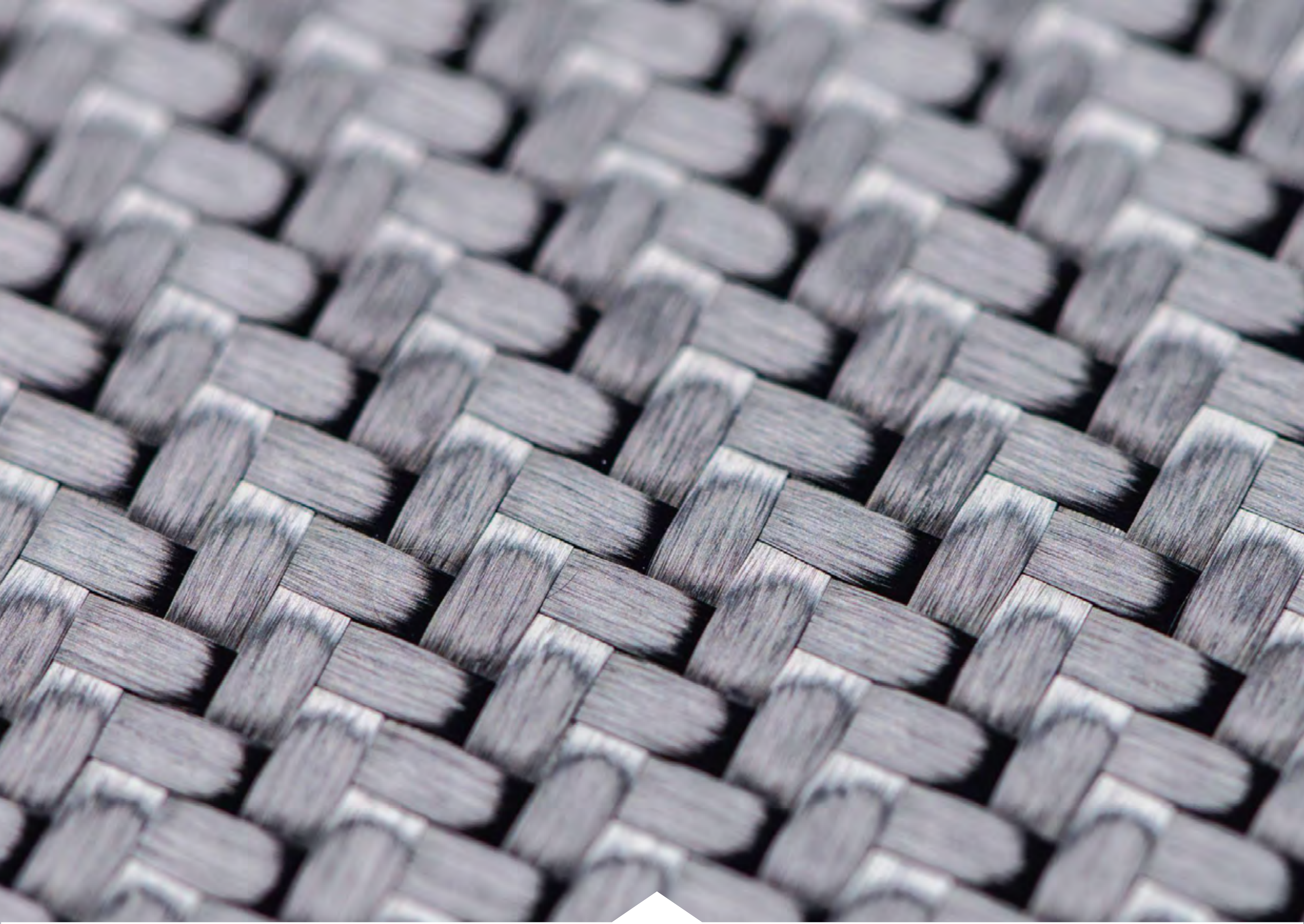


Full year 2021

Financial report

Progress beyond

SOLVAY

Forenote

Besides IFRS accounts, Solvay also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, for impairments and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 3 to 12 are on an underlying basis, unless otherwise stated.

Underlying business review

Highlights

- **Net sales** for the full year 2021 were up +17% organically to €10.1 billion versus 2020, with 12% of the growth driven by volumes and 5% driven by pricing. More than half of the full year impact from price initiatives were realized in Q4. Full year net sales were up +4.4% organically compared to 2019, reflecting continued momentum in key markets including auto and electronics. In the fourth quarter, net sales increased +22.4% versus 2020 and +17.1% versus 2019.
- The acceleration of **price increases** largely offset a €465 million impact from variable cost inflation.
- **Structural cost savings** for the full year 2021 amounted to €213 million, bringing total structural savings since 2019 to €390 million, or 80% of its targeted €500 million (annual run-rate) by the end of 2024.
- **Underlying EBITDA increased** +27% versus full year 2020, setting a new record at €2,356 million. EBITDA was up +8% versus 2019, despite the slower recovery in the civil aero market, demonstrating good operating leverage. Underlying EBITDA margin rose to 23.3%, 160 basis points higher than 2020 despite the high inflationary environment. EBITDA in the fourth quarter grew +24% organically, or +19% excluding net €27 million of one-time gains.
- **Underlying net profit** amounted to €1.0 billion, up 68.3% compared to 2020.
- Strong **free cash flow** generation of €843 million reflecting higher profits and further working capital improvements which also enabled the funding of an increase in capital investments to €736 million for the year.
- Continued strengthening of the **balance sheet** with reduced net debt (€249 million) and provisions (€487 million). This brings the leverage ratio to 1.7x, the lowest since 2015.
- **ROCE** for 2021 reached a record level at 11.4% versus 6.9% in 2020 and 8.1% in 2019.
- Total **proposed dividend** of €3.85 per share, reflects a €0.10 per share increase, subject to Shareholders' approval.

	Fourth quarter					Full year				
Underlying (in € million)	2021	2020	2019	% org 21/20	% org 21/19	2021	2020	2019	% org 21/20	% org 21/19
Net sales	2,703	2,214	2,440	+22.4%	+17.1%	10,105	8,965	10,244	+17.0%	+4.4%
EBITDA	572	464	525	+24.0%	+16.0%	2,356	1,945	2,322	+27.0%	+8.0%
EBITDA margin	21.2%	21.0%	21.5%	-	-	23.3%	21.7%	22.7%	-	-
FCF [1]	150	161	261	-	-	843	963	606	-	-
FCF conversion ratio (LTM)	37.6%	51.1%	27.8%	-	-	37.6%	51.1%	27.8%	-	-

Ilham Kadri, CEO

"2021 marks another great year of progress in our transformation journey. We emerged stronger on all fronts, from pricing power to profitability, from cash generation to returns. This year we faced new challenges and we overcame rising raw material and energy costs and supply chain disruptions. We continue to build on our strong foundations and I am confident in our ability to deliver. The dedication of our people, the progress we are making in serving our customers, and the new investments we're making position us for superior growth in the years ahead."

Outlook

Against an unprecedented inflationary cost environment, pricing actions in 2022 are expected to accelerate growth, and full year EBITDA is estimated to grow organically by mid-single digits. With the current cycle of growth investments underway, Free Cash Flow is estimated to exceed €650 million.

[1] FCF is free cash flow to Solvay shareholders from continuing operations

Solvay ONE Planet Progress Update

Since 2019, Solvay has embarked on a sustainability journey that is captured in the Solvay One Planet roadmap, which is an integral element of its G.R.O.W. strategy and company Purpose. Structured around the three major categories of climate, resources and better life, Solvay One Planet is a roadmap towards a sustainable future that provides shared value for all. Solvay made further advances on this journey in 2021, accelerating efforts to meet stakeholders' growing expectations, including protecting the most vulnerable during the pandemic; setting more ambitious environmental targets and building partnerships to enable the circular economy. The table below provides an update on Solvay's progress.

	2018	2019	2020	2021	Comments	Progress vs 2018
Climate						
Align greenhouse gas emissions with Paris Agreement and SBTi (Mt)	12.7	12.1	10.2	11.0	Higher production levels in 2021 vs 2020 Achieved 11% in aggregate versus 6.6% Paris Agreement	-14% (-11% structural)
Phase out coal wherever renewable alternatives exist (PJ)	33	32	27 (1 plant exiting coal)	27 (1 plant exiting coal)	Volume growth and exceptional energy market conditions in 2021; Exit announced at Rheinberg in 2020 and at Dombasle in 2021	-18%
Reduce negative pressure on **Biodiversity** (yoy)	-	-5%	-7%	-13%	Volume growth more than offset by improved eco-profile accuracy	-24%
Resources						
Increase sustainable solutions % of Group sales	50%	53%	52%	53% (a)	Improved eco-profile and increased number of sustainable solutions	+3pp
Increase circular economy % of Group sales	-	4%	5%	5%	Long term projects with expected results as from 2023.	+1pp
Reduce non-recoverable industrial waste (Kt)	89	76	64	58	Projects initiated in 2020 starting to deliver	-34%
Reduce intake of freshwater (Mm^3)	330	330	314	315	Volume growth compensated by greater efficiency	-5%
Better life						
Safety with a zero accident policy (RIIR)	0.51	0.40	0.38	0.43	Reversal consistent with industry trends, action plan on globalizing near misses	-16%
Accelerate inclusion & diversity parity in mid & senior management	23.7%	24.3%	24.6%	25.0%	Launched Solvay One Dignity 9 goals	+1.3pp
Gender equality extend maternity leave					16 weeks policy open to all co-parents since January 2021	☑

Note: When necessary, historical numbers have been restated to be comparable with 2021 (scope and methodology).
(a) Effective 2022, the CO2 price was increased from €75 to €100 per metric ton CO2 eq. As a consequence, the level for 2021 will be restated to 50%.

Climate

In October 2021, Solvay announced its plans to reach carbon neutrality on scope 1 and 2 emissions before 2040 for all businesses except soda ash and before 2050 in soda ash. Consequently, the 2030 target for greenhouse gas emissions was upgraded to reduce by -30% from -26%, as compared to the 2018 baseline. The scope 3 target shall at least meet the 2°C criteria of the Science Based Targets initiative. A strategic initiative was also launched in 2021 to spur transformative progress with its suppliers in 2021. The Group will continue its effort in that direction beyond 2030 within its neutrality vision.

Previously, GHG emissions had been reduced by -14% at constant scope between 2018 and 2021, of which -11% relates to structural improvements and -3% to lower levels of production. As part of its transition to cleaner energy sources, Solvay has 36 emission reduction projects identified, of which 21 are already underway. These represent 2.5 megatons of CO2 annually, which is the equivalent of taking 1.4 million cars off the road.

The use of coal for energy production is already being phased out of two soda ash plants in Europe. In 2020, Rheinberg in Germany began switching from coal to biomass, reducing the Group's total emissions by -4% by 2025. More recently, the Dombasle site in France began exiting coal by transitioning to primarily refuse-derived fuel, cutting another -2% of the Group's total emissions by 2024. And now in 2022, Solvay takes the first step to reduce coal usage in its largest European soda ash operation in Devnya, Bulgaria by converting a boiler to biomass. All projects generate returns above 15% and further de-risk our operations.

Solvay has also decreased its pressure on biodiversity by -24% versus 2018 according to the ReCiPe methodology (reducing pressure on terrestrial acidification, climate, water eutrophication, marine ecotoxicity). The overall trend is fully aligned with 2030 targets, with part of this progress related to methodology improvements. In 2021, the Paulinia site in Brazil was awarded the Wildlife Habitat Council's (WHC) Gold Certificate and our efforts to restore the Cuchia Quarry in Spain also received recognition.

Solvay's climate progress was recently recognized by CDP (formerly the "Carbon Disclosure Project'') who upgraded Solvay's rating from B to A-, which is in the leadership band, and higher than the chemical sector average of B.

Resources

In 2021, the proportion of sales from sustainable solutions improved by +1 percentage point, largely reflecting the reduction of environmental impact in production within Specialty Polymers and Peroxides, the acquisition of new agriculture activities, and the requalification of some solutions for coatings.

Regarding circularity, Solvay's tripartite partnership between Veolia and Renault to establish a sustainable supply source for strategic battery raw materials is on track. The hydrometallurgical process to extract and purify cobalt, lithium and nickel from Veolia's battery cells at end of life has proven successful. The project is now moving into an engineering phase for construction of a pilot plant.

Innovation to develop more sustainable solutions is a continuous process for Solvay teams collaborating with partners and customers to anticipate future needs and identify higher performance requirements for new technologies. As an example, solutions for the next generation of battery technologies are underway with a clear roadmap (Gen 3 and the solid state battery Gen 4). Solvay is the front-runner in Europe for this new technology, and we are investing in the most advanced pilot plant in Europe. Also in the automotive market, Solvay partnered with Bridgestone and Arlanxeo to launch TECHSYN, a new tire technology platform reducing overall fuel consumption and CO2 emissions while enhancing tread mileage. In the consumer space, customers are recognizing Solvay for its Actizone™ innovation— a unique long-lasting antimicrobial disinfection technology— which is now commercialized.

In 2021, Solvay's freshwater withdrawal remained essentially constant compared to 2020 (+1 Mm3), despite an organic sales growth of 17.0%.

In 2021, Solvay also successfully reached its target to reduce non-recoverable industrial waste by -30%, well in advance of its 2030 timeline. Much of this was accomplished from waste valorization, which is the process of reusing, recycling, or composting waste and converting them to more useful products. Some examples include repurposing waste for cement, transforming wastewater sludges into bricks for construction, and better monitoring of the waste management data.

Better Life

Investing in human capital remains a high priority, as this underpins the foundation that propels Solvay forward.

Our safety results deteriorated in 2021 following the impact of the Covid-19 situation on behaviors and its impact on operations (volume growth, supply chain disruptions) created by the very strong recovery. The results in 2021 versus 2018 show good progress.

In 2021, we launched the Solvay One Dignity program with the objective to accelerate diversity, equity and inclusion within our organization.

On Diversity, Solvay is accelerating gender equity at all mid and senior levels by 2030. The first step was to update a DEI dashboard with associated metrics. In addition, a Gender Impact Assessment (GIA) is planned to identify where current policies may be negatively impacting the advancement of female employees within the organization.

Solvay is also encouraging employees to bring their "whole self" to work and is supporting that ambition by helping colleagues create employee resource groups (ERGs) worldwide. Two new ERGs were launched in 2021 for African American employees.

On gender equity, Solvay is also working to ensure fair recruitment and has set a target for 50% participation of under-represented groups, including women, in the shortlist of all mid and senior level jobs. On pay equity, we are collecting data to help us identify if there are unjustified pay inequities across Group profiles. While there is more progress to be made, the current ratio of basic salaries of women to men by management category is encouraging. Solvay intends to publish these results for the most significant countries in its 2021 annual report, in an effort to promote transparency.

Another highlight includes the launch of a new mentoring program: Almost 25% of our female junior managers responded to a call for volunteers to take part in "The A Effect Ambition Challenge", an international program designed to help women boost their careers. In 2021, 150 women participated in the program and another 300 women are scheduled to participate in 2022.

In our effort to build a more inclusive workplace, Solvay launched a global survey to assess the inclusive culture. The results have been added to the DEI Dashboard and used as a baseline to track our progress. Eighty percent of employees feel they can be "themselves" at work. While this is a great insight, it also highlighted certain areas where Solvay needs to focus its efforts in 2022, such as the importance of speaking up when experiencing non inclusive behaviors.

In December 2021, Solvay launched a Global Share Ownership Program, which is historic for the company and its employees— the first of its kind since the company went public in 1967. With this initiative, we seek to better align employees with the Group's performance by offering them a 10% discount on Solvay shares. The aim is to promote an ownership mindset by broadening the employee perspective thereby promoting deeper engagement and participation in driving superior value.

Solvay Solidarity Fund raised €15 million in 2020 thanks to the support of shareholders, directors, CEO and Executive managers, and employees. Originally set up to help employees cope with hardship due to the Covid-19 pandemic, the fund this year also addresses other kinds of hardship such as the aftermath of the floods in Belgium, Germany and China. To date €2.4 million has been provided to individuals and €4 million to collective support: 30 projects in 13 countries.

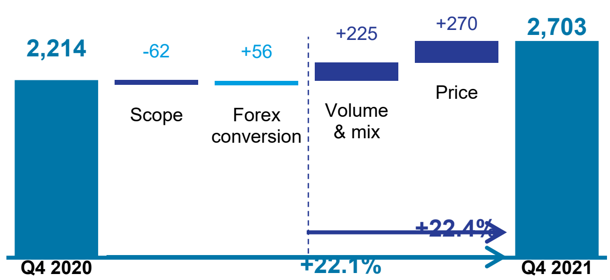
Key figures

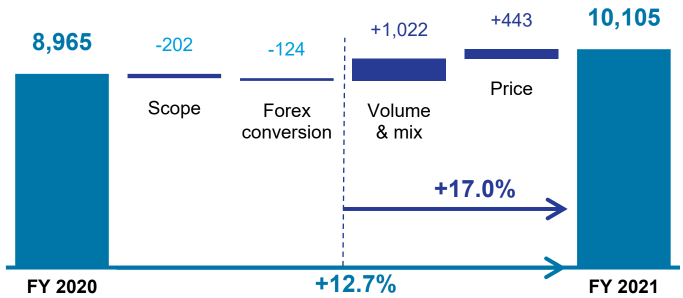
Underlying key figures

(in € million)	Q4 2021	Q4 2020	*% yoy*	FY 2021	FY 2020	*% yoy*
Net sales	**2,703**	**2,214**	***+22.1%***	**10,105**	**8,965**	***+12.7%***
EBITDA	**572**	**464**	***+23.4%***	**2,356**	**1,945**	***+21.1%***
EBITDA margin	*21.2%*	*21.0%*	*+0.2pp*	*23.3%*	*21.7%*	*+1.6pp*
EBIT	**374**	**260**	***+43.7%***	**1,600**	**1,110**	***+44.1%***
Net financial charges	-54	-79	*+32.3%*	-235	-284	*+17.4%*
Income tax expenses	-59	-76	*+22.2%*	-287	-195	*-47.3%*
Tax rate				*23.5%*	*25.6%*	*-2.1pp*
Profit from discontinued operations	1	-1	*n.m.*	2	19	*-88.2%*
(Profit) / loss attributable to non-controlling interests	-11	-7	*+60.2%*	-41	-33	*+25.1%*
Profit / (loss) attributable to Solvay shareholders	**250**	**96**	***n.m.***	**1,040**	**618**	***+68.3%***
Basic earnings per share (in €)	**2.41**	**0.93**	***n.m.***	**10.05**	**5.99**	***+67.7%***
of which from continuing operations	2.41	0.95	*n.m.*	10.02	5.81	*+72.6%*
Capex in continuing operations	**324**	**200**	***+61.9%***	**736**	**611**	***+20.5%***
FCF to Solvay shareholders from continuing operations	**150**	**161**	***-6.7%***	**843**	**963**	***-12.5%***
FCF to Solvay shareholders	149	155	*-4.2%*	830	951	*-12.7%*
FCF conversion ratio (LTM)				37.6%	51.1%	*-13.6pp*
Net financial debt				**3,949**	**4,198**	***-5.9%***
Underlying leverage ratio				*1.7*	*2.2*	*-22.3%*
CFROI				***6.9%***	***5.5%***	***+1.5pp***
ROCE				***11.4%***	***6.9%***	***+4.4pp***
Research & innovation				298	291	*+2.3%*
Research & innovation intensity				***2.9%***	***3.2%***	***-0.3pp***

Group performance

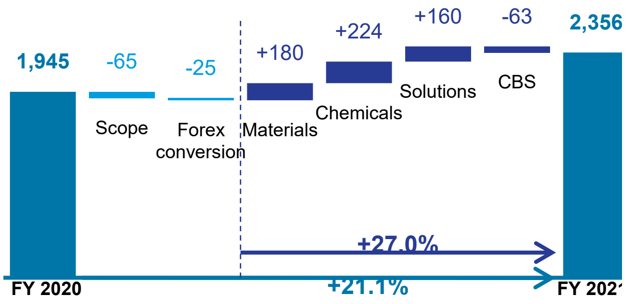
Net sales

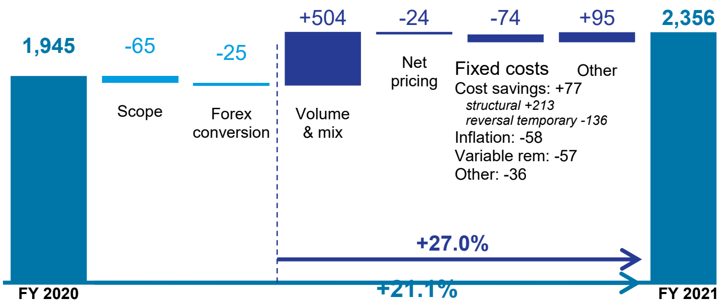




Net sales of €10,105 million in 2021 were up +12.7% (+17.0% organically) versus 2020 driven largely by volumes, and further supported with positive pricing. Sales in 2021 were up +4% organically versus 2019. In the fourth quarter, sales improved +22.1% (+22.4% organically) versus the fourth quarter 2020, thanks to continued strong momentum in all our markets and due to significant price actions. Full year and fourth quarter sales grew organically by double-digits in all regions.

Underlying EBITDA



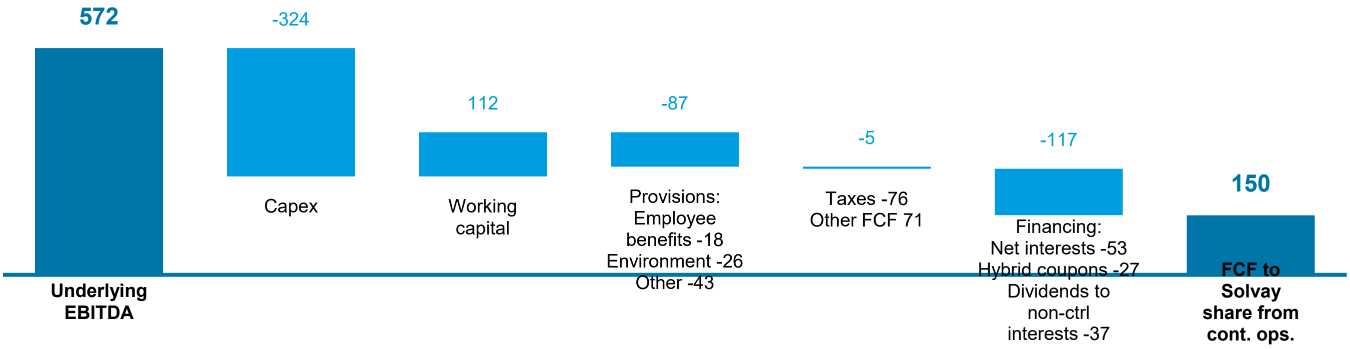


Structural cost savings reached €213 million for the full year 2021, with €40 million realized in the fourth quarter. Approximately 40% of the savings are from indirect spend, 35% are related to restructuring initiatives, and 25% are from productivity and efficiency improvements.

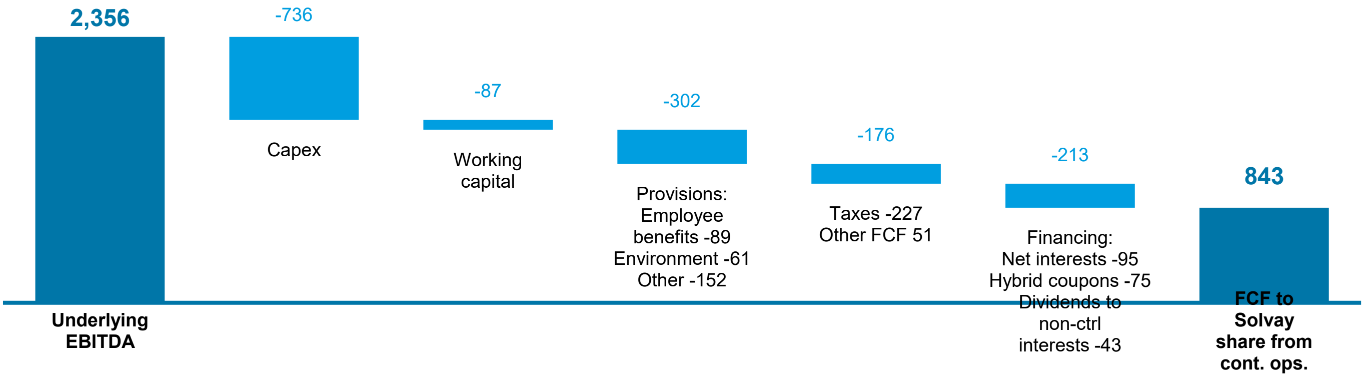
Underlying EBITDA of €2,356 million was up +21.1% (+27.0% organically) in 2021 versus 2020, and up +8% versus 2019 as a result of significantly higher sales volumes. The EBITDA margin for full year 2021 was 23.3% thanks to higher volumes, increased pricing and delivery of cost measures. Underlying EBITDA in the fourth quarter of €572 million increased +23.4% (24.0% organically) versus the fourth quarter 2020 and 16% organically versus 2019 due mainly to price actions implemented to offset inflationary cost increases. In the fourth quarter 2021, underlying EBITDA includes net €27 million of one-time gains consisting mainly of a gain of €61 million, mostly in the Chemical segment, resulting from a Supreme Court retroactive decision in Brazil conferring the right to recover indirect sales duties to a number of companies, including Solvay (for more information, see financial report). This gain was partially offset by a negative €34 million, half of which related to a bad debt in the energy business in the Corporate and Business Services segment.

Free cash flow

Q4 2021



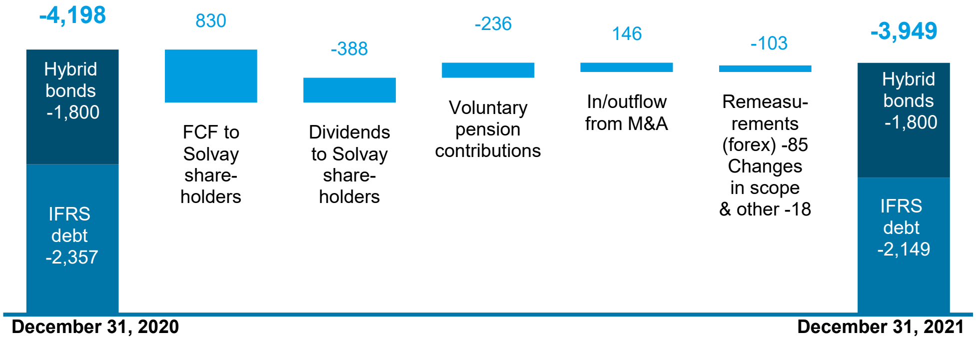
FY 2021



Free cash flow to shareholders from continuing operations reached €843 million. Results reflect significant structural improvement in working capital management, and reduced pension and interest cash costs of €89 million.

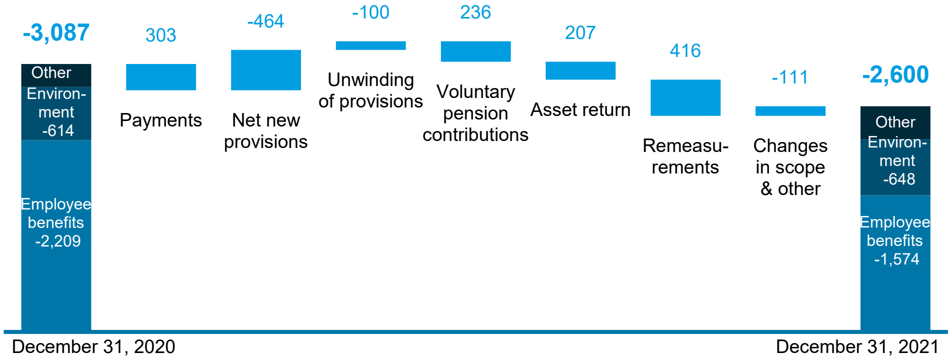
Underlying net debt

Underlying net financial debt decreased €249 million in 2021 to €3.95 billion, driven by the higher free cash flow generation in 2021.



Provisions

Provisions are down €487 million to €2.6 billion thanks primarily to remeasurements related to employee benefits and the voluntary pension contributions in Belgium and the UK totaling €236 million.



	FY 2020	Payments	Net new liabilities	Unwinding of provisions	Additional pension contributions	Asset return	Remea-surements	Changes in scope & other	FY 2021
Employee benefits	-2,209	89	-46	-66	236	207	387	-174	-1,574
Environment	-614	61	-90	-34	-	-	32	-2	-648
Restructuring and other provisions	-264	153	-327	-1	-	-	-3	64	-378
Total	**-3,087**	**303**	**-464**	**-100**	**236**	**207**	**416**	**-111**	**-2,600**

Performance by segments

Net sales bridges

Net sales FY		Underlying				
(in € million)	FY 2020	Scope	Forex conversion	Volume & mix	Price	FY 2021
Solvay	**8,965**	**-202**	**-124**	**1,022**	**443**	**10,105**
Materials	2,695	-60	-33	261	39	2,903
Chemicals	2,948	-49	-59	301	216	3,357
Solutions	3,316	-93	-31	459	188	3,838
CBS	6	-	-	1	-	7

Net sales Q4		Underlying				
(in € million)	Q4 2020	Scope	Forex conversion	Volume & mix	Price	Q4 2021
Solvay	**2,214**	**-62**	**56**	**225**	**270**	**2,703**
Materials	620	-17	22	86	40	751
Chemicals	764	-16	8	31	103	891
Solutions	829	-30	26	107	127	1,058
CBS	2	-	-	1	-	2

Materials

Sales in the full year 2021 were up +7.7% (+11.5% organically) to €2,903 million as a result of record sales levels in Specialty Polymers driven primarily by automotive, EV battery and electronic markets. These gains were partially offset by scope and foreign exchange. Full year EBITDA was up +23.4% (+25.8% organically), thanks to the increased volumes and pricing which drove 390 basis point margin expansion to 30.3% for the year.

In the fourth quarter, segment sales improved +21.2% driven by strong demand across several sectors and by price increases mainly in effect since the fourth quarter. Sales to batteries for hybrid and electric vehicles were again up significantly. Other markets including healthcare, consumer goods, and electronics, continued their solid performance.

Composite Materials sales were up by +19.2% in the fourth quarter versus Q4 2020, demonstrating recovery in civil aerospace demand driven by single-aisle aircraft production rate increases. Sales to defense and space also grew in the fourth quarter.

Fourth quarter EBITDA for the segment increased 35.5% (+31.4% organically) driven largely by volume growth in Specialty Polymers and the continued recovery in Composites. EBITDA margins improved 290 basis points to 27.5% in the fourth quarter thanks to the higher volumes and price actions.

Chemicals

Full year 2021 sales in the segment were up +13.9% (+18.2% organically) to €3,357 million due to higher volumes and pricing. EBITDA in 2021 was up +23.7% (+28.6% organically), thanks primarily to exceptional performance in Coatis and Rusvinyl which helped boost segment EBITDA margin to 30.1%, up 240 basis points.

Fourth quarter net sales were up +16.6% in the segment. In Soda Ash, sales improved +7.1% in Q4 driven by pricing actions and higher demand for soda ash and bicarbonate.

Peroxides sales were up +6.9% in Q4 mainly reflecting price actions along with modest volume improvement in H2O2.

Silica sales increased +13% in the quarter driven by pricing actions.

Coatis repeated its exceptional sales performance, up +57.5% year on year due to strong volumes and pricing.

Fourth quarter EBITDA in the segment increased +36.5% (+36.9% organically) versus the fourth quarter 2020 as a result of the €55 million of the €61 million one-time gain related to the recovery of indirect sales duties in Brazil which were recorded in the EBITDA of this segment. Excluding this one-time gain, fourth quarter EBITDA rose +10.5% driven primarily by pricing. EBITDA margin increased to 32.1% in the quarter.

Solutions

Full year 2021 sales were up +15.8% (+20.3% organically) to €3,838 million due mainly to volume recovery across businesses. Full year EBITDA was up +23.7% (+29.5% organically), leading to 18.3% EBITDA margin for the year, up 120 basis points from 2020.

Fourth quarter net sales in the segment were up +27.7% (+28.3% organically) driven by volume growth in the quarter. Fourth quarter sales in Novecare increased +32.8% year on year, driven by growth in agriculture and coatings markets.

Oil & Gas grew sequentially +27.4% versus the third quarter when we began reporting this market separately, and is up +88% vs Q4 2020, mainly driven by higher pricing in the phosphorus specialties product line.

Technology Solutions sales in Q4 increased +15.4% driven by mining and phosphorus derivatives.

Special Chem sales increased +1.6% with higher sales to electronics offset by lower sales to automotive related to the chip shortages.

Aroma Performance sales increased +36.7% in Q4, a new quarterly record, as a result of strong demand and the benefit from price actions.

Fourth quarter EBITDA in the segment increased +31.2% (+29.0% organically), reflecting the improvements across businesses, and most notably in Novecare and Aroma. EBITDA margin rose slightly to 17% in the segment.

Corporate and business services

In the fourth quarter of 2021, a loss of €34 million was recorded in relation to the energy supply business of Solvay to third parties. The loss was caused by an unprecedented rise in energy prices and increased market volatility in the European market. Half of the loss related to a bad debt.

Net sales by region and end-market

(in € million)	FY 2021	FY 2020	*% yoy*
Europe	2,775	2,586	+7.3%
North America	2,630	2,482	+6.0%
Latin America	1,308	975	+34.1%
Asia and Rest of the world	3,391	2,922	+16.1%
Solvay	**10,105**	**8,965**	**+12.7%**

2020 sales by end-markets

(in %)	Materials	Chemicals	Solutions	*Solvay*
Aeronautics and Automotive	48%	14%	8%	22%
Electrical and electronics	13%	0%	7%	7%
Resources and environment	8%	9%	19%	12%
Agro, feed and food	3%	19%	16%	13%
Consumer goods and healthcare	12%	23%	17%	18%
Building and construction	4%	11%	9%	8%
Industrial applications	11%	23%	24%	20%
Solvay	**100%**	**100%**	**100%**	**100%**

2021 sales by end-markets

(in %)	Materials	Chemicals	Solutions	*Solvay*
Aeronautics and Automotive	50%	16%	10%	24%
Electricals and electronics	15%	0%	6%	7%
Resources and environment	4%	9%	19%	12%
Agro, feed and food	3%	17%	17%	13%
Consumer goods and healthcare	12%	23%	14%	16%
Building and construction	4%	11%	10%	9%
Industrial applications	11%	23%	24%	20%
Solvay	**100%**	**100%**	**100%**	**100%**

Key segment figures

Segment review				Underlying				
(in € million)	Q4 2021	Q4 2020	*% yoy*	*% organic*	FY 2021	FY 2020	*% yoy*	*% organic*
Net sales	**2,703**	**2,214**	***+22.1%***	***+22.4%***	**10,105**	**8,965**	***+12.7%***	***+17.0%***
Materials	751	620	*+21.2%*	*+20.2%*	2,903	2,695	*+7.7%*	*+11.5%*
Specialty Polymers	555	456	*+21.9%*	-	2,173	1,820	*+19.4%*	*+20.4%*
Composite Materials	195	164	*+19.2%*	-	730	875	*-16.6%*	*-8.6%*
Chemicals	891	764	*+16.6%*	*+17.8%*	3,357	2,948	*+13.9%*	*+18.2%*
Soda Ash & Derivatives	385	359	*+7.1%*	-	1,509	1,450	*+4.1%*	*+5.1%*
Peroxides	175	164	*+6.9%*	-	636	642	*-0.9%*	*+9.5%*
Coatis	207	132	*+57.5%*	-	745	470	*+58.6%*	*+68.7%*
Silica	124	110	*+13.0%*		467	386	*+20.7%*	*+22.2%*
Solutions	1,058	829	*+27.7%*	*+28.3%*	3,838	3,316	*+15.8%*	*+20.3%*
Novecare [1]	433	326	*+32.8%*	-	1,546	1,330	*+16.2%*	*+22.6%*
Special Chem	210	207	*+1.6%*	-	840	761	*+10.4%*	*+17.5%*
Technology Solutions [1]	143	124	*+15.4%*	-	560	490	*+14.3%*	*+16.6%*
Aroma Performance	135	99	*+36.7%*	-	473	435	*+8.9%*	*+9.4%*
Oil & Gas [1]	137	73	*+88.0%*	-	418	299	*+39.8%*	*+45.0%*
Corporate & Business Services	2	2	*+56.8%*	*+75.9%*	7	6	*+15.8%*	*+25.2%*
EBITDA	**572**	**464**	***+23.4%***	***+24.0%***	**2,356**	**1,945**	***+21.1%***	***+27.0%***
Materials	207	153	*+35.5%*	*+31.4%*	879	712	*+23.4%*	*+25.8%*
Chemicals	286	209	*+36.5%*	*+36.9%*	1,009	816	*+23.7%*	*+28.6%*
Solutions	180	137	*+31.2%*	*+29.0%*	701	566	*+23.7%*	*+29.5%*
Corporate & Business Services	-101	-36	*n.m.*	-	-232	-149	*-55.5%*	-
EBITDA margin	***21.2%***	***21.0%***	***+0.2pp***	-	***23.3%***	***21.7%***	***+1.6pp***	-
Materials	*27.5%*	*24.6%*	*+2.9pp*	-	*30.3%*	*26.4%*	*+3.9pp*	-
Chemicals	*32.1%*	*27.4%*	*+4.7pp*	-	*30.1%*	*27.7%*	*+2.4pp*	-
Solutions	*17.0%*	*16.6%*	*+0.4pp*	-	*18.3%*	*17.1%*	*+1.2pp*	-
EBIT	**374**	**260**	***+43.7%***	-	**1,600**	**1,110**	***+44.1%***	-
Materials	143	92	*+55.4%*	-	637	460	*+38.6%*	-
Chemicals	225	149	*+50.6%*	-	782	552	*+41.6%*	-
Solutions	136	82	*+65.1%*	-	511	350	*+46.3%*	-
Corporate & Business Services	-130	-63	*n.m.*	-	-331	-252	*-31.6%*	-
Capex in continuing operations	**324**	**200**	***+61.9%***	-	**736**	**611**	***+20.5%***	-
Materials					251	193	*+30.1%*	
Chemicals					212	184	*+15.1%*	
Solutions					172	144	*+19.6%*	
Corporate & Business Services					101	90	*+12.4%*	
Cash conversion	***43.4%***	***56.9%***	***-13.5pp***	-	***68.8%***	***68.6%***	***+0.2pp***	-
Materials					*71.4%*	*72.9%*	*-1.5pp*	
Chemicals					*79.0%*	*77.4%*	*+1.6pp*	
Solutions					*75.5%*	*74.6%*	*+0.8pp*	
CFROI					***6.9%***	***5.5%***	***+1.5pp***	
Materials					*9.0%*	*7.3%*	*+1.7pp*	
Chemicals					*10.5%*	*7.7%*	*+2.8pp*	
Solutions					*7.2%*	*5.5%*	*+1.7pp*	
Research & innovation					**298**	**291**	***+2.3%***	
Materials					138	126	*+9.0%*	
Chemicals					28	32	*-13.0%*	
Solutions					103	103	*-0.7%*	
Corporate & Business Services					30	30	*+0.8%*	
Research & innovation intensity					***2.9%***	***3.2%***	***-0.3pp***	
Materials					*4.7%*	*4.7%*	*+0.1pp*	
Chemicals					*0.8%*	*1.1%*	*-0.3pp*	
Solutions					*2.7%*	*3.1%*	*-0.4pp*	

(1) Sales of Novecare and Technology Solutions in prior periods have been restated to reflect the creation of an Oil & Gas GBU as from July 1, 2021. More information can be found in the note 3 on page 27.

Key IFRS figures

As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders for FY 2020 was €618 million, whereas it totaled €-962 million on an IFRS basis.

FY key figures	IFRS			Underlying		
(in € million)	FY 2021	FY 2020	*% yoy*	FY 2021	FY 2020	*% yoy*
Net sales	**10,105**	**8,965**	***+12.7%***	**10,105**	**8,965**	***+12.7%***
EBITDA	**2,038**	**1,751**	***+16.4%***	**2,356**	**1,945**	***+21.1%***
EBITDA margin				*23.3%*	*21.7%*	*+1.6pp*
EBIT	**1,190**	**-665**	***n.m.***	**1,600**	**1,110**	***+44.1%***
Net financial charges	-96	-179	*+46.3%*	-235	-284	*+17.4%*
Income tax expenses	-110	-248	*+55.8%*	-287	-195	*-47.3%*
Tax rate				*23.5%*	*26%*	*-2.1pp*
Profit from discontinued operations	5	163	*n.m.*	2	19	*-88.2%*
(Profit) / loss attributable to non-controlling interests	-41	-33	*+26.8%*	-41	-33	*+25.1%*
Profit / (loss) attributable to Solvay shareholders	**948**	**-962**	***n.m.***	**1,040**	**618**	***+68.3%***
Basic earnings per share (in €)	**9.15**	**-9.32**	***n.m.***	**10.05**	**5.99**	***+67.7%***
of which from continuing operations	9.11	-10.90	*n.m.*	10.02	5.81	*+72.6%*
Dividend	**3.85**	**3.75**	***+2.7%***	**3.85**	**3.75**	***+2.7%***
Capex in continuing operations				**736**	**611**	***+20.5%***
FCF to Solvay shareholders from continuing operations				**843**	**963**	***-12.5%***
FCF to Solvay shareholders				830	951	*-12.7%*
FCF conversion ratio (LTM)				37.6%	51.1%	*-13.6pp*
Net financial debt				**3,949**	**4,198**	***-5.9%***
Underlying leverage ratio				*1.7*	*2.2*	*-22.3%*
CFROI				***6.9%***	***5.5%***	***+1.5pp***
ROCE				***11.4%***	***6.9%***	***+4.4pp***
Research & innovation				298	291	*+2.3%*
Research & innovation intensity				***2.9%***	***3.2%***	***-0.3pp***

Q4 key figures	IFRS			Underlying		
(in € million)	Q4 2021	Q4 2020	*% yoy*	Q4 2021	Q4 2020	*% yoy*
Net sales	**2,703**	**2,214**	***+22.1%***	**2,703**	**2,214**	***+22.1%***
EBITDA	**562**	**416**	***+35.0%***	**572**	**464**	***+23.4%***
EBITDA margin				*21.2%*	*21.0%*	*+0.2pp*
EBIT	**388**	**187**	***n.m.***	**374**	**260**	***+43.7%***
Net financial charges	-10	-67	*+84.4%*	-54	-79	*+32.3%*
Income tax expenses	-1	-41	*n.m.*	-59	-76	*+22.2%*
Profit from discontinued operations	-	4	*n.m.*	1	-1	*n.m.*
(Profit) / loss attributable to non-controlling interests	-11	-7	*+60.9%*	-11	-7	*+60.2%*
Profit / (loss) attributable to Solvay shareholders	**366**	**77**	***n.m.***	**250**	**96**	***n.m.***
Basic earnings per share (in €)	**3.53**	**0.75**	***n.m.***	**2.41**	**0.93**	***n.m.***
of which from continuing operations	3.53	0.70	*n.m.*	2.41	0.95	*n.m.*
Capex in continuing operations				**324**	**200**	***+61.9%***
FCF to Solvay shareholders from continuing operations				**150**	**161**	***-6.7%***
FCF to Solvay shareholders				149	155	*-4.2%*
Net financial debt				**3,949**	**4,198**	***-5.9%***
Underlying leverage ratio				*1.7*	*2.2*	*-22.3pp*

Supplementary information

Reconciliation of alternative performance metrics

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

Tax rate		Underlying	
(in € million)		FY 2021	FY 2020
Profit / (loss) for the period before taxes	a	1,366	827
Earnings from associates & joint ventures	b	159	83
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-16	-19
Income taxes	d	-287	-195
Tax rate	e = -d/(a-b-c)	**23%**	**26%**

Free cash flow (FCF) *(in € million)*		Q4 2021	Q4 2020	FY 2021	FY 2020
Cash flow from operating activities	a	412	354	1,499	1,242
of which voluntary pension contributions	b	-134	-92	-236	-552
of which cash flow related to portfolio management	c	-5	-	-7	-
Cash flow from investing activities	d	-214	-169	-470	711
of which capital expenditures required by share sale agreement	e	-	-	-	-14
Acquisition (-) of subsidiaries	f	-	-1	-22	-12
Acquisition (-) of investments - Other	g	-14	-7	-22	-46
Loans to associates and non-consolidated companies	h	1	-4	4	-6
Sale (+) of subsidiaries and investments	i	56	-5	169	1,297
Recognition of factored receivables	j	-	-	-	-22
Increase/decrease of borrowings related to environmental remediation	k	-	-2	-	6
Payment of lease liabilities	l	-28	-28	-99	-108
FCF	m = a-b-c+d-e-f-g-h-i-j+k+l	**266**	**264**	**1,043**	**1,206**
FCF from discontinued operations	n	-1	-6	-12	-11
FCF from continuing operations	o = m-n	**267**	**270**	**1,056**	**1,217**
Net interests paid	p	-53	-54	-95	-103
Coupons paid on perpetual hybrid bonds	q	-27	-27	-75	-119
Dividends paid to non-controlling interests	r	-37	-27	-43	-32
FCF to Solvay shareholders	s = m+p+q+r	**149**	**155**	**830**	**951**
FCF to Solvay shareholders from discontinued operations	t	-1	-6	-12	-11
FCF to Solvay shareholders from continuing operations	u = s-t	**150**	**161**	**843**	**963**
FCF to Solvay shareholders from continuing operations (LTM)	v	**843**	**963**	**843**	**963**
Dividends paid to non-controlling interests from continuing operations (LTM)	w	-43	-32	-43	-32
Underlying EBITDA (LTM)	x	2,356	1,945	2,356	1,945
FCF conversion ratio (LTM)	y = (v-w)/x	**37.6%**	**51.1%**	**37.6%**	**51.1%**

Net working capital		2021	2020
(in € million)		December 31	December 31
Inventories	a	1,745	1,241
Trade receivables	b	1,805	1,264
Other current receivables	c	2,005	519
Trade payables	d	-2,131	-1,197
Other current liabilities	e	-2,051	-720
Net working capital	f = a+b+c+d+e	**1,373**	**1,107**
Sales	g	3,277	2,418
Annualized quarterly total sales	h = 4*g	13,108	9,673
Net working capital / sales	i = f / h	**10.5%**	**11.4%**
Year-to-date average	j = μ(Q1,Q2,Q3,Q4)	12.7%	14.7%

Capital expenditure (capex)

(in € million)		Q4 2021	Q4 2020	FY 2021	FY 2020
Acquisition (-) of tangible assets	a	-274	-152	-561	-454
Acquisition (-) of intangible assets	b	-22	-20	-75	-81
Payment of lease liabilities	c	-28	-28	-99	-108
Capex	d = a+b+c	**-324**	**-200**	**-736**	**-643**
Capex in discontinued operations	e	-	-	-	-33
Capex in continuing operations	f = d-e	**-324**	**-200**	**-736**	**-611**
Materials				-251	-193
Chemicals				-212	-184
Solutions				-172	-144
Corporate & Business Services				-101	-90
Underlying EBITDA	g	**572**	**464**	**2,356**	**1,945**
Materials		207	153	879	712
Chemicals		286	209	1,009	816
Solutions		180	137	701	566
Corporate & Business Services		-101	-36	-232	-149
Cash conversion	h = (f+g)/g	**43.4%**	**56.9%**	**68.8%**	**68.6%**
Materials				71.4%	72.9%
Chemicals				79.0%	77.4%
Solutions				75.5%	74.6%

Research & innovation

(in € million)		FY 2021	FY 2020
IFRS research & development costs	a	-325	-300
Grants netted in research & development costs	b	26	27
Depreciation, amortization & impairments included in research & development costs	c	-100	-89
Capex in research & innovation	d	-46	-54
Research & innovation	e = a-b-c+d	**-298**	**-291**
Materials		-138	-126
Chemicals		-28	-32
Solutions		-103	-103
Corporate & Business Services		-30	-30
Net sales	f	**10,105**	**8,965**
Materials		2,903	2,695
Chemicals		3,357	2,948
Solutions		3,838	3,316
Corporate & Business Services		7	6
Research & innovation intensity	g = -e/f	**2.9%**	**3.2%**
Materials		4.7%	4.7%
Chemicals		0.8%	1.1%
Solutions		2.7%	3.1%

Net financial debt

(in € million)		2021 December 31	2020 December 31
Non-current financial debt	a	-2,576	-3,233
Current financial debt	b	-773	-287
IFRS gross debt	c = a+b	-3,349	-3,519
Underlying gross debt	d = c+h	-5,149	-5,319
Other financial instruments (current + non-current)	e	259	119
Cash & cash equivalents	f	941	1,002
Total cash and cash equivalents	g = e+f	1,199	1,121
IFRS net debt	i = c+g	**-2,149**	**-2,398**
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	**-3,949**	**-4,198**
Underlying EBITDA (LTM)	k	2,356	1,945
Adjustment for discontinued operations	l	-	-
Adjusted underlying EBITDA for leverage calculation	m = k+l	2,356	1,945
Underlying leverage ratio	n = -j/m	**1.7**	**2.2**

ROCE (in € million)		FY 2021 As calculated	FY 2020 As calculated
EBIT	a	1,600	1,110
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-150	-181
Numerator	c = a+b	**1,450**	**929**
WC industrial	d	1,585	1,674
WC Other	e	-138	-242
Property, plant and equipment	f	4,800	4,997
Intangible assets	g	2,115	2,361
Right-of-use assets	h	435	422
Investments in associates & joint ventures	i	565	499
Other investments	j	42	46
Goodwill	k	3,341	3,621
Denominator	l = d+e+f+g+h+i+j+k	**12,745**	**13,378**
ROCE	***m = c/l***	***11.4%***	***6.9%***

CFROI (in € million)		FY 2021 As published	FY 2021 Adjustment	FY 2021 As calculated	FY 2020 As published	FY 2020 Adjustment	FY 2020 As calculated
Underlying EBIT	a	1,600		1,600	1,110		1,110
Underlying EBITDA	b	2,356		2,356	1,945		1,945
Underlying earnings from associates & joint ventures	c	159		159	83		83
Dividends received from associates & joint ventures [1]	d	129	-	129	25	-	25
Recurring capex [2]	e = -2.3%*m			-411			-408
Recurring income taxes [3]	f = -27%*(a-c)			-389			-288
Recurring "CFROI" cash flow data	g = b-c+d+e+f			**1,526**			**1,191**
Materials				570			456
Chemicals				683			497
Solutions				454			353
Corporate & Business Services				-181			-115
Property, plant and equipment	h	4,943			4,717		
Intangible assets	i	2,103			2,141		
Right-of-use assets	j	466			405		
Goodwill	k	3,379			3,265		
Replacement value of goodwill & fixed assets [4]	l = h+i+j+k	10,891	9,131	20,022	10,528	9,369	19,897
of which fixed assets	m	7,046	10,829	17,875	6,858	10,870	17,728
Investments in associates & joint ventures [5]	n	637	-71	565	495	4	499
Net working capital [5]	o	1,373	49	1,422	1,107	347	1,454
"CFROI" invested capital	p = l+n+o			**22,009**			**21,850**
Materials				6,363			6,260
Chemicals				6,527			6,492
Solutions				6,289			6,376
Corporate & Business Services				2,997			2,964
CFROI	q = g/p			**6.9%**			**5.5%**
Materials				9.0%			7.3%
Chemicals				10.5%			7.7%
Solutions				7.2%			5.5%

[1] Excluding discontinued operations
[2] Currently estimated at 2.3% of replacement value of fixed assets
[3] Currently estimated at 27% of underlying EBIT (28% in 2020)
[4] The adjustment reflects the difference between the estimated replacement value of goodwill and fixed assets, and the accounting value. The changes over time come from foreign exchange variations, new investments and portfolio moves. It also reflects the quarterly average over the year.
[5] The adjustment reflects the quarterly average over the year.

Reconciliation of underlying income statement indicators

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

Consolidated income statement Q4	Q4 2021			Q4 2020		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,277**	**-**	**3,277**	**2,418**	**-**	**2,418**
of which revenues from non-core activities	574	-	574	204	-	204
of which net sales	2,703	-	2,703	2,214	-	2,214
Cost of goods sold	-2,582	-	-2,582	-1,789	-	-1,789
Gross margin	**695**	**-**	**695**	**629**	**-**	**629**
Commercial costs	-77	-	-77	-78	-	-78
Administrative costs	-267	-	-267	-241	-	-242
Research & development costs	-88	1	-87	-78	1	-77
Other operating gains & losses	23	37	59	-41	40	-1
Earnings from associates & joint ventures	49	1	50	27	1	28
Result from portfolio management & major restructuring	102	-102	-	-20	20	-
Result from legacy remediation & major litigations	-48	48	-	-11	11	-
EBITDA	**562**	**10**	**572**	**416**	**48**	**464**
Depreciation, amortization & impairments	-174	-25	-199	-230	26	-204
EBIT	**388**	**-14**	**374**	**187**	**73**	**260**
Net cost of borrowings	-30	7	-23	-29	-	-29
Coupons on perpetual hybrid bonds	-	-21	-21	-	-21	-21
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-1	-1	-	-1	-1
Cost of discounting provisions	17	-29	-11	-38	9	-29
Result from equity instruments measured at fair value	2	-	2	-	-	-
Profit / (loss) for the period before taxes	**378**	**-58**	**320**	**120**	**60**	**180**
Income taxes	-1	-58	-59	-41	-35	-76
Profit / (loss) for the period from continuing operations	**377**	**-116**	**261**	**79**	**25**	**105**
Profit / (loss) for the period from discontinued operations	-	1	1	4	-6	-1
Profit / (loss) for the period	**377**	**-116**	**261**	**84**	**19**	**103**
attributable to Solvay shareholders	366	-116	250	77	19	96
attributable to non-controlling interests	11	-	11	7	-	7
Basic earnings per share (in €)	3.53	-1.12	2.41	0.75	0.19	0.93
of which from continuing operations	3.53	-1.12	2.41	0.70	0.24	0.95
Diluted earnings per share (in €)	3.52	-1.11	2.41	0.74	0.19	0.93
of which from continuing operations	3.52	-1.12	2.40	0.70	0.24	0.95

EBITDA on an IFRS basis totaled €562 million, versus €572 million on an underlying basis. The difference of €10 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €1 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, the Russian ruble being stable vs EUR over the period. These elements are reclassified in "*Net financial charges*".
- €-38 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements, mainly related to the portion of PIS/COFINS credits for the period pre Rhodia acquisition.
- €47 million to adjust for the "*Result from legacy remediation and major litigations*", primarily expenses for environmental remediation.

EBIT on an IFRS basis totaled €388 million, versus €374 million on an underlying basis. The difference of €-14 million is explained by the above-mentioned €10 million adjustments at the EBITDA level and €-24 million of "*Depreciation, amortization & impairments*". The latter consists of:

- €38 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 €37 million.
- €-62 million to adjust for the net impact of impairments and impairment reversal reported in "*Result from portfolio management and major restructuring*" resulting primarily from the reversal of RusVinyl impairment booked in Q4 (€67 million).

Net financial charges on an IFRS basis were €-11 million versus €-54 million on an underlying basis. The €-43 million adjustment made to IFRS net financial charges consists of:

- €7 million for the costs related to the early repayment of €373 million on the €750 million senior bond tendered in December 2021.
- €-21 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-1 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €-29 million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-1 million, versus €-59 million on an underlying basis. The €-58 million adjustment mainly relates to changes in the recognition of deferred taxes on losses in Q4.

Discontinued operations generated no profit or loss on an IFRS basis and a profit of €1 million on an underlying basis.

Profit / (loss) attributable to Solvay shareholders was €366 million on an IFRS basis and €250 million on an underlying basis. The delta of €116 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

FY consolidated income statement

(in € million)	FY 2021 IFRS	FY 2021 Adjust-ments	FY 2021 Under-lying	FY 2020 IFRS	FY 2020 Adjust-ments	FY 2020 Under-lying
Sales	**11,434**	**-**	**11,434**	**9,714**	**-**	**9,714**
of which revenues from non-core activities	1,330	-	1,330	749	-	749
of which net sales	10,105	-	10,105	8,965	-	8,965
Cost of goods sold	-8,508	3	-8,506	-7,207	1	-7,206
Gross margin	**2,926**	**3**	**2,929**	**2,507**	**1**	**2,508**
Commercial costs	-287	-	-287	-312	-	-312
Administrative costs	-946	1	-945	-900	11	-889
Research & development costs	-325	3	-323	-300	3	-297
Other operating gains & losses	-80	147	67	-149	166	17
Earnings from associates & joint ventures	158	1	159	58	26	83
Result from portfolio management & major restructuring	-133	133	-	-1,549	1,549	-
Result from legacy remediation & major litigations	-123	123	-	-20	20	-
EBITDA	**2,038**	**318**	**2,356**	**1,751**	**194**	**1,945**
Depreciation, amortization & impairments [1]	-848	92	-756	-2,416	1,582	-835
EBIT	**1,190**	**410**	**1,600**	**-665**	**1,776**	**1,110**
Net cost of borrowings	-103	7	-96	-113	-	-113
Coupons on perpetual hybrid bonds	-	-82	-82	-	-91	-91
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-16	-16	-	-19	-19
Cost of discounting provisions	1	-48	-47	-68	5	-64
Result from equity instruments measured at fair value	6	-	6	3	-	3
Profit / (loss) for the period before taxes	**1,094**	**272**	**1,366**	**-844**	**1,671**	**827**
Income taxes	-110	-178	-287	-248	53	-195
Profit / (loss) for the period from continuing operations	**985**	**94**	**1,079**	**-1,092**	**1,723**	**632**
Profit / (loss) for the period from discontinued operations	5	-2	2	163	-144	19
Profit / (loss) for the period	**989**	**92**	**1,081**	**-929**	**1,579**	**650**
attributable to Solvay shareholders	948	92	1,040	-962	1,579	618
attributable to non-controlling interests	41	-1	41	33	-	33
Basic earnings per share (in €)	9.15	0.89	10.05	-9.32	15.31	5.99
of which from continuing operations	9.11	0.91	10.02	-10.90	16.71	5.81
Diluted earnings per share (in €)	9.13	0.89	10.02	-9.32	15.31	5.99
of which from continuing operations	9.09	0.91	10.00	-10.90	16.70	5.81

[1] The IFRS depreciation, amortization and impairments for FY 2020 of €-1,582 million included an impairment of €-1,401 million for various businesses. In FY 2021, it included an impairment reversal of €67 million on RusVinyl equity investment.

EBITDA on an IFRS basis totaled €2,038 million versus €2,356 million on an underlying basis. The difference of €318 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €3 million to adjust for the "Cost of goods sold" resulting from the step up of the inventories of Novecare seeds coatings acquisition.
- €1 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture. These elements are reclassified in "*Net financial charges*".
- €192 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements. This result comprises €181 million restructuring charges mainly related to the new simplification program of the support functions and net expenses for €11 million related to disposals of subsidiaries.
- €123 million to adjust for the "*Result from legacy remediation and major litigations*", primarily related to the remediation costs.

EBIT on an IFRS basis totaled €1,190 million versus €1,600 million on an underlying basis. The difference of €410 million is explained by the above-mentioned €318 million adjustments at the EBITDA level and €92 million of "*Depreciation, amortization & impairments*". The latter consists of:

- €150 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "Cost of goods sold" for €3 million, in "*Administrative costs*" for €1 million, in "*Research & development costs*" for €3 million, and in "*Other operating gains & losses*" for €147 million.
- €-58 million to adjust for the net impact of impairments and impairment reversals reported in "*Result from portfolio management and major restructuring*" as a result of the impairment tests undertaken during 2021 and mainly related to RusVinyl impairment reversal (€67 million).

Net financial charges on an IFRS basis were €-96 million versus €-235 million on an underlying basis. The €-139 million adjustment made to IFRS net financial charges consists of:

- €7 million for the costs related to the early repayment of €373 million on the €750 million senior bond tendered in December 2021.
- €-82 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-16 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €-48 million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-110 million versus €-287 million on an underlying basis. The €-178 million adjustment includes mainly the tax effect of the adjustments of profit before taxes and reversal of valuation allowances on deferred tax assets on losses and other temporary differences.

Discontinued operations generated a profit of €5 million on an IFRS basis and €2 million on an underlying basis. The €-2 million adjustment to the IFRS profit relates mainly to the Pharma business.

Profit / (loss) attributable to Solvay shareholders was €948 million on an IFRS basis and €1,040 million on an underlying basis. The delta of €92 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was a €1 million impact on non-controlling interests.

Condensed consolidated financial statements[1]

Consolidated income statement

(in € million)	IFRS Q4 2021	Q4 2020	FY 2021	FY 2020
Sales	**3,277**	**2,418**	**11,434**	**9,714**
of which revenues from non-core activities	574	204	1,330	749
of which net sales	2,703	2,214	10,105	8,965
Cost of goods sold	-2,582	-1,789	-8,508	-7,207
Gross margin	**695**	**629**	**2,926**	**2,507**
Commercial costs	-77	-78	-287	-312
Administrative costs	-267	-241	-946	-900
Research & development costs	-88	-78	-325	-300
Other operating gains & losses	23	-41	-80	-149
Earnings from associates & joint ventures	49	27	158	58
Result from portfolio management & major restructuring [2]	102	-20	-133	-1,549
Result from legacy remediation & major litigations	-48	-11	-123	-20
EBIT	**388**	**187**	**1,190**	**-665**
Cost of borrowings	-28	-27	-107	-114
Interest on loans & short term deposits	2	2	9	8
Other gains & losses on net indebtedness	-3	-4	-4	-8
Cost of discounting provisions	17	-38	1	-68
Result from equity instruments measured at fair value	2	-	6	3
Profit / (loss) for the period before taxes	**378**	**120**	**1,094**	**-844**
Income taxes	-1	-41	-110	-248
Profit / (loss) for the period from continuing operations	**377**	**79**	**985**	**-1,092**
attributable to Solvay shareholders	366	73	943	-1,124
attributable to non-controlling interests	11	7	41	33
Profit / (loss) for the period from discontinued operations	-	4	5	163
Profit / (loss) for the period	**377**	**84**	**989**	**-929**
attributable to Solvay shareholders	366	77	948	-962
attributable to non-controlling interests	11	7	41	33
Weighted average of number of outstanding shares, basic	103,634,388	103,097,627	103,527,423	103,139,855
Weighted average of number of outstanding shares, diluted	103,850,300	103,179,569	103,787,842	103,170,042
Basic earnings per share (in €)	3.53	0.75	9.15	-9.32
of which from continuing operations	3.53	0.70	9.11	-10.90
Diluted earnings per share (in €)	3.52	0.74	9.13	-9.32
of which from continuing operations	3.52	0.70	9.09	-10.90

(in € million)	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit / (loss) for the period	**377**	**84**	**989**	**-929**
Gains and losses on hedging instruments in a cash flow hedge	-89	36	-16	44
Currency translation differences from subsidiaries & joint operations	147	-210	486	-605
Share of other comprehensive income of associates and joint ventures	4	-1	30	-99
Recyclable components	61	-175	500	-661
Gains and losses on equity instruments measured at fair value through other comprehensive income	6	3	33	2
Remeasurement of the net defined benefit liability [3]	109	29	562	-174
Share of other comprehensive income of associates and joint ventures	-	-1	-	-1
Non-recyclable components	116	31	594	-174
Income tax relating to components of other comprehensive income	21	-12	-78	-3
Other comprehensive income/(loss), net of related tax effects	**198**	**-156**	**1,017**	**-837**
Total comprehensive income/(loss)	**575**	**-73**	**2,006**	**-1,766**
attributed to Solvay share	561	-78	1,956	-1,793
attributed to non-controlling interests	14	5	50	27

[1] Audited for FY only.
[2] FY 2020 Result from portfolio management & major restructuring mainly relates to the €1.5 billion impairment taken in Q2 2020 largely attributable to goodwill at Composite Materials (€0.8 billion) and Technology Solutions (€0.3 billion). An additional impairment was recorded on Oil & Gas and some specific assets within Special Chem.
[3] The remeasurement of the net defined benefit liability of €562 million in FY 2021 were mainly due to the increase of discount rates applicable to post-employment provisions in the Euro-zone, the UK and US, and to the return of plan assets.

Consolidated statement of cash flows

(in € million)	IFRS Q4 2021	IFRS Q4 2020	IFRS FY 2021	IFRS FY 2020
Profit / (loss) for the period	377	84	989	-929
Adjustments to profit / (loss) for the period	172	379	1,245	2,876
Depreciation, amortization & impairments	174	230	849	2,416
Earnings from associates & joint ventures	-49	-27	-158	-58
Additions & reversals on provisions	100	30	464	186
Other non-operating and non-cash items [1]	-64	38	-113	-294
Net financial charges	10	68	94	182
Income tax expenses	1	40	110	444
Changes in working capital	106	123	-92	249
Uses of provisions	-87	-94	-303	-331
Voluntary pension contributions	-134	-92	-236	-552
Dividends received from associates & joint ventures	53	2	129	25
Income taxes paid (excluding income taxes paid on sale of investments)	-76	-48	-233	-97
Cash flow from operating activities	**412**	**354**	**1,499**	**1,242**
of which cash flow related to portfolio management	-5	-	-7	-
Acquisition (-) of subsidiaries	-	-1	-22	-12
Acquisition (-) of investments - Other	-14	-7	-22	-46
Loans to associates and non-consolidated companies	1	-4	4	-6
Sale (+) of subsidiaries and investments	56	-5	169	1,297
Acquisition (-) of tangible and intangible assets (capex)	-296	-172	-637	-535
of which tangible assets	-274	-152	-561	-454
of which capital expenditures required by share sale agreement	-	-	-	-14
of which intangible assets	-22	-20	-75	-81
Sale (+) of tangible & intangible assets	14	1	30	8
Dividends from financial assets measured at fair value through other comprehensive income	1	-	5	4
Changes in non-current financial assets	24	20	2	2
Cash flow from investing activities	**-214**	**-169**	**-470**	**711**
Issuance of perpetual hybrid bond	-	-	-	493
Repayment of perpetual hybrid bond	-	-	-	-499
Sale (acquisition) of treasury shares	1	7	42	-19
Increase in borrowings	42	26	248	557
Repayment of borrowings [2]	-422	-77	-614	-1,368
Changes in other current financial assets [3]	-39	38	-130	-5
Payment of lease liabilities	-28	-28	-99	-108
Net interests paid	-53	-54	-95	-103
Coupons paid on perpetual hybrid bonds	-27	-27	-75	-119
Dividends paid	-37	-28	-431	-419
of which to Solvay shareholders	-	-	-388	-387
of which to non-controlling interests	-37	-27	-43	-32
Other [4]	-105	-132	50	-101
Cash flow from financing activities	**-667**	**-274**	**-1,104**	**-1,692**
of which increase/decrease of borrowings related to environmental remediation	-	-2	-	6
Net change in cash and cash equivalents	-469	-89	-76	261
Currency translation differences	4	-6	7	-61
Opening cash balance [5]	1,405	1,104	1,009	809
Closing cash balance	**941**	**1,009**	**941**	**1,009**
of which cash in assets held for sale	-	7	-	7

[1] Other non-operating and non-cash items of €-113 million in FY 2021 relate mainly to non-cash capital gains and other results for M&A deals. In 2020, €-294 million mainly related to the Polyamide capital gain before taxes.
[2] Repayment of borrowings of €-1,368 million in FY 2020 mainly relates to the reimbursement of commercial paper after the cash proceeds on Polyamide disposal. Repayment of borrowings of €-614 million in FY 2021 mainly relates to the tender offer on the €750 million senior bond closed in Q4 2021.
[3] The €130 million of changes in other current financial assets in 2021 mainly relate to margin calls ("out of the money" instruments).
[4] Other cash flow from financing activities of €50 million in FY 2021 mainly includes the payment for the purchase of the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture, following the exercise of the Solvay call option (€-52 million) and cash inflows related to margin calls (€108 million – "in the money" instruments).
[5] of which €7 million cash in assets held for sale at the end of 2020.

Statement of cash flow from discontinued operations

(in € million)	IFRS Q4 2021	IFRS Q4 2020	IFRS FY 2021	IFRS FY 2020
Cash flow from operating activities	-1	4	-12	10
Cash flow from investing activities	-	-	-	-34
Cash flow from financing activities	-	-	-	6
Net change in cash and cash equivalents	**-1**	**4**	**-12**	**-17**

The FY 2021 cash from discontinued operations amounts to €-12 million related to the Pharma business and Polyamides. In 2020, the amount of €-17 million related to Polyamides.

Consolidated statement of financial position

(in € million)	2021 December 31	2020 December 31
Intangible assets	2,103	2,141
Goodwill	3,379	3,265
Property, plant and equipment	4,943	4,717
Right-of-use assets	466	405
Equity instruments measured at fair value	114	66
Investments in associates & joint ventures	637	495
Other investments	42	42
Deferred tax assets	779	788
Loans & other assets [1]	724	390
Other financial instruments	30	-
Non-current assets	**13,216**	**12,308**
Inventories	1,745	1,241
Trade receivables	1,805	1,264
Income tax receivables	109	109
Dividends receivables	-	-
Other financial instruments	229	119
Other receivables [1]	2,005	519
Cash & cash equivalents	941	1,002
Assets held for sale	-	229
Current assets	**6,833**	**4,484**
Total assets	**20,049**	**16,792**
Share capital	1,588	1,588
Issue premiums	1,170	1,170
Other reserves	5,982	4,439
Non-controlling interests	112	106
Total equity	**8,851**	**7,304**
Provisions for employee benefits	1,574	2,209
Other provisions	724	689
Deferred tax liabilities	462	487
Financial debt [2]	2,576	3,233
Other liabilities [1]	331	95
Non-current liabilities	**5,666**	**6,713**
Other provisions	302	190
Financial debt [2]	773	287
Trade payables	2,131	1,197
Income tax payables	115	113
Dividends payables	160	159
Other liabilities [1]	2,051	720
Liabilities associated with assets held for sale	-	110
Current liabilities	**5,531**	**2,775**
Total equity & liabilities	**20,049**	**16,792**

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

[2] Non-current financial debt decreased mainly due to the repayment of €372.5 million of the €750 million bonds maturing in 2022 and the transfer of €536 million to current financial debt of which €377 million relates to the remaining portion of those bonds, partially offset by €154 million in new leases that commenced during the year and €95 million of forex impact. The increase in current financial debt mainly relates to the €536 million reclassification from non-current.

Consolidated statement of changes in equity

							Revaluation reserve (fair value)					
(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2019	**1,588**	**1,170**	**-274**	**1,789**	**6,462**	**-454**	**10**	**-20**	**-756**	**6,757**	**110**	**9,625**
Profit / (loss) for the period	-	-	-	-	-962	-	-	-	-	-962	33	-929
Items of other comprehensive income	-	-	-	-	-	-699	2	35	-169	-831	-6	-837
Comprehensive income	**-**	**-**	**-**	**-**	**-962**	**-699**	**2**	**35**	**-169**	**-1,793**	**27**	**-1,766**
Perpetual hybrid bond issuance	-	-	-	494		-	-	-	-	494	-	494
Perpetual hybrid bond repayment	-	-	-	-497	-3	-	-	-	-	-501	-	-501
Cost of stock options	-	-	-	-	7	-	-	-	-	7	-	7
Dividends	-	-	-	-	-387	-	-	-	-	-387	-31	-417
Coupons of perpetual hybrid bonds	-	-	-	-	-119	-	-	-	-	-119	-	-119
Sale (acquisition) of treasury shares	-	-	-12	-	-7	-	-	-	-	-19	-	-19
Other	-	-	-	-	-6	-	-	-	6	-	-	-
Balance on December 31, 2020	**1,588**	**1,170**	**-286**	**1,786**	**4,985**	**-1,153**	**12**	**14**	**-919**	**4,439**	**106**	**7,304**
Balance on December 31, 2020	**1,588**	**1,170**	**-286**	**1,786**	**4,985**	**-1,153**	**12**	**14**	**-919**	**4,439**	**106**	**7,304**
Profit / (loss) for the period	-	-	-	-	948	-	-	-	-	948	41	989
Items of other comprehensive income	-	-	-	-	-	508	25	-11	486	1,008	9	1,017
Comprehensive income	**-**	**-**	**-**	**-**	**948**	**508**	**25**	**-11**	**486**	**1,956**	**50**	**2,006**
Cost of stock options	-	-	-	-	8	-	-	-	-	8	-	8
Dividends	-	-	-	-	-389	-	-	-	-	-389	-43	-432
Coupons of perpetual hybrid bonds	-	-	-	-	-75	-	-	-	-	-75	-	-75
Sale (acquisition) of treasury shares	-	-	54	-	-12	-	-	-	-	42	-	42
Other	-	-	-	-	3	-	-14	-	12	1	-2	-1
Balance on December 31, 2021	**1,588**	**1,170**	**-232**	**1,786**	**5,467**	**-645**	**23**	**3**	**-421**	**5,982**	**112**	**8,851**

FY 2021 Equity increased by €508 million due to currency translation differences mainly due to the USD, CNY, BRL and RUB gain against the EUR.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2022.

On January 18, 2021, Solvay sent a Call Option Notice to the European Bank for Reconstruction and Development (EBRD) to purchase the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture. The option price of € 52 million for the call option held by Solvay was equal to the option price for the put option held by the EBRD, which was booked as an Other current liability at the end of 2020. The option price was paid in Q1, 2021, thus settling the liability for the same amount.

In 2021, additional voluntary contributions of €102 million and €134 million were made to the Belgian and UK pension plans respectively. In 2020, additional voluntary contributions of approximately €380 million, €80 million and €95 million were made to the French, US and German pension plans respectively.

In January 2021, Solvay launched a new chapter of its strategic transformation aimed to further align its structure to its G.R.O.W. strategy. This builds on previous plans announced in 2020, and represents a profound simplification of all support functions to serve the business more effectively. The plan will lead to an additional net reduction of approximately 500 roles by the end of 2022 and annual cost savings of €75 million. As a consequence of the new restructuring plan, a restructuring provision of around €150 million was recognized in Q1 2021.

On November 29, 2021, Solvay closed its tender offer of the buyback operation related to its € 750 million senior bonds at 1.65% due in 2022 (ISIN:BE6282459609) accepting for purchase in cash all the validly tendered bonds in an aggregate principal amount of € 373 million.

Portfolio management

During 2021, the assets and liabilities related to the following businesses previously classified as "held for sale" were divested:

- the Peroxides sodium chlorate business line and related assets in Povoa (Portugal),
- the various fluorine chemicals assets in Onsan, South Korea, part of Special Chem,
- the Peroxides sodium percarbonate business line and related assets in Bad Hönningen (Germany),
- the Barium Strontium business and the joint venture with Chemical Products Corporation (CPC),
- the Process Materials business (part of Composite Materials),
- the Novecare amphoterics surfactants activities, and
- the Novecare surfactants and anti-oxidants business in Rasal (India).

These divestments lead to a decrease in sales of €220 million in 2021 compared to 2020. There was no material capital gain/loss on these divestments.

On July 1, Solvay announced the closing of the acquisition, from Bayer, of a seed coating business, with facilities in Méréville, France, and tolling operations in the U.S. and Brazil. This is a natural extension to Solvay's own AgRHO® family of sustainable seed boosting solutions (part of Novecare) and supports the drive toward more bio-based, sustainable technologies.

A Supreme Court ruling in Brazil issued in August 2021 conferred the right to recover Federal indirect tax on sales, so-called "PIS/COFINs" to a number of companies, including Solvay. As a result of that ruling, a total gain of €97 million related to operations from 2003 to the present date was quantified and assessed as recoverable before tax of €-26 million. Of that, €36 million were recognized under "Results from portfolio management and major restructuring" mainly as the relevant period pre-dated the Groups' acquisition of Rhodia in August 2011. The remaining €61 million were recorded as "Other operating gains & losses" as the period related to operations subsequent to August 2011 and still in Solvay's perimeter. The €97 million gain is expected to be recovered mainly through the offset of income tax payments over the next 3 years.

Contingent Assets

Following a legal proceeding started in 2012, the Arbitration Court of Geneva issued on June 22, 2021 a decision award in favor of Solvay, ordering Edison S.p.A. to pay approximately €91 million for the losses and damages incurred up to the end of 2016 in relation to the environmental issues of the Spinetta Marengo and Bussi sites, previously owned and operated by Edison (Ausimont) SpA. A further phase of the arbitration proceeding or an amicable settlement will define the compensation for the additional losses and damages from 2017 onwards, as well as the interests applicable to the amount awarded and the costs of litigation. No income was recognized during 2021 in relation to the award, pending the enforcement procedures of the arbitration, to which Edison appealed.

COVID-19 impact

The total net impact of COVID-19 on the full year 2021 EBITDA was not considered to be material to the Group as the short-term mitigation actions related to labor costs (including furloughs) and indirect spend were substantially completed at December 31, 2020. The Group will continue to monitor any future evolution of the sanitary crisis.

COVID-19 began to impact the group in Q2 2020 with an estimated EBITDA impact of €-434 million on the full year 2020 (after mitigation actions related to labor costs (including furloughs) and indirect spend). In addition, in Q2 2020, the impact of COVID-19 indicated that some assets could be impaired. The review confirmed that there was an impairment which impacted Composite Materials (€0.8 billion), Technology Solutions (€0.3 billion), and the Oil & Gas (€160 million) GBUs as well as other small assets (€189 million). During Q4 2020, an impairment test for Goodwill was performed based on budget 2021 and the Mid Term Plan 2022-2024, and did not lead to any additional impairment.

During Q4 2020, approximately 450 employees were impacted by furlough (equivalent to approximately 87 Full Time Equivalents). During 2020, approximately 6,370 employees were impacted by furlough (equivalent to approximately 426 Full Time Equivalents). Solvay has guaranteed to all employees, regardless of their country of employment, 70% of their gross monthly base pay for up to 3 months. To mitigate the impacts of underactivity, Management has ensured that the unit costs in inventory have not been artificially increased by abnormally low levels of production. This analysis was included as part of the global assessment of the COVID-19 impact on EBITDA as mentioned above.

For additional information on the impact of COVID-19 in 2020 see the 2020 annual report.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "*Interim Financial Reporting*" using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2020. 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, 2020. The consolidated financial statements for 2021 will be published in the annual report due in April 2022.

The critical accounting judgments and key sources of estimation uncertainty included in the 2020 annual report remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2020 annual report.

Interest Rate Benchmark Reform – Phase 2 (IBOR Reform)

In January 2021, the IBOR Reform which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition & Measurement, IFRS 7 Financial Instruments: Disclosure, IFRS 4 Insurance Contracts, and IFRS 16 Leases, became effective for the Group. Solvay identified the main areas where the reform could have an impact and going forward will continue to monitor the market evolution resulting from the decisions taken by each of the relevant authorities of such benchmarks. The adoption of the amendments did not have more than an insignificant impact on the consolidated financial statements during the period.

Amendment to IFRS 16 Leases COVID-19 Related Rent Concessions

In March 2021, the IASB issued an amendment to IFRS 16 Leases COVID-19 Related Rent Concessions beyond June 30, 2021, which was endorsed by the EU in August 2021 and was effective for annual periods starting on or after April 1, 2021. The amendment did not have more than an insignificant impact on the Group's consolidated financial statements.

Attributing Benefit to Periods of Service (IAS 19 Employee Benefits) – IFRS IC Agenda Decision

In April 2021, the IFRS Interpretations Committee (IFRS IC) issued a final agenda decision on IAS 19 *Employee Benefits,* which included updates regarding the periods of service to which an entity attributes benefit for a particular defined benefit plan. The application of this agenda decision resulted in a decrease to the defined benefit obligation of €8 million with the impact recorded in other comprehensive income. The Group is still assessing the impact of this agenda decision in the various local entities and these impacts will only be determined in future accounting periods when a globally consistent and locally supported methodology is reached.

Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) – IFRIC IC Agenda Decision

In April 2021, the IFRS IC issued its second final agenda decision on IAS 38 *Intangible Assets,* which clarifies how a customer should account for the costs of configuring or customizing the supplier's application software in a Software as a Service (SaaS) arrangement that is determined to be a service contract. The application of the agenda decision did not have more than an insignificant impact on the Group's consolidated financial statements.

3. Segment information

Solvay is organized in the following operating segments:

- **Materials** offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Chemicals** host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **Solutions** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma, Special Chem and Oil & Gas focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q4 2021	Q4 2020	FY 2021	FY 2020
Net sales	**2,703**	**2,214**	**10,105**	**8,965**
Materials	751	620	2,903	2,695
Chemicals	891	764	3,357	2,948
Solutions	1,058	829	3,838	3,316
Corporate & Business Services	2	2	7	6
Underlying EBITDA	**572**	**464**	**2,356**	**1,945**
Materials	207	153	879	712
Chemicals	286	209	1,009	816
Solutions	180	137	701	566
Corporate & Business Services	-101	-36	-232	-149
Underlying depreciation, amortization & impairments	-199	-204	-756	-835
Underlying EBIT	**374**	**260**	**1,600**	**1,110**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	-38	-40	-153	-181
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	-1	-1	-1	-26
Result from portfolio management & major restructuring	102	-20	-133	-1,549
Result from legacy remediation & major litigations	-48	-11	-123	-20
EBIT	**388**	**187**	**1,190**	**-665**
Net financial charges	-10	-67	-96	-179
Profit / (loss) for the period before taxes	**378**	**120**	**1,094**	**-844**
Income taxes	-1	-41	-110	-248
Profit / (loss) for the period from continuing operations	**377**	**79**	**985**	**-1,092**
Profit / (loss) for the period from discontinued operations	-	4	5	163
Profit / (loss) for the period	**377**	**84**	**989**	**-929**
attributable to non-controlling interests	11	7	41	33
attributable to Solvay shareholders	**366**	**77**	**948**	**-962**

The non-cash PPA impacts can be found in the reconciliation table on pages 17 and 19.

The Oil & Gas GBU was created on July 1, 2021, regrouping activities that were previously included in Novecare and Technology Solutions. The following table presents restated figures for these GBUs since the beginning of 2020.

Net sales (in € million)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Novecare (excl. Oil & Gas)	331	353	320	326	354	375	384	433
Special Chemicals	206	174	174	207	211	210	209	210
Technology Solutions (excl. Oil & Gas)	124	127	116	124	133	139	145	143
Aroma Performance	116	119	101	99	110	110	119	135
Oil & Gas	106	61	60	73	83	91	107	137
Solutions	**883**	**834**	**770**	**829**	**891**	**925**	**964**	**1,058**

4. Financial Instruments

Valuation techniques

Compared to December 31, 2020, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of December 31, 2021, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2020.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value hierarchy and valuation method of those instruments as of December 31, 2021, remained the same as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2020.

The evolution in fair values have increased Other receivables by €1.3 billion and Other liabilities by €1.2 billion and has increased both Other non-current assets and Other non-current liabilities by €0.3 billion each when they are compared to December 31, 2020. The main driver of the increases is due to the rise in electricity and gas prices during the period.

5. Events after the reporting period

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

6. Declaration by responsible persons

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

- The condensed consolidated financial information, prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the year 2021, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2020 Annual Integrated Report, taking into account the current economic and financial environment.

7. Auditor report

Deloitte confirmed that the fieldwork related to the audit of the consolidated financial statements of Solvay SA/NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, is substantially completed. Deloitte confirmed that the financial information shown in this press release requires no comments on its part and is in agreement with the consolidated financial statements of the Group.

Deloitte also confirmed that it has reviewed the compliance with the definitions as included in the glossary, in all material aspects, of the alternative performance indicators as included in the Supplementary Information section.

Deloitte confirmed that it will issue an unqualified reasonable assurance opinion on the information shown in the press release on 10 extra-financial priority domains aligned with the new ONE Planet domains announced by Solvay in 2020, except for:

- Circular economy for which Deloitte confirmed it will issue an unqualified limited assurance opinion and
- Gender equality, which was not in scope of the 2021 audit.

This information was prepared based on the Reporting Framework that will be summarized in the section Extra-financial statements of the 2021 Annual Integrated Report.

The complete audit report related to the audit of the consolidated financial statements and of the social, environmental and other sustainable development information will be shown in the 2021 Annual Report that will be published on the Internet (www.solvay.com) in April, 2022.

Glossary

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

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses and unrealized foreign exchange gains or losses on debt,
- Results from equity instruments measured at fair value through other comprehensive income,
- Tax effects related to the items listed above and tax expense or income of prior years
- All adjustments listed above apply to both continuing and discontinuing operations, and include the impacts on non-controlling interests

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

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

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

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

- Recurring cash flow = Underlying EBITDA + (Dividends from associates and joint ventures – Underlying Earnings from associates and joint ventures) + Recurring capex + Recurring income taxes;
- Invested capital = Replacement value of goodwill & fixed assets + Net working capital + Carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2,3% of the Replacement value of fixed assets net of Goodwill;
- Recurring income taxes are normalized at 27% of (Underlying EBIT – Underlying Earnings from associates and joint ventures) in 2021 (was 28% in 2020);

CTA: Currency Translation Adjustment

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

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

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

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

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

Eco-profile: Environmental footprint of a product, from the extraction of raw materials to the exit gate of Solvay factory. Science based quantitative assessment with 21 impact indicators.

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

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

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

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

GBU: Global business unit.

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

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

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

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

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

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

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

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

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

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

OCI: Other Comprehensive Income.

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

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

PA: Polyamide, polymer type.

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

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

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

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

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

Result from legacy remediation and major litigations: It includes:

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

Results from portfolio management and major restructuring: It includes:

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

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

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

SBTi: Science-based target initiative

SOP: Stock Option Plan.

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

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

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

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

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

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Safe harbor

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

About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 21,000 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €10.1 billion in 2021. Solvay is listed on Euronext Brussels (SOLB) and Paris. Learn more at www.solvay.com.

About Solvay Investor Relations

Results' documentation
G.R.O.W. Strategy
Share information
Credit information
ESG information
Annual report
Webcasts, podcasts and presentations

Our SolvaLite™ composites are up to 40% lighter than metal, allowing manufacturers to create lighter and more energy-efficient vehicles that contribute to reducing CO2 emissions.

www.solvay.com/en/investors

Progress beyond

SOLVAY