods sold	-4,690	-	-4,690	-5,519	-	-5,519
Gross margin	**2,375**	**-**	**2,375**	**2,604**	**-**	**2,604**
Commercial costs	-296	-	-296	-222	-	-222
Administrative costs	-521	-66	-588	-622	-70	-692
Research & development costs	-339	1	-338	-312	3	-309
Other operating gains & losses	-141	96	-45	-152	137	-15
Earnings from associates & joint ventures	25	-	25	16	-	16
Result from portfolio management & major restructuring	-388	388	-	-31	31	-
Result from legacy remediation & major litigations	-168	168	-	-182	182	-
EBITDA	**1,286**	**332**	**1,618**	**1,720**	**142**	**1,863**
Depreciation, amortization & impairments	-739	255	-484	-622	141	-482
EBIT	**547**	**587**	**1,134**	**1,098**	**283**	**1,381**
Net cost of borrowings	-140	8	-133	-137	-	-136
Coupons on perpetual hybrid bonds	-	-1	-1	-	-	-
Cost of discounting provisions	-28	2	-26	17	-14	4
Result from equity instruments measured at fair value	10	-10	-	-13	13	-
Profit / (loss) for the period before taxes	**389**	**585**	**974**	**966**	**282**	**1,248**
Income taxes	-192	-26	-218	-2	-257	-260
Profit / (loss) for the period	**197**	**559**	**756**	**964**	**25**	**989**
attributable to Syensqo share	193	559	752	950	25	974
attributable to non-controlling interests	3	-	4	14	-	14
Basic earnings per share (in €)	1.83	5.28	7.10	8.97	0.23	9.20
Diluted earnings per share (in €)	1.82	5.25	7.07	8.97	0.23	9.20

EBITDA on an IFRS basis totaled €1,286 million, versus €1,618 million on an underlying basis. The difference of €332 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €269 million to adjust for the "*Result from portfolio management and major restructuring*" (excluding depreciation, amortization and impairment elements), including the costs attributed to Syensqo for the separation of the Solvay Group into two independent, publicly listed companies and other restructuring initiatives.
- €168 million to adjust for the "*Result from legacy remediation and major litigations*", mainly due to environmental provisions accrued for the settlement agreement with the New Jersey Department of Environmental Protection (see further in the notes).
- €-38 million to exclude net gains related to the novation of the CO2 hedges, in the context of the separation from the Solvay Group, deferred in adjustments until the maturity of the economic hedge
- €-66 million to consider a portion of the Solvay "Corporate costs, based on their relative usage by Syensqo, as they were not included in the IFRS Financial Statements.

EBIT on an IFRS basis totaled €547 million, versus €1,134 million on an underlying basis. The difference of €587 million is explained by the above-mentioned €332 million adjustments at the EBITDA level and €255 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €135 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 €134 million.
- €119 million to adjust for the impact of impairment of the CGU Aroma and of other minor non-performing assets in "*Results from portfolio management and major restructuring*"

Net financial charges on an IFRS basis were €-158 million versus €-159 million on an underlying basis. The €1 million adjustment made to IFRS net financial charges mainly consists of:

- €8 million related to the remeasurement of the Long term incentive plans for which the beneficiaries will receive Solvay share
- €2 million related to the impact of decreasing discount rates on environmental provisions
- €-10 million related to the exclusion of the results from investments at fair value through P&L.

Income taxes on an IFRS basis were €-192 million, versus €-218 million on an underlying basis. The €-26 million adjustment mainly relates to the adjustments of the earnings before taxes described above.

Profit / (loss) attributable to Syensqo shareholders was €193 million on an IFRS basis and €752 million on an underlying basis. The delta of €559 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

Condensed consolidated financial statements[1]

Consolidated income statement *(in € million)*	IFRS H2 2023	H2 2022	FY 2023	FY 2022
Sales	**3,274**	**4,178**	**7,065**	**8,123**
of which revenues from non-core activities	68	136	231	233
of which net sales [2]	3,206	4,042	6,834	7,890
Cost of goods sold	-2,197	-2,862	-4,690	-5,519
Gross margin	**1,078**	**1,316**	**2,375**	**2,604**
Commercial costs	-154	-108	-296	-222
Administrative costs [3]	-257	-324	-521	-622
Research & development costs	-168	-173	-339	-312
Other operating gains & losses	-56	-83	-141	-152
Earnings from associates & joint ventures	15	8	25	16
Result from portfolio management & major restructuring [4]	-333	-25	-388	-31
Result from legacy remediation & major litigations [5]	26	-142	-168	-182
EBIT	**152**	**468**	**547**	**1,098**
Cost of borrowings [6]	-96	-77	-190	-133
Interest on loans & short term deposits	38	25	81	34
Other gains & losses on net indebtedness	-24	-30	-31	-37
Cost of discounting provisions	-18	14	-28	17
Result from equity instruments measured at fair value	8	-4	10	-13
Profit / (loss) for the period before taxes	**59**	**396**	**389**	**966**
Income taxes	-164	53	-192	-2
Profit / (loss) for the period	**-105**	**449**	**197**	**964**
attributable to Syensqo share	-106	444	193	950
attributable to non-controlling interests	1	6	3	14
Weighted average of number of outstanding shares, basic	105,793,355	105,876,417	105,834,886	105,876,417
Weighted average of number of outstanding shares, diluted	106,309,334	105,876,417	106,315,734	105,876,417
Basic earnings per share (in €)	-1.01	4.19	1.83	8.97
Diluted earnings per share (in €)	-1.00	4.19	1.82	8.97

Consolidated statement of comprehensive income *(in € million)*	IFRS H2 2023	H2 2022	FY 2023	FY 2022
Profit / (loss) for the period	**-105**	**449**	**197**	**964**
Gains and losses on hedging instruments in a cash flow hedge	-44	21	-50	9
Currency translation differences from subsidiaries & joint operations [7]	-67	-159	-169	168
Share of other comprehensive income of associates and joint ventures	-5	-12	-6	-8
Recyclable components	-116	-150	-225	170
Gains and losses on equity instruments measured at fair value through other comprehensive income	-5	-16	-6	-25
Remeasurement of the net defined benefit liability [8]	-45	-22	-35	-65
Non-recyclable components	-50	-39	-41	-90
Income tax relating to recyclable and non-recyclable components	32	8	28	-6
Other comprehensive income/(loss), net of related tax effects	**-135**	**-180**	**-238**	**73**
Total comprehensive income/(loss)	**-240**	**269**	**-41**	**1,037**
attributable to Syensqo share	-238	265	-42	1,024
attributable to non-controlling interests	-1	4	1	13

[1] Audited FY 2022. See "Note 7. Statement from the Statutory Auditor" for FY 2023. H2 2023 and H2 2022 are not audited.
[2] As more detailed in the Business review, Net sales of €6,834 million in 2023 declined by 13% on a reported basis, or 10% organically, versus a record 2022 performance driven by lower volumes, particularly in the Consumer and Resources segment. This was partially offset by higher overall pricing, driven by the Materials segment.
[3] The decrease in Administrative costs in H2 2023 and FY 2023 is mainly due to lower cost related to IT projects.
[4] The increase in Result from portfolio management & major restructuring for both FY 2023 and H2 2023 is mainly due to costs incurred for the Partial Demerger (€ 208 million), restructuring costs for €72 million as well as €114 million impairment loss on the Aroma CGU.
[5] In 2023, the Group increased its environmental provisions by €229 million related to PFAS (refer to Environmental Liabilities on page 19). The FY 2023 amount is partly offset by the €92 million final settlement of litigation in relation to Syensqo's claims of environmental breaches by Edison, the net cross indemnities related to environmental liabilities negotiated with the Solvay Group (€31 million) and by the insurance proceeds related to the PFAS agreement (€32 million). The remaining amount FY 2023 mainly relates the periodic updates of the Group's environmental liabilities and other litigation costs.
[6] The Cost of Borrowings in FY 2023 includes €126 million of financial charges resulting from loans with the Solvay Group prior to the Partial Demerger, as well as €35 million relating to the cost of the senior notes (Cytec Bonds and Solvay Finance America's bonds held by Syensqo).
[7] The FY 2023 currency translation differences are mainly due to the USD, BRL and CNY fluctuations against the EUR. In H2 2022 and FY 2022, the USD strengthened against the EUR, while in H2 2023 and FY 2023 the USD weakened against the EUR.
[8] The remeasurement of the net defined benefit liability H2 2023 and FY 2023 was mainly due to the decrease of discount rates and inflation rates in 2023 applicable to post-employment provisions in the UK, US, Eurozone, offset by the return on plan assets.

Consolidated statement of cash flows

(in € million)	IFRS H2 2023	IFRS H2 2022	IFRS FY 2023	IFRS FY 2022
Profit / (loss) for the period	-105	449	197	964
Adjustments to profit / (loss) for the period	754	506	1,473	936
Depreciation, amortization & impairments	442	332	739	622
Earnings from associates & joint ventures	-15	-8	-25	-16
Additions & reversals of employee benefits provisions [1]	136	157	470	189
Other non-operating and non-cash items [2]	-66	6	-62	6
Net financial charges	92	72	158	132
Income tax expenses	164	-54	192	2
Changes in working capital	260	103	108	-264
Uses of provisions and payments for employee benefits	-72	-61	-134	-121
Use of provisions for additional voluntary contributions (pension plans) [3]	-86	-	-86	-
Dividends received from associates & joint ventures	4	2	6	4
Income taxes paid (excluding income taxes paid on sale of investments)	-136	-78	-288	-182
Cash flow from operating activities	**618**	**921**	**1,275**	**1,336**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	-102	-2	-105	-6
Acquisition (-) of subsidiaries	-	-	-2	-
Acquisition (-) of investments - Other	-7	-2	-14	-3
Loans to associates and non-consolidated companies and related parties	25	-2	172	102
of which Solvay Group	25	-3	172	101
Sale (+) of subsidiaries and investments	27	52	32	66
Acquisition (-) of tangible and intangible assets (capex)	-522	-397	-850	-591
of which property, plant and equipment [4]	-470	-364	-762	-522
of which capital expenditures required for the partial demerger and excluded from Free Cash Flow	-3	-	-54	-
of which intangible assets	-52	-33	-88	-69
Sale (+) of property, plant and equipment & intangible assets	1	5	1	7
Dividends from equity instruments measured at fair value through other comprehensive income	1	-	1	2
Change in Internal Bank Accounts with remaining Solvay Group [5]	-828	-165	-570	-227
Changes in non-current financial assets	-1	1	-1	1
Cash flow from investing activities	**-1,304**	**-507**	**-1,231**	**-644**
Acquisition (-) / sale (+) of treasury shares	4	-	4	
Increase in borrowings [6]	1,377	245	1,755	426
of which from Solvay Group	406	205	771	355
Repayment of borrowings [7]	-1,709	-367	-3,208	-410
of which to Solvay Group	-792	-116	-2,270	-125
Changes in other financial assets	-11	2	-4	26
Payment of lease liabilities	-25	-26	-53	-51
Net interests received/(paid)	-57	-35	-119	-97
Dividends paid	-8	-6	-8	-8
of which to non-controlling interests	-8	-6	-8	-8
Dividends paid to Solvay Group [5]	-	-230	-436	-237
Dividends received from Solvay Group [5]	31	5	1,305	9
Other transactions with Solvay Group [5]	1,935	-76	1,656	-215
Capital Injection from non-controlling interests	7	-	7	-
Other	-1	-14	-9	-19
Cash flow from financing activities	**1,542**	**-503**	**890**	**-576**
Net change in cash and cash equivalents	**855**	**-90**	**934**	**116**
Currency translation differences	-12	-17	-28	-11
Opening cash balance	307	351	244	139
Closing cash balance	**1,150**	**244**	**1,150**	**244**

[1] Additions & reversals of provisions for FY 2023 include €229 million related to the settlement reached with NJDEP resolving certain PFAS related claims in New Jersey, €21 million related to HSE cross indemnity provisions and accrual for restructuring provisions.
[2] Other non-operating and non-cash items in H2 2023 and FY 2023 relate mainly to the HSE cross indemnification asset (€51 million) and the PFAS insurance receivable (€32 million).
[3] A voluntary contribution of €86 million was made to the UK pension plans in H2 2023.
[4] The increase in acquisition of property, plant and equipment in 2023 is mainly related to the new corporate headquarters in Belgium and capex in relation to the expansion of production capacity for PVDF at the Group's Tavaux site.
[5] Refer to note 5 Transactions with the Solvay Group on page 27.
[6] Increase in borrowings in 2023 mainly includes drawdowns on credit facilities (€940 million), related party loans from the Solvay Group (€375 million) and borrowings via the Solvay Group internal bank accounts to finance the day to day operations of the Syensqo Group entities (€413 million) prior to the Partial Demerger.
[7] Repayment of borrowings includes €738 million in settlement of the senior US$ notes (US$800 million nominal), €2,270 million in repayment of intercompany borrowings and internal bank accounts with the Solvay Group and €220 million repayment of credit facilities.

Consolidated statement of financial position	2023	2022
(in € million)	December 31	December 31
Intangible assets	1,659	1,817
Goodwill	2,560	2,671
Property, plant and equipment	3,494	3,152
Right-of-use assets	188	196
Equity instruments measured at fair value	94	71
Investments in associates & joint ventures	207	204
Other investments	19	4
Deferred tax assets	661	623
Loans to remaining Solvay Group [1]	-	54
Loans & other assets [2]	196	89
Other financial instruments	30	30
Non-current assets	**9,108**	**8,910**
Inventories	1,244	1,392
Trade receivables	907	1,027
Income tax receivables	52	20
Dividends receivables	1	1
Other financial instruments	48	36
IBA receivables with remaining Solvay Group [1]	-	1,555
Other receivables	384	305
Loans to remaining Solvay Group [1]	-	144
Cash & cash equivalents	1,150	244
Current assets	**3,786**	**4,723**
Total assets	**12,894**	**13,633**
Share capital [5]	1,352	-
Share premiums [5]	1,022	-
Other reserves [5]	5,193	4,922
Non-controlling interests	42	24
Total equity	**7,608**	**4,946**
Provisions for employee benefits	373	338
Other provisions [3]	405	256
Deferred tax liabilities	428	479
Borrowing from remaining Solvay Group [1]	-	773
Financial debt [4]	2,159	1,078
Other liabilities [6]	76	23
Non-current liabilities	**3,442**	**2,948**
Other provisions [3]	297	118
Borrowings and IBA liabilities from remaining Solvay Group [1]	-	3,929
Financial debt [4]	154	96
Trade payables	918	972
Income tax payables	58	85
Other liabilities	417	538
Current liabilities	**1,844**	**5,739**
Total equity & liabilities	**12,894**	**13,633**

[1] These amounts reflect the borrowings and loans with the remaining Solvay Group existing at YE 2022. After the partial demerger there is no financing relation in place between Syensqo and the Solvay Group.
[2] The increase in Loans & Other assets is mainly due to the asset surplus recognized for the employee benefit liabilities.
[3] The increase in Other provisions is mainly related to the recognition of €21 million for HSE cross-indemnities, as well as €229 million related to the settlement reached with NJDEP resolving certain PFAS related claims in New Jersey and accruals to restructuring provisions.
[4] The financial debt at the end of FY 2023 includes the senior EUR notes 2027 (€498 million) and senior US$ Cytec notes 2025 (€147 million), two drawdowns (€1,338 million) for the execution of the liability management prior to the Partial Demerger, and lease debt of €219 million.
[5] Prior to the Partial Demerger, Syensqo did not constitute a group with a parent company in accordance with IFRS 10 Consolidated Financial Statements. Therefore, share capital, share premium, treasury shares and retained earnings for the year ended December 31, 2022 were presented as Invested equity attributable to Syensqo (Other Reserves). The share capital and share premiums at December 31, 2023 are those of Syensqo SA.

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Invested equity attributable to Syensqo / 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					**4,468**	**-292**	**23**	**-3**	**118**	**4,315**	**18**	**4,333**
Profit / (loss) for the period	-				950					950	14	964
Items of other comprehensive income	-1	-	-	-	-	162	-19	6	-74	74	-1	73
Comprehensive income	**-1**				**950**	**162**	**-19**	**6**	**-74**	**1,024**	**13**	**1,037**
Dividends	-						-	-	-		-8	-8
Transactions with Solvay Group					-452					-452		-452
Other	1	-	-	-	36	-	-	-	-	34	1	36
Balance on December 31, 2022					**5,002**	**-130**	**4**	**3**	**44**	**4,922**	**24**	**4,946**
Balance on December 31, 2022					**5,002**	**-130**	**4**	**3**	**44**	**4,922**	**24**	**4,946**
Profit / (loss) for the period	-	-	-	-	193	-	-	-	-	193	3	197
Items of other comprehensive income	-	-	-	-	-	-173	3	-32	-33	-235	-3	-238
Comprehensive income	**-**	**-**	**-**	**-**	**193**	**-173**	**3**	**-32**	**-33**	**-42**	**1**	**-41**
Allocation of invested equity according to the legal structure	1,352	1,022			-2,373			.		-2,373		-
Capital Injection from non-controlling interests	-									-	7	7
Cost of share-based payment plans	-	-	-	-	11	-	-	-	-	11	-	11
Dividends	-	-	-	-		-	-	-	-	-	-8	-8
Sale (acquisition) of treasury shares	-	-	2	-		-	-	-	-	2	-	2
Transactions with Solvay Group	-		-62	494	2,247	1	-	-9	1	2,672	20	2,692
Other	-	-	-	-	-1	-	1	-1	-	-1	-	-1
Balance on December 31, 2023	**1,352**	**1,022**	**(60)**	**494**	**5,079**	**-302**	**8**	**-39**	**12**	**5,193**	**42**	**7,608**

Prior to the Partial Demerger, Syensqo did not constitute a group with a parent company in accordance with IFRS 10 Consolidated Financial Statements. Therefore, share capital, share premium, treasury shares and retained earnings for the year ended December 31, 2022 were presented as Invested equity attributable to Syensqo.
Prior to the Partial Demerger, cumulated exchange differences in currency translation of foreign operations were measured at their carrying amount included in the Solvay Group's consolidated financial statements for Dedicated Entities and pro rata the net assets transferred to Syensqo for the Mixed Entities. The changes in equity that result from transactions deemed to be immediately settled through equity and as such treated as contributions from or distributions to shareholders are included in the line "Transactions with Solvay Group", in the statements of changes in equity. Those contributions from or distributions to shareholders relate to carve-out specific considerations, such as the allocation of costs for shared services, impact of tax results recalculated on separate tax return basis, restructuring charges and employee benefit charges and from the execution of the liability management program.

Notes to the condensed consolidated financial statements

1. General information and significant events

Syensqo 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 March 11, 2024.

Edison
In February 2023, Solvay Specialty Polymers Italy S.p.A., a subsidiary of Syensqo SA and previously a subsidiary of Solvay SA, 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 the Group. The outcome follows more than 10 years of legal proceedings in relation to claims of environmental breaches by Edison, a subsidiary of EDF, in the context of the Solvay Group's acquisition of the Italian company Ausimont in 2002.

The compensation relates to costs, losses and damages suffered by the Group up to the end of 2016. Additional arbitration procedures are currently ongoing regarding costs, losses and damages suffered by the Group from January 2017 onwards. The Group 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.

Environmental liabilities
On June 28, 2023, Solvay Specialty Polymers USA, LLC ("Solvay Specialty Polymers"), a subsidiary of Syensqo SA, and the New Jersey Department of Environmental Protection ("NJDEP") announced an agreement resolving certain PFAS related claims in New Jersey.

Under the terms of the agreement, Solvay Specialty Polymers will pay US$75 million to NJDEP for Natural Resource Damages (NRDs) and US$100 million to fund NJDEP PFAS remediation projects in areas of New Jersey near the Reporting Entity's West Deptford site. The settlement includes commitments for Solvay Specialty Polymers to complete remediation activities that began in 2013, including testing water and soil near the West Deptford site. Solvay Specialty Polymers has agreed to establish a remedial funding source in the amount of US$214 million to fund those activities. The agreement, structured as a Judicial Consent Order, was presented to the US Court for review and approval following a public comment period. The Court Approval was obtained on March 1, 2024 and became final and binding. This agreement is not an admission of liability.

As a result of this settlement, Solvay Specialty Polymers has increased its current provision by around US$250 million (€229 million) in 2023, with US$180 million expected cash out by 2024 and the balance over a 30-year period.

The environmental provision recorded is based on the net present value of the cash flow forecast needed, for current and future years, to settle the remediation obligations. This provision represents the estimated cash out and does not reflect expected recoveries from third-party contributors nor does it reflect the potential insurance proceeds, the combination of which could significantly reduce the resultant costs.

The Group submitted certain claims from its environmental liability insurance and received confirmation in December 2023 that Solvay Specialty Polymers will receive €32 million as a preliminary settlement of these insurance policy claims. This was recognized in Other Receivables at December 31, 2023 with the corresponding gain included in Results from legacy remediation and major litigations and received in February 2024. Other insurance proceeds and recovery from third-party contributors are still under discussion.

This liability was recorded in "Other current provisions" and "Other non-current provisions" in the consolidated statement of financial position and the associated impact in the consolidated income statement was recorded in "Results from legacy remediation and major litigations" together with all the other remediation impacts that relate to legacy activities. Legacy remediation costs are considered Adjustments to our IFRS results.

Liability Management
On September 4 and 5, 2023, the Solvay Group announced the results of liability management transactions relating to certain senior and hybrid bonds denominated in euros. The transactions included a request for consent of bondholders to the substitution, effective upon completion of the Partial Demerger, of Syensqo SA/NV for Solvay as issuer of (i) the € 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds with first call date on December 2, 2025 (ISIN: BE6324000858) (the "2025 Hybrid Bonds"), and (ii) the € 500,000,000 2.750% Fixed Rate Bonds due December 2, 2027 (ISIN: BE6282460615) (the "2027 Bonds").

At the meeting in respect of the 2025 Hybrid Bonds, the necessary quorum was achieved, the relevant extraordinary resolution was passed and the relevant condition was satisfied. As a result, Syensqo SA/NV was substituted for Solvay as issuer of the 2025 Hybrid Bonds, effective at the date of the Partial Demerger, and subject to the satisfaction or waiver of certain conditions set out in the consent solicitation notice.

At the meeting of the holders of the 2027 Bonds, the necessary quorum was achieved, the relevant extraordinary resolution was passed and the relevant condition was satisfied. As a result, Syensqo SA/NV was substituted for Solvay as issuer of the 2027 Bonds, effective at the date of the Partial Demerger, and subject to the satisfaction or waiver of certain conditions set out in the consent solicitation notice.

The 3.95% Senior Notes due 2025 issued by Cytec Industries Inc. (CUSIP: 232820 AK6) (the "Cytec 2025 Bonds") will remain outstanding for an amount of US$ 163,495,000, as currently. Solvay SA will remain the guarantor of the Cytec 2025 Bonds and, effective at the date of the Partial Demerger, Syensqo will provide a counter-guarantee to Solvay for any payments to be made under the Cytec 2025 Bonds.

Partial Demerger

Solvay SA ("Solvay" or the "Solvay Group") announced, on March 15, 2022, that it was reviewing plans to separate into two independent, publicly traded companies:

- "SpecialtyCo" (now renamed Syensqo), which would comprise the Solvay Group's Materials segment, and the majority of the Solvay Group's Solutions segment: Novecare, Technology Solutions, Aroma Performance, and Oil and Gas (together the "Specialty Businesses"). Syensqo SA was constituted on February 27, 2023 as Specialty Holdco Belgium before it was subsequently renamed.
- "EssentialCo", which would comprise the leading mono-technology businesses in the Solvay Group's Chemicals segment and the Special Chem business (together the "Remaining Solvay Group"). Following the Partial Demerger (as defined below), the Remaining Solvay Group would consist of EssentialCo.

The separation was effected by means of a partial demerger ("scission partielle") of Solvay SA, under Belgian law, whereby Solvay SA contributed the shares and other interests it holds in the legal entities operating the Specialty Businesses, its rights and obligations under the agreements entered into with those legal entities, as well as certain other assets and liabilities under a universal succession regime ("transmission à titre universel") to Syensqo (the "Partial Demerger"). Upon completion of the Partial Demerger, Solvay SA shareholders received shares issued by Syensqo SA pro rata to their shareholdings in Solvay SA. The shares of Syensqo SA were admitted to trading on the regulated market of Euronext Brussels and Euronext Paris on December 8, 2023, immediately after the Partial Demerger. Stock exchange trading in the shares of Syensqo SA commenced on December 11, 2023.

The Partial Demerger was structured in a manner that was tax efficient for a significant majority of Solvay SA's shareholders in key jurisdictions. The Partial Demerger was approved by the shareholders at the extraordinary general meeting on December 8, 2023.

Before the Partial Demerger, a legal reorganization was completed to separate the Specialty Businesses from other businesses of the Solvay Group (the "Legal Reorganization"), by: (i) transferring assets, liabilities and activities from legal entities that previously undertook both Specialty Businesses and Remaining Solvay Group operations (referred to as "Mixed Entities") to existing or new legal entities dedicated to either Specialty Businesses or the Remaining Solvay Group's activities; and (ii) reorganizing the ownership within the Solvay Group of all existing legal entities entirely dedicated to the Specialty Businesses before the Legal Reorganization ("Dedicated Entities"), all existing legal entities that were Mixed Entities before the Legal Reorganization and from which Remaining Solvay Group's activities have been carved out, and all new legal entities to which Specialty Businesses have been carved-out as part of the Legal Reorganization.

HSE Cross Indemnities

The Separation Agreement entered into between Syensqo and Solvay in the context of the Partial Demerger, contains provisions allocated to the Syensqo Group for certain operating costs, closed or divested sites, including sites for which provisions have been historically accrued in the Solvay Group's consolidated financial statements, and cross-indemnity obligations applicable where a party incurs claims, liabilities or expenses for sites allocated to the other party in the Separation Agreement.

Under the cross-indemnity provisions, each of the Syensqo Group, on the one hand, and the Solvay Group, on the other hand, agreed to indemnify the other party for certain environmental liabilities allocated to the other party. The Separation Agreement includes provisions regarding the management of environmental claims, remediation obligations and related actions. The Separation Agreement also provides that claims subject to the cross-indemnity provisions may be submitted for up to 12 months following the expiry of the relevant statute of limitations.

At the end of 2023, Syensqo has recognized indemnification assets of €51 million representing the net present value of cash flows Syensqo expects to receive from the Solvay Group for the indemnified environmental liabilities. Syensqo has also recognized cross-indemnity provisions of €21 million in 2023 (in Other Provisions) representing the net present value of cash flows Syensqo expects to pay to the Solvay Group for certain environmental liabilities.

U.S. Tax Matters Agreement
In connection with the Partial Demerger, Syensqo and Solvay entered into a U.S. Tax Matters Agreement (the "U.S. TMA") intended to (among other things) preserve the tax-free treatment of the Partial Demerger and of the separation of the U.S. Specialty Businesses and the U.S. Essential Businesses (the "U.S. Spin-Off") for U.S. federal income tax purposes.

Under the U.S. TMA, Syensqo and Solvay will generally be required to indemnify the other for any U.S. taxes and certain related losses resulting from (or relating to) the failure of the U.S. Spin-Off and the Partial Demerger (and certain associated transactions) to qualify for their intended U.S. tax treatment, where such taxes or losses are attributable to (1) untrue representations and breaches of covenants made in connection with the U.S. Spin-Off, the Partial Demerger or the U.S. TMA (including in the IRS ruling and tax opinion described above), (2) the application of certain provisions of U.S. federal income tax law to the U.S. Spin-Off or the Partial Demerger (for example, in connection with a change of control of either party) or (3) other actions or omissions within the party's control which give rise to U.S. taxes (or related losses) in connection with the U.S. Spin-Off and the Partial Demerger.

Under the U.S. TMA, Syensqo and Solvay are prohibited from taking actions that are reasonably expected to cause the Partial Demerger or U.S. Spin-Off (or certain associated transactions) to fail to qualify for their intended U.S. tax treatment, or that could jeopardize the conclusions of, or that are inconsistent with, the IRS ruling or the tax opinion discussed above.

Additionally, the parties are generally prohibited (subject to certain exceptions in the U.S. TMA), for the two-year period following completion of the Partial Demerger, from engaging in certain acquisitions, mergers, liquidations, sales, and redemption transactions with respect to their respective stock and assets that could jeopardize the tax-free status of the Partial Demerger or the U.S. Spin-Off for U.S. federal income tax purposes. Neither Solvay's nor Syensqo's obligations under the U.S. TMA are limited in amount or subject to any cap.

As of December 31, 2023, Syensqo was not aware of any breach or alleged breach by it of its obligations under the U.S. TMA, and had not received any notice from Solvay relating to a breach or alleged breach thereof.

Post-retirement benefits
A voluntary contribution of €86 million was made in the UK in 2023.

Transition Services Agreement
The Syensqo Group and the Solvay Group have entered into a transition services agreement (the "TSA"), effective from the date of the Partial Demerger for a non-renewable term of 24 months, whereby the Syensqo Group and the Solvay Group will, to the extent that certain business functions and corporate functions have not been separated prior to the Partial Demerger date, each provide to the other various services and support on an interim transitional basis. In particular, given that the Syensqo Group will not have certain internal corporate functions fully in place at the date of the Partial Demerger (such as finance, legal, tax, human resources, payroll, IT and other support services), the Solvay Group will provide support with such matters under the terms of the TSA. Upon termination of the TSA, the Syensqo Group will bear wind-down charges covering certain restructuring costs incurred by the provider. In that context, Syensqo has recognized a provision of €51 million in 2023.

Impairment of assets
The impairment tests performed at CGU level at December 31, 2023 were based on the budgets approved by the Syensqo Board and the Mid Term Plans. The tests resulted in an impairment loss recognized for the CGU Aroma (Consumer & Resources) following the increase in the discount rate and continued lower demand for synthetic vanillin, customer destocking and strong competition in the food, flavor & fragrance markets, despite the expected improvements from actions taken on fixed costs.

The total impairment loss of €114 million was allocated to goodwill (€59 million), tangible fixed assets (€48 million) and intangible fixed assets (€7 million).

Amendments to the long term incentive ("LTI") plans
As part of the Partial Demerger, amendments were made to the existing long term incentive plans. The long term incentive plans were adjusted based on either of the two following approaches:
1) Shareholder approach – Existing awards were adjusted to entitle beneficiaries to receive one share of the Solvay Group and one share of the Syensqo Group.
2) Employer approach – Existing awards were adjusted to entitle beneficiaries to receive a certain number of awards of their future employer (i.e. either the Syensqo Group or the Solvay Group).

The awards granted on shares of the Solvay Group are not in scope of IFRS 2 Share based payment plans. Management has established the below accounting policy for these awards.

For the awards granted on Solvay Group shares, a liability is recognized at the Partial Demerger date based on the fair value of the Solvay Group awards at that date (€ 14.4 million). A corresponding entry is recognized in equity (€ 7.5 million) and Other Receivables (€ 6.9 million) respectively for the vesting period that has passed to date and the services that have yet to be rendered by the beneficiaries. The asset will be amortized to the consolidated income statement over the remaining vesting period of the plans.

The costs of the awards related to the Solvay Group (€1 million) are presented within operational (administrative) expenses in the IFRS EBIT/EBITDA. The fair value fluctuation on the benefit liability (€7 million) is presented in Financial Results together with the fair value fluctuation on the hedging options/shares (€7 million). The carrying amount of the benefit liability at December 31, 2023 is €22 million.

The benefit will be remeasured to its fair value at each reporting date. This applies equally to vested plans so long as there remain outstanding (unexercised) options.

The benefit liabilities related to the fully vested plans are disclosed as current given that the beneficiaries may exercise their awards at any time. The liabilities related to the unvested plans are disclosed as non-current. long term incentive plans.

2. Accounting policies

Syensqo has prepared its condensed consolidated financial statements on a half-year basis, in accordance with IAS 34 *Interim Financial Reporting* using the same accounting policies as those adopted for the preparation of the combined 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 2023 will be published in April 2024.

The preparation of the figures for the year ended December 31, 2022 that are based on the Combined Financial Statements of the Syensqo Group and the figures in 2023 prior to the Partial Demerger date, required management to apply accounting methods and policies that are based on judgments. The application of these judgments, including how the entities within the existing Solvay Group were combined, affected the reported amounts of assets and liabilities at December 31, 2022 as well as the reported amounts of income and expenses prior to the Partial Demerger date.

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

Below are the standards, interpretations and amendments that became effective as of January 1, 2023 and which are relevant to the Group. An assessment was made and these amendments had no material 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.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
On May 23, 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023.

The Group confirms that it applies the mandatory temporary exception to the accounting for deferred taxes.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, notably in Belgium where the ultimate parent entity is located. The legislation will be effective for the Group's financial year beginning January 1, 2024.

Syensqo SA is closely monitoring the laws which the various jurisdictions are adopting following the Organisation for Economic Co-operation and Development ('OECD') and EU-initiatives regarding the Pillar Two Global Minimum Tax of 15% and the potential impact thereof. A preliminary assessment of this potential impact, which has been conducted with support of an independent advisor using financial information of financial year 2022 of Solvay SA (prior to the Partial Demerger of December 8, 2023), indicated that no material tax impact is expected. Because of the complexity of the Pillar Two rules, the continued further guidance & supplementation of the legislation and the complexity of the Group's Partial Demerger from both a financial and transactional perspective, the financial year 2023 is not considered to be a suitable reference and the impact assessment will continue in the course of 2024.

Syensqo SA will continue to conduct tax technical analyses and further develop its tools and processes over the next few months and continue to involve, inform and educate key stakeholders, both internal and external.

There are other IFRS amendments applicable for the first time in 2023, but they 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

Syensqo is organized into three Operating Segments:

- **Materials**, consisting of the GBUs Composite Materials and Specialty Polymers. The Materials segment offers 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 CO2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Consumer & Resources** 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, 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 research & innovation, cogeneration units dedicated to the Syensqo activities and new business development (NBD).

Reconciliation of segment, underlying and IFRS data

(in € million)	H2 2023	H2 2022	FY 2023	FY 2022
Net sales	**3,206**	**4,042**	**6,834**	**7,890**
Materials	1,886	2,152	4,004	4,078
Consumer & Resources	1,318	1,886	2,826	3,805
Corporate & Business Services	2	4	4	7
Underlying EBITDA	**712**	**937**	**1,618**	**1,863**
Materials	585	692	1,312	1,290
Consumer & Resources	199	321	458	749
Corporate & Business Services	-72	-76	-151	-177
Underlying depreciation, amortization & impairments	-255	-262	-484	-482
Underlying EBIT	**457**	**675**	**1,134**	**1,381**
Accounting impact from Novation of CO2 hedges and amortization & depreciation of purchase price allocation (PPA) from acquisitions	1	-40	-31	-70
Result from portfolio management & major restructuring	-333	-25	-388	-31
Result from legacy remediation & major litigations	26	-142	-168	-182
EBIT	**152**	**468**	**547**	**1,098**
Net financial charges	-92	-72	-158	-132
Profit / (loss) for the period before taxes	**59**	**396**	**389**	**966**
Income taxes	-164	53	-192	-2
Profit / (loss) for the period	**-105**	**449**	**197**	**964**
attributable to non-controlling interests	1	6	3	14
attributable to Syensqo share	**-106**	**444**	**193**	**950**

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

Financial instruments measured at fair value

For financial instruments measured at fair value in Syensqo's consolidated statement of financial position, the fair value of those instruments as of December 31, 2023, did not change significantly compared to December 31, 2022.

5. Transactions with the Remaining Solvay Group

5.1 Dividends paid to / received from the Solvay Group and other transactions with Remaining Solvay Group

During the prior reporting period presented, Syensqo was not constituted as a Group under a unique holding company and Syensqo Dedicated and Mixed entities held investments in subsidiaries of the Remaining Solvay Group and vice-versa.

These investments in subsidiaries of the Remaining Solvay Group were eliminated against equity in the Syensqo Combined Financial Statements for the year ended December 31, 2022. As a result, the cash from dividends paid by Dedicated or Mixed Syensqo Entities to the Remaining Solvay Group or received by Syensqo from subsidiaries of the Remaining Solvay Group are presented in the line "Dividends paid to Solvay Group" and "Dividends received from Solvay Group", respectively, in the Consolidated Statements of Cash Flows. They are also included as "Transactions with Solvay Group" in the Consolidated Statement of Changes in Equity.
Cash flows associated with capital increases, capital reimbursements or transfers of those investments in subsidiaries of the Remaining Solvay Group are also presented in the "Other Transactions with Solvay Group" in the Consolidated Statements of Cash Flows and as part of the "Transactions with Solvay Group" in the Consolidated Statement of Changes in Equity.

Certain operating and investing transactions of Syensqo are presented on a "gross basis":
(1) operating expenses and income are presented as operating cash flows;
(2) acquisitions and sales of property, plant and equipment, intangible assets, subsidiaries and other investments are presented as investing cash flows and, simultaneously, contributions from / distributions to the Remaining Solvay Group are presented in the cash flow from financing activities as "Other Transactions with Solvay Group", whenever those transactions do not ultimately result in movements of "Cash and cash equivalents" for Syensqo.

This happens for the carve-out of the above Syensqo transactions in Mixed Entities that became part of the Remaining Solvay Group as the "Cash and cash equivalents" of those entities is not included in the Consolidated Statements of Financial Position.

Current taxes from Syensqo's results in Mixed Entities of the Remaining Solvay Group, restructuring costs related to provisions settled by the Remaining Solvay Group, employee benefit charges for defined benefit obligations kept by the Remaining Solvay Group and charges for the usage of shared assets of Mixed Entities are additional examples of transactions considered to be immediately settled by the Remaining Solvay Group and grossed-up in the Consolidated Statement of Cash Flows.

The presentation on a "gross basis" is considered to better reflect the business performance in terms of cash flow generation.

Movements of cash and cash equivalents resulting from operating and investing cash flows of the businesses of the Remaining Solvay Group, which occurred in Mixed Entities that became part of SpecialtyCo based on the Legal reorganization, are not included in the cash flows from operating and investing activities. Rather they are presented in the line "Other Transactions with the Solvay Group" in the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity as the related change in "Cash and cash equivalents" is included in the Consolidated Statements of Financial Position.

The "Other transaction with Solvay Group in the Statement of changes in equity" for the period ended December 31, 2023 include also:
- the 2025 Hybrid Bonds for the nominal amount of €500 million, as described in the Liability management Section;
- the treasury shares contributed as part of the partial demerger and valued at their fair value on demerger date (€62 million);
- the other financial debt transferred upon the Partial Demerger, including: the 2027 Bonds (nominal value €500 million), the new financing for €600 million used primarily by the Solvay Group to refinance existing bonds, and all the outstanding loans and borrowings related to the internal bank accounts or structured financings outstanding between Syensqo and Solvay on the demerger date;

The amount of €542 million presented in the line "Other" in the table below mainly reflects the settlement of a Syensqo financial debt vis à vis the remaining Solvay Group realized via the transfer of shares of a Solvay subsidiary, held by a Syensqo subsidiary in France.

The details about the "Other transactions with Solvay Group" line and the reconciliation between the related amounts in the Consolidated Statements of Cash Flow and Consolidated Statements of Changes in Equity are presented in the table below.

In € million	H2 2023	H2 2022	FY 2023	FY 2022
Carve out of Mixed Entities	243	-197	250	-215
Capital increase / decrease, transfer of shares with remaining Solvay Group	503	51	216	-62
Cash & cash equivalents transferred upon demerger	1,210		1,210	
Restructuring costs	-8	4	9	10
Current taxes	-13	66	-28	52
Total Other transactions with Solvay Group in the Statement of cash flows	**1,935**	**-76**	**1,656**	**-215**
Dividends paid to Solvay Group		-229	-436	-237
Dividends received from the Solvay Group	31	4	1,305	9
Deferred taxes	-11	-3	-14	-3
Hybrid bonds transferred upon demerger	494		494	
Treasury shares	-62		-62	
Other financial debt transferred upon demerger	-794		-794	
Other	-34	-6	542	-6
Total Other transactions with Solvay Group in the Statement of changes in equity	**1,560**	**-310**	**2,692**	**-452**

5.2 Changes in internal bank accounts with Remaining Solvay Group

Intercompany bank accounts between Syensqo and the Remaining Solvay Group, in place over the periods presented and eliminated as part of the consolidation procedures applied for the Solvay Group Consolidated Financial Statements, have been reinstated in the Syensqo Consolidated Financial Statements.

When those intercompany bank accounts, part of the cash pooling system, were in a structural asset position for Syensqo, the related changes are presented in the line "Change in internal bank accounts with Remaining Solvay Group" as part of the Cash flow from investing activities.

At the end of December 2023, there are no longer any remaining intercompany bank accounts between Syensqo and the Remaining Solvay Group as the accounts were settled at or prior to the Partial Demerger following the completion of the Legal Reorganization.

6. Events after the reporting period

In February 2024, the Group announced its plans to mothball certain of its production lines in Baton Rouge and Saint Fons (Aroma & Technology Solutions). The estimated costs are € 16 million.

On March 1, 2024 the settlement with NJDEP, memorialized in a Judicial Consent Order, obtained the court approval and became final and binding. The Company expects to make a cash payment of approximately US$180 million related to the settlement during Q2 2024, with the balance paid over a 30 year period.

7. Declaration by responsible persons

Ilham Kadri, Chief Executive Officer, and Christopher Davis, Chief Financial Officer, of the Syensqo 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 Syensqo Group;
- The management report contains a faithful presentation of significant events occurring during 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 Syensqo 2022 Registration Document, taking into account the current economic and financial environment.

8. Statement from statutory auditors

The statutory auditor, EY Bedrijfsrevisoren BV, represented by Marie Kaisin, has confirmed that the audit, which is substantially complete, has to date not revealed any material misstatement in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity or the consolidated statement of cash flow for the year ended December 31, 2023 as included in this press release.

Furthermore, EY Bedrijfsrevisoren BV has confirmed that the procedures, which are substantially complete, has to date not revealed any material misstatement in the information shown in the press release on extra-financial sustainability information included in the section "One Planet Progress" except for the "Focus 5" categories of Scope 3 GHG emissions KPI as it is not subject to any procedures for the year ended December 31, 2023. A limited assurance conclusion or reasonable assurance opinion will be issued on a set of extra-financial KPIs in the annual report.

Finally, EY Bedrijfsrevisoren BV has read the information related to the 12 month period ending December 31, 2023 included in the section 'Reconciliation of underlying income statement indicators' and has considered whether this information does not contain any material inconsistencies with the press release. Based on their reading, EY Bedrijfsrevisoren BV has nothing to report.

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;
- Remeasurement of the long term incentive plans related to Solvay Group shares and of the related hedging instruments;
- 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 (Syensqo's share) divided by the weighted average number of shares, after deducting own shares purchased to cover stock option programs.

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

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, excluding acquisition of assets associated with the partial demerger project. 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.

Cash flow from operating activities are those generated from/(used by) the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

CGU: Cash-generating unit

CTA: Currency Translation Adjustment

Diluted earnings per share: Net income (Syensqo'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. Syensqo has selected 5 indicators that are included in the ONE Planet initiative.

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 cash flows associated with the partial demerger project), 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 Syensqo shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds, dividends to non-controlling interests and capital injections and capital reimbursements from/to non controlling interests. This represents the cash flow available to Syensqo 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 Syensqo 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

IBA: internal bank accounts

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 Syensqo'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.

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.

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 Syensqo'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 semesters.

SBTi: Science-based target initiative

SOP: Stock Option Plan.

SPM: The Sustainable Portfolio Management tool is a fact based and robust compass to steer Syensqo's portfolio towards better business-oriented sustainable solutions. The SPM global and systematic assessment helps alert the business to sustainability market signals, even weak ones, to anticipate their impact and develop the right answers in a timely way. It enables value to be captured in emerging ecosystems and helps business to grow its portfolio by levering on opportunities and turning challenges into solutions

Underlying: Underlying results are deemed to provide a more comparable indication of Syensqo'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.

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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. Syensqo undertakes no obligation to publicly update or revise any forward-looking statements.

About Syensqo

Syensqo is a science company developing ground-breaking solutions that enhance the way we live, work, travel and play. Inspired by the scientific councils which Ernest Solvay initiated in 1911, we bring great minds together to push the limits of science and innovation for the benefit of our customers, with a diverse, global team of more than 13,000 associates.

Our solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices and health care applications. Our innovation power enables us to deliver on the ambition of a circular economy and explore breakthrough technologies that advance humanity.

Learn more at www.syensqo.com

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