Full year 2022

Financial report

Progress beyond

SOLVAY

Contents

Forenote

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

Underlying business review

Highlights

- Net sales for the full year 2022 were up +25.6% organically to €13.4 billion versus 2021, with 24.4% driven by pricing and 1.2% driven by volume growth, particularly in Materials. In the fourth quarter, net sales increased +15.2% organically versus Q4 2021 with pricing up +21.1% and volumes down -5.9%, as sustained volume growth in Materials was more than offset by softer market demand in Solutions and Chemicals.
- Pricing measures of €2.6 billion more than offset the €1.6 billion impact from variable cost inflation resulting in a net pricing benefit of €1.0 billion for the year, with €268 million of net price benefit in Q4.
- Structural cost savings for the full year 2022 amounted to €79 million, bringing total structural savings since 2019 to €467 million, or 93% of the 2024 target of €500 million.
- Underlying EBITDA increased +28.7% organically versus full year 2021, setting a new record at €3,229 million. EBITDA in the fourth quarter grew +18.7% organically driven mainly by pricing, volumes and mix.
- Underlying net profit amounted to €1,743 million, up 67.6% compared to 2021.
- Record annual free cash flow generation of €1,094 million reflecting higher profits, margin expansion and working capital discipline, and this is despite a +39% increase in capital investments to €1,022 million for the year.
- Continued strengthening of the balance sheet with reduced net debt (€358 million) and provisions (€503 million) brought the leverage ratio to an historic low of 1.1x.
- ROCE for 2022 reached a record level at 16.0% versus 11.4% in 2021, 6.9% in 2020, and 8.1% in 2019.
- Total proposed dividend increase of €0.20 to €4.05 per share, reflective of the record performance, subject to Shareholders' approval during the next Annual General Meeting scheduled for May 9, 2023.

	Fourth quarter				Full Year			
Underlying (in € million)	2022	2021	*% yoy*	*% organic*	2022	2021	*% yoy*	*% organic*
Net sales	3,286	2,703	+21.6%	+15.2%	13,426	10,105	+32.9%	+25.6%
EBITDA	736	572	+28.6%	+18.7%	3,229	2,356	+37.0%	+28.7%
EBITDA margin	22.4%	21.2%	+1.2pp	-	24.0%	23.3%	+0.7pp	-
FCF [1]	170	150	+13.3%	-	1,094	843	+29.8%	-
FCF conversion ratio (LTM)	34.4%	37.6%	-3.2pp	-	34.4%	37.6%	-3.2pp	-
ROCE	16.0%	11.4%	*+4.7pp*	-	16.0%	11.4%	*+4.7pp*	-

Ilham Kadri, CEO

"I am particularly proud of the significant progress we are making in ESG and the new financial records we have set. I applaud Solvay teams for their drive, dedication, and high level of engagement – and we will be rewarding our people and our shareholders in line with these achievements. This performance has further strengthened our balance sheet, enabling us to navigate current headwinds. We have established a strong foundation and look forward to the next step in our journey as we plan to separate into two strong companies in December of this year."

2023 Outlook

In the context of the current macro environment, we expect volumes to be softer in certain key markets. As a result full-year underlying EBITDA is currently estimated between -3% and -9% versus 2022 [2]. Free Cash Flow is estimated at around €750 million reflecting the current cycle of growth investments that is underway.

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

[2] on an organic basis, meaning at constant forex and scope

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 significant progress on this journey in 2022, accelerating efforts to meet stakeholders' growing expectations. The table below provides an update on Solvay's progress.

Climate	2022	2021	Progress vs 2018	Comment	2030 target
Align greenhouse gas emissions (scope 1&2) with Paris Agreement (Mt)	10.3 -6.4% (-4% structural)	11.0	-19% (-15% structural)	Progress at 2x Paris Agreement	Reduce by 30%
Phase out coal solid fuels [a] (Petajoules)	28	27	-15%	4 plants exiting coal	Exit 5 plants
Biodiversity (year on year)	-5%	-13%	-28%	Global Biodiversity score improved	Reduce negative pressure by 30%

Resources	2022	2021	Progress vs 2018	Comment	2030 target
Sustainable solutions % of Group sales	55%	50% [b]	+5%	Acceleration driven by growth in Materials and Solutions	Achieve 65%
Circular economy % of Group sales	9%	8% [c]	n.a	Progress rapidly approaching 2030 target	More than double (10%)
Non-recoverable industrial waste (Kt)	56	58	-36%	Exceeded 2030 target	Reduce by 30%
Freshwater Intake (Mm^3)	330	315 [d]	-	change in methodology	Reduce by 25%

Better life	2022	2021	Progress vs 2018	Comment	2030 target
Safety (Reportable Injury and Illness rate - RIIR) [e]	0.34	0.43	-	Reinforcing safety measures at all sites	Aim for zero
Diversity (% of women in middle/senior management) [f]	26.5%	25.0%	2.8pp	Increasing trend toward parity goals	Achieve 50%
Equity	Publication of gender pay gap in April 2022 and corrective measures in place for 951 people				
Inclusion	High participation in the inaugural Global Employee Share Program				

(a) Solid fuels: coal and petcoke used in energy production. Coke and anthracite used in the soda ash production process are not included.
(b) Effective 2022, the internal CO2 price was increased from €75 to €100 per metric ton CO2 eq. As a consequence, the level for 2021 has been restated to 50% (from 53%).
(c) 2021 figure has been restated including the new circularity KPI used in 2022. It comprises products either: based on recycled or renewable materials, produced with renewable energy, with increasing longevity in the use phase or enabling recycling at the end of life.
(d)The apparent increase of freshwater withdrawal in 2022 is mainly due to a stricter application of internal reporting rules for freshwater pumped by Solvay but sold to third parties. From the 330 million cubic meters for 2022, 30 (9%) is sold to third parties. The total freshwater withdrawal in 2022 is slightly lower than in 2021 (-1.7 million cubic meters or -0.5%) at constant scope and methodology.
(e) The definition of the indicator changed in 2020: RIIR replaced MTAR - RIIR: (Reportable Injury & Illness rate): number of reportable injury or illness per 200,000 work hours. Scope: Employees and contractors.
(f) Management categories are defined on the basis of the Hay Job Evaluation Methodology. Middle and senior management levels refer to the entire active internal workforce having Hay points above 530.

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 & Derivatives and before 2050 for Soda Ash & Derivatives. Consequently, the 2030 target for greenhouse gas emissions was upgraded to reduce by -30%, as compared to the 2018 baseline. In 2022, Solvay delivered a -19% GHG emissions reduction in four years, of which -15% structural, meaning almost 2x the Paris Agreement.

As part of its transition to cleaner energy sources, Solvay has also identified 23 additional new emission reduction projects which brings the total number of approved projects worldwide to 59. It will represent -3.5 million tonnes of CO2 annually (equivalent to taking 1.9 million cars off the road).

In response to the gas crisis, Solvay temporarily adjusted its energy sourcing strategy. This is reflected in the coal phase-out performance. The phase out of coal for energy production has been planned for three soda ash plants in Europe: Rheinberg, Germany; Dombasle, France and Devnya, Bulgaria. With the additional phase-out project in the Green River site, US, the Group will cut its global emissions by 9.5% by 2025.

Renewable electricity projects are also advancing. In the US, six businesses and 34 plants are fully supplied by green power, twice as many as in 2021. In China, 100% of operations are now supplied with renewable electricity. In Europe, progress continues with significant projects confirmed to switch plants in Voikka (Finland), Saint Fons and Tavaux (France) to green electricity.

Solvay has decreased its global pressure on biodiversity by -28% versus 2018. The overall trend is aligned with 2030 targets, with part of this progress related to refinements in the methodology and new local projects implemented. Strong efforts have been implemented to design biodiversity roadmaps in order to reduce damage on nature and start regenerating Biodiversity. A list of top 32 sensitive sites has been established, guidelines are being defined with the WildLife Habitat Council, and first roadmaps being created.

Resources

In 2022, the proportion of sales from sustainable solutions reached 55%, a 5% annual increase. It reflects the organic growth in the automotive and battery market with Specialty Polymers and Silica, in the agro market with Novecare, in air and water treatments with Peroxides and Soda Ash & Derivatives.

The group made significant progress in circularity with a 9.3% of its sales of circular products. This result is getting closer to the 2030 target, with part of this progress related to methodology improvement. Solvay is already a market leader in some bio-polymers like guar, bio-sourced solvents and natural vanillin. Solvay is also investing in a powerful Rare Earths hub in La Rochelle, France to play a proactive role in the recycling of magnets. The collaboration between the Materials business and the French startup Carbios on the enzymatic recycling of polymers is another example. Finally, the new Solvay growth platform on Renewable Materials and Biotechnology will facilitate the development of safer chemicals, foster more environmentally-friendly solutions and enhance circularity.

Innovation to develop more sustainable solutions is a continuous process for Solvay teams partnering with customers to develop tailor-mode solutions. In 2022 Solvay opened a new Application development center in Alpharetta, Georgia, in the US. The Group is also investing in the upgrade of the 160 year-old soda ash manufacturing process to reduce the CO_2 emissions by 50%, while reducing resource consumption and eliminating limestone residues. A pilot is being implemented at the Dombasle, France site.

In 2022, the apparent increase of freshwater withdrawal in 2022 is mainly due to a stricter application of internal reporting rules for freshwater pumped by Solvay but sold to third parties. Solvay launched various water management initiatives to address water scarcity like the creation of a dashboard that monitors around 90% of the Group's daily freshwater intake. Solvay also conducted a review of water risks. Seven sites have designed roadmaps to improve their resilience, with the potential to achieve 30 million cubic meters in water intake reduction.

In 2022, Solvay exceeded its 2030 target with a -36% reduction of its non-recoverable industrial waste. Valorization, recycling and use in waste-to-energy programs are the key levers to reach the zero waste to landfill target. For example, the calcium fluoride (CaF2)-rich sludge produced at the Panoli site (India) is now reused as an additive in a cement plant instead of going to landfill. Another example is in the Augusta US site, where the volume of the waste polymer stream has decreased by 76% compared to 2021. Finally, the Collonges site (France) is valorizing the discarded silica by providing to customers a new range of products for other uses.

Better Life

In 2022, the number of injuries has decreased to 0.34 (versus 0.43 in 2021), despite higher production levels. Despite all efforts, a dramatic accident occurred. The Group triggered a strong action plan to raise the bar to reach the zero accident target.

Regarding Diversity, Equity and Inclusion (DEI), major milestones have been achieved this year. The Group took concrete actions to improve pay equity, created the "homogeneity index", achieved parity at the senior management level (SLC) and included the DEI roadmap within the 15% One Planet part of the Short Term Incentive.

Solvay also has nine Employee Resource Groups (ERG), which are grassroots groups led and run by employees that encourage employees to recognize and celebrate diversity, which is a critical component to guide the DEI journey. The different ERGs have suggested a DEI pledge that has been signed by the entire Senior Leadership Team.

In 2022, more than 100 sites, reaching more than 40% of Solvay's global workforce, devoted time to improving their awareness of Diversity Equity and Inclusion (DEI) as part of Solvay's One Dignity initiative. Their participation was converted into a €50,000 donation, which will be spent with local charities promoting DEI in the 14 countries that had the most participation.

The Group provided support for its employees with €9.5 million to be distributed among the people most affected by inflation. Solvay launched its first employee share plan in 2022, achieving an impressive participation rate of 27.7%, which is ahead of the benchmark for similar initiatives. And finally, Solvay increased its Global Performance Sharing (GPS) Plan budget to €15 million, for the "non-executive" employees.

In 2022, the Group renewed its Solvay Global Forum and Global Framework agreements with IndustriAll Global Union, the global union for the chemicals industry.

More information will be available in the extra-financial report.

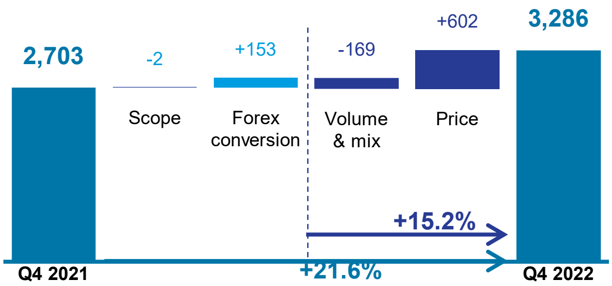
Key figures

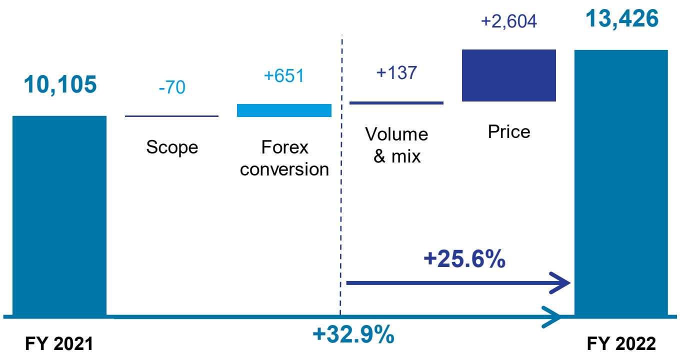
Underlying key figures

(in € million)	Q4 2022	Q4 2021	% yoy	FY 2022	FY 2021	% yoy
Net sales	**3,286**	**2,703**	***+21.6%***	**13,426**	**10,105**	***+32.9%***
EBITDA	**736**	**572**	***+28.6%***	**3,229**	**2,356**	***+37.0%***
EBITDA margin	*22.4%*	*21.2%*	*+1.2pp*	*24.0%*	*23.3%*	*+0.7pp*
EBIT	**517**	**374**	***+38.4%***	**2,426**	**1,600**	***+51.6%***
Net financial charges	-39	-54	*+27.3%*	-202	-235	*+13.7%*
Income tax expenses	-76	-59	*-27.9%*	-453	-287	*-57.9%*
Tax rate				*21.8%*	*23.5%*	*-1.7pp*
Profit (loss) from discontinued operations	-3	1	*n.m.*	2	2	*-25.7%*
(Profit) / loss attributable to non-controlling interests	-4	-11	*-67.7%*	-29	-41	*-29.1%*
Profit / (loss) attributable to Solvay shareholders	**396**	**250**	***+58.2%***	**1,743**	**1,040**	***+67.6%***
Basic earnings per share (in €)	**3.81**	**2.41**	***+58.0%***	**16.80**	**10.05**	***+67.3%***
of which from continuing operations	3.85	2.41	*+59.7%*	16.79	10.02	*+67.5%*
Capex	458	324	*+41.4%*	1,022	736	*+38.8%*
FCF to Solvay shareholders from continuing operations	**170**	**150**	***+13.3%***	**1,094**	**843**	***+29.8%***
FCF to Solvay shareholders	170	149	*+14.4%*	1,094	830	*+31.8%*
FCF conversion ratio (LTM)				34.4%	37.6%	*-3.2pp*
Net financial debt				**3,591**	**3,949**	***-9.1%***
Underlying leverage ratio				*1.1*	*1.7*	*-33.7%*
CFROI				***8.1%***	***6.9%***	***+1.2pp***
ROCE				***16.0%***	***11.4%***	***+4.7pp***
Research & innovation				349	298	*+17.1%*
Research & innovation intensity				***2.6%***	***2.9%***	***-0.3pp***

Group performance

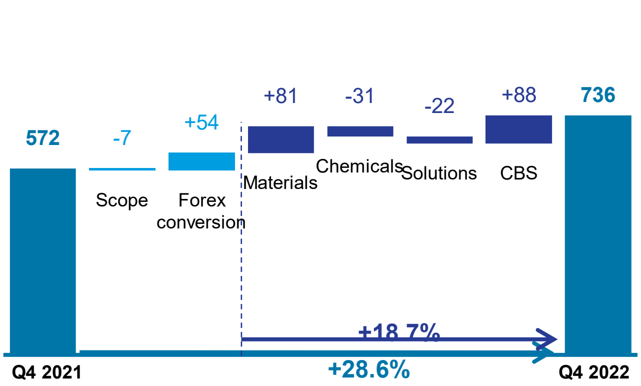
Net sales

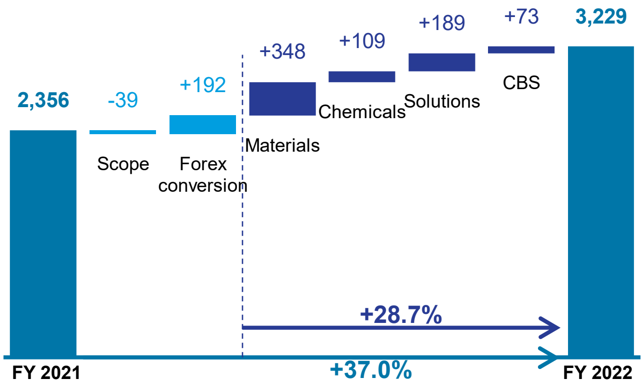




Net sales of €13,426 million in 2022 were up +32.9% (+25.6% organically) versus 2021 driven largely by positive pricing as well as volume growth in the Materials segment. In the fourth quarter, sales improved +21.6% (+15.2% organically) versus the fourth quarter 2021, thanks to price actions which were able to more than compensate for volume declines as demand softened in several markets including auto, construction, electronics, and consumer sectors. Geographically, full year and fourth quarter sales grew organically by double-digits in all regions.

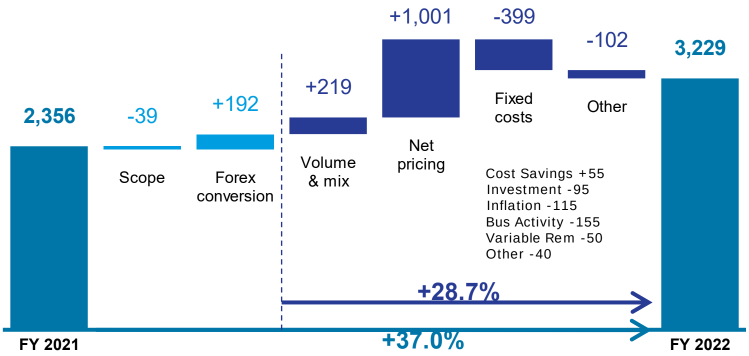
Underlying EBITDA





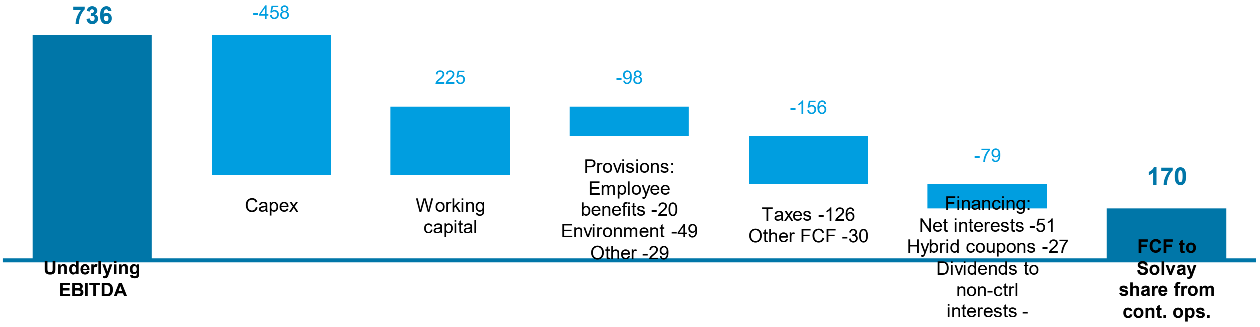
Structural cost savings reached €79 million for the full year 2022, with €20 million realized in the fourth quarter. For the full year, approximately 60% are related to restructuring initiatives, 30% are from productivity and efficiency improvements and 10% of the savings are from indirect spending.

Underlying EBITDA of €3,229 million was up +37.0% (+28.7% organically) in 2022 versus 2021 driven by increased prices and also supported by modest volume increases. The EBITDA margin for full year 2022 was 24.0% driven primarily by increased pricing which more than offset cost inflation. Underlying EBITDA in the fourth quarter of €736 million increased +28.6% (+18.7% organically) versus the fourth quarter 2021 also due to price actions

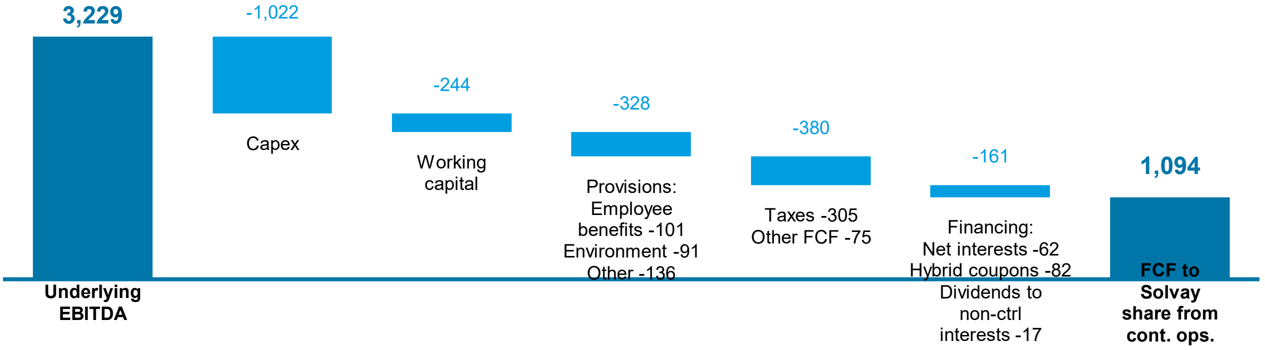


Free cash flow

Q4 2022



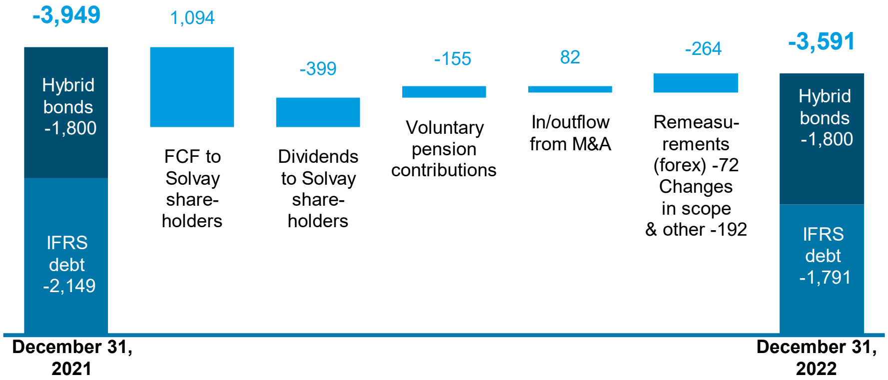
FY 2022



Free cash flow to shareholders from continuing operations reached €1,094 million in 2022. Results reflect higher volumes, margin expansion, and ongoing working capital discipline.

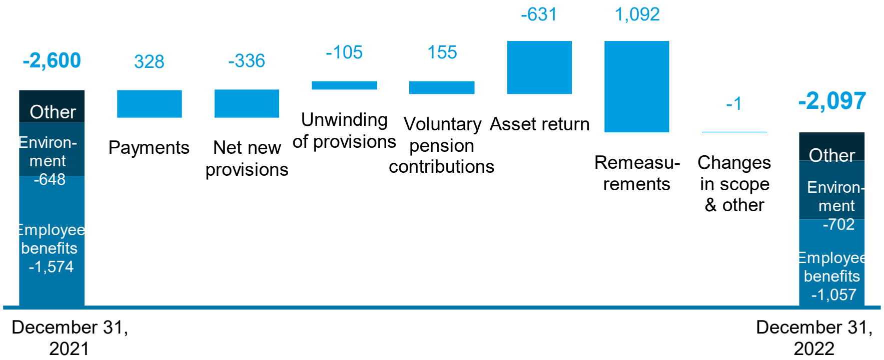
Underlying net debt

Underlying net financial debt decreased €358 million in 2022 to €3,591 million, driven by the free cash flow generation in 2022.



Provisions

Provisions in 2022 decreased by €503 million to €2,097 million. Higher discount rates and an additional €155 million voluntary contribution to our pension assets in Germany were the main drivers of the decrease.



	FY 2021	Payments	Net new liabilities	Unwinding of provisions	Additional pension contributions	Asset return	Remea-Surements	Changes in scope & other	FY 2022
Employee benefits	-1,574	101	-63	-88	155	-631	1,051	8	-1,057
Environment	-648	90	-177	-17	-	-	46	-3	-702
Restructuring and other provisions	-378	137	-96	-1	-	-	-5	-4	-339
Total	-2,600	328	-336	-105	155	-631	1,092	1	-2,097

Performance by segments

Net sales bridge

Net sales Q4

(in € million)	Q4 2021	Scope	Forex conversion	Volume & mix	Price	Q4 2022
Solvay	**2,703**	**-2**	**153**	**-169**	**602**	**3,286**
Materials	751	3	34	25	221	1,034
Chemicals	891	-4	58	-66	224	1,103
Solutions	1,058	-1	60	-129	158	1,146
CBS	2	-	-	-	-	3

Net sales FY

(in € million)	FY 2021	Scope	Forex conversion	Volume & mix	Price	FY 2022
Solvay	**10,105**	**-70**	**651**	**137**	**2,604**	**13,426**
Materials	2,903	-1	171	278	724	4,075
Chemicals	3,357	-22	220	-93	1,035	4,496
Solutions	3,838	-47	260	-51	845	4,846
CBS	7	-	-1	3	-	9

Materials

Sales in the full year 2022 were up +40.4% (+32.6% organically) to €4,075 million driven by record sales levels in Specialty Polymers across all markets, further supported by the continuing recovery in commercial aerospace. Full year EBITDA was up +46.8% (+36.9% organically), thanks to the higher volumes and pricing which drove 140 basis points margin expansion to 31.7% for the year.

In the fourth quarter, segment sales improved +37.7% (+31.2% organically) driven mainly by strong demand across several sectors and by price increases in effect since the fourth quarter of 2021.

In Specialty Polymers, sales improved +41.7% (+36.8% organically) mainly due to price. Volumes also contributed positively in the quarter, although demand in the automotive market including electric vehicles slowed sequentially. Demand in all other markets including electronics, healthcare, and food packaging remained resilient.

Composite Materials sales were up +26.2% (+16.0% organically) in the fourth quarter versus Q4 2021 due to both volumes and pricing, demonstrating demand recovery in civil aerospace driven by single-aisle aircraft and business jets.

Fourth quarter EBITDA for the segment increased +48.1% (+36.1% organically) driven largely by price increases and resilient demand in Specialty Polymers as well as the continued recovery of commercial aerospace in Composite Materials. EBITDA margins improved 210 basis points to 29.6% in the fourth quarter thanks to higher pricing and volume growth.

Chemicals

Full year 2022 sales in the segment were up +33.9% (+26.5% organically) to €4,496 million due to pricing measures and sustained demand for Soda Ash & Derivatives, Peroxides and Silica that were able to more than compensate for softening demand in Coatis. EBITDA in 2022 was up +17.7% (+10.1% organically), thanks primarily to pricing. The drop in demand and pricing pressure in Coatis and Rusvinyl caused EBITDA margins to decrease 360 basis points to 26.4% for full-year 2022.

Fourth quarter net sales were up +23.8% (+16.7% organically) in the segment.

In Soda Ash & Derivatives, sales improved +48.8% (+42.0% organically) in Q4 versus Q4 2021 driven by pricing actions and higher demand for bicarbonate, while demand from the construction market softened.

Peroxides sales were up +13.0% (+7.8% organically) in Q4 mainly reflecting pricing actions and the start of licensing-contract business in the quarter for H_2O_2.

Silica sales increased +18.4% (+14.9% organically) in the quarter driven by pricing actions that were able to more than compensate for softer volume.

Coatis sales were down -10.3% (-19.4% organically) in comparison to a very strong Q4 2021. Sales volumes declined due to reduced demand, and imports to Brazil which put pressure on prices and market share.

Fourth quarter EBITDA in the segment fell -1.5% (-9.9% organically) versus the fourth quarter 2021 when it recorded a €55 million one-time gain related to the recovery of indirect sales duties in Brazil. Excluding this benefit, fourth quarter EBITDA rose +9.3% organically, driven by pricing. Segment EBITDA margin in the fourth quarter was 25.5%, a decrease of 660 basis points.

Solutions

Full year 2022 sales were up +26.3% (+19.6% organically) to €4,846 million due mainly to pricing across business lines. Full year EBITDA was up +34.7% (+25.0% organically), leading to 19.5% EBITDA margin for the year, up 120 basis points from 2021.

Fourth quarter net sales in the segment were up +8.3% (+2.6% organically) driven by higher pricing.

Fourth quarter sales in Novecare increased +0.7% (-6.6% organically) year on year, as demand in construction and consumer end markets weakened, while the agro market was resilient, backed by higher prices.

Special Chem sales in Q4 increased +21.1% (+21.0% organically) thanks to higher prices, while demand softened in automotive and semiconductor markets.

Technology Solutions sales in Q4 increased +32.6% (+24.7% organically) driven by strong demand in mining – particularly in copper – and phosphorus derivatives affording growth in volume and pricing.

Aroma Performance sales decreased -10.4% (-14.3% organically) in Q4, as volumes declined due to lower demand for vanillin into flavors and fragrance markets.

Oil & Gas Solutions sales grew +5.7% (-1.1% organically) versus the previous year quarter mainly driven by price and resilient demand for oilfield chemicals in North America.

Fourth quarter EBITDA in the segment fell -3.1% (-11.2% organically) versus the fourth quarter 2021 as growth in mining, agro and oil & gas was offset by demand declines in other sectors. EBITDA margin for the segment in Q4 was 15.2%, a decrease of 180 basis points.

Corporate & Business Services

Corporate and Business services reported a loss of -€27 million to the Group EBITDA in Q4 2022. The +€74 million improvement year over year is mainly due to the continued benefits of stabilization of our energy business which recorded a -€34 million one-time loss recorded in Q4 2021 in relation to energy supply to third parties.

Net sales by region and end-market

(in € million)	FY 2022	FY 2021	*% yoy*
Europe	3,629	2,775	+30.8%
North America	3,532	2,630	+34.3%
Latin America	1,865	1,308	+42.6%
Asia and Rest of the world	4,400	3,391	+29.8%
Solvay	**13,426**	**10,105**	**+32.9%**

2021 sales by end-markets

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

2022 sales by end-markets

(in %)	Materials	Chemicals	Solutions	*Solvay*
Automotive and aerospace	51%	16%	9%	24%
Electronics	14%	0%	6%	6%
Resources and environment	6%	11%	21%	13%
Agro, feed and food	3%	19%	19%	14%
Consumer goods, healthcare and HPC	12%	21%	14%	16%
Building	5%	12%	9%	9%
Industrial applications and chemical industry	8%	21%	22%	18%
Solvay	**100%**	**100%**	**100%**	**100%**

Key segment figures

Segment review				Underlying				
(in € million)	Q4 2022	Q4 2021	% yoy	% organic	FY 2022	FY 2021	% yoy	% organic
Net sales	**3,286**	**2,703**	***+21.6%***	***+15.2%***	**13,426**	**10,105**	***+32.9%***	***+25.6%***
Materials	1,034	751	*+37.7%*	*+31.2%*	4,075	2,903	*+40.4%*	*+32.6%*
Specialty Polymers	787	555	*+41.7%*	-	3,121	2,173	*+43.6%*	-
Composite Materials	247	195	*+26.2%*	-	954	730	*+30.7%*	-
Chemicals	1,103	891	*+23.8%*	*+16.7%*	4,496	3,357	*+33.9%*	*+26.5%*
Soda Ash & Derivatives	572	385	*+48.8%*	-	2,221	1,509	*+47.2%*	-
Peroxides	198	175	*+13.0%*	-	773	636	*+21.6%*	-
Coatis	186	207	*-10.3%*	-	870	745	*+16.8%*	-
Silica	147	124	*+18.4%*	-	631	467	*+35.4%*	-
Solutions	1,146	1,058	*+8.3%*	*+2.6%*	4,846	3,838	*+26.3%*	*+19.6%*
Novecare [1]	436	433	*+0.7%*	-	1,905	1,546	*+23.2%*	-
Special Chem	255	210	*+21.1%*	-	1,040	840	*+23.8%*	-
Technology Solutions [1]	190	143	*+32.6%*	-	740	560	*+32.2%*	-
Aroma Performance	121	135	*-10.4%*	-	575	473	*+21.4%*	-
Oil & Gas [1]	145	137	*+5.7%*	-	586	418	*+40.3%*	-
Corporate & Business Services	3	2	*+9.3%*	*+6.2%*	9	7	*+31.4%*	*+41.4%*
EBITDA	**736**	**572**	***+28.6%***	***+18.7%***	**3,229**	**2,356**	***+37.0%***	***+28.7%***
Materials	306	207	*+48.1%*	*+36.1%*	1,290	879	*+46.8%*	*+36.9%*
Chemicals	282	286	*-1.5%*	*-9.9%*	1,188	1,009	*+17.7%*	*+10.1%*
Solutions	174	180	*-3.1%*	*-11.2%*	944	701	*+34.7%*	*+25.0%*
Corporate & Business Services	-27	-101	*+73.4%*	-	-194	-232	*+16.6%*	-
EBITDA margin	***22.4%***	***21.2%***	***+1.2pp***	-	***24.0%***	***23.3%***	***+0.7pp***	-
Materials	*29.6%*	*27.5%*	*+2.1pp*	-	*31.7%*	*30.3%*	*+1.4pp*	-
Chemicals	*25.5%*	*32.1%*	*-6.6pp*	-	*26.4%*	*30.1%*	*-3.6pp*	-
Solutions	*15.2%*	*17.0%*	*-1.8pp*	-	*19.5%*	*18.3%*	*+1.2pp*	-
Capex in continuing operations	**458**	**324**	***+41.3%***	-	**1,022**	**736**	***+38.8%***	-
Materials					400	251	*+59.4%*	
Chemicals					284	212	*+34.0%*	
Solutions					242	172	*+40.7%*	
Corporate & Business Services					96	101	*-5.1%*	
Cash conversion	***37.8%***	***43.4%***	***-5.6pp***	-	***68.3%***	***68.8%***	***-0.4pp***	-
Materials					*69.0%*	*71.4%*	*-2.4pp*	
Chemicals					*76.1%*	*79.0%*	*-2.9pp*	
Solutions					*74.4%*	*75.5%*	*-1.1pp*	
CFROI					***8.1%***	***6.9%***	***+1.2pp***	
Materials					*11.6%*	*9.0%*	*+2.6pp*	
Chemicals					*9.4%*	*10.5%*	*-1.0pp*	
Solutions					*8.7%*	*7.2%*	*+1.5pp*	
Research & innovation					**349**	**298**	***+17.3%***	
Materials					186	138	*+35.3%*	
Chemicals					29	28	*+3.8%*	
Solutions					115	103	*+12.3%*	
Corporate & Business Services					19	30	*-36.0%*	
Research & innovation intensity					***2.6%***	***2.9%***	***-0.3pp***	
Materials					*4.6%*	*4.7%*	*-0.2pp*	
Chemicals					*0.6%*	*0.8%*	*-0.2pp*	
Solutions					*2.4%*	*2.7%*	*-0.3pp*	

(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 29.

Key IFRS figures

Q4 key figures	IFRS			Underlying		
(in € million)	Q4 2022	Q4 2021	% yoy	Q4 2022	Q4 2021	% yoy
Net sales	**3,286**	**2,703**	***+21.6%***	**3,286**	**2,703**	***+21.6%***
EBITDA	**566**	**562**	***+0.8%***	**736**	**572**	***+28.6%***
EBITDA margin				*22.4%*	*21.2%*	*+1.2pp*
EBIT	**342**	**388**	***-11.9%***	**517**	**374**	***+38.4%***
Net financial charges	-7	-10	*+30.5%*	-39	-54	*+27.3%*
Income tax expenses	81	-1	*n.m.*	-76	-59	*-27.9%*
Profit (loss) from discontinued operations	-	-	*n.m.*	-3	1	*n.m.*
(Profit) / loss attributable to non-controlling interests	-3	-11	*-69.8%*	-4	-11	*-67.7%*
Profit / (loss) attributable to Solvay shareholders	**412**	**366**	***+12.7%***	**396**	**250**	***+58.2%***
Basic earnings per share (in €)	**3.97**	**3.53**	***+12.5%***	**3.81**	**2.41**	***+58.0%***
of which from continuing operations	3.98	3.53	*+12.6%*	3.85	2.41	*+59.7%*
Capex				458	324	*+41.4%*
FCF to Solvay shareholders from continuing operations				**170**	**150**	***+13.3%***
FCF to Solvay shareholders				170	149	*+14.4%*
Net financial debt				**3,591**	**3,949**	***-9.1%***
Underlying leverage ratio				*1.1*	*1.7*	*-33.7pp*

FY key figures	IFRS			Underlying		
(in € million)	FY 2022	FY 2021	% yoy	FY 2022	FY 2021	% yoy
Net sales	**13,426**	**10,105**	***+32.9%***	**13,426**	**10,105**	***+32.9%***
EBITDA	**3,144**	**2,038**	***+54.2%***	**3,229**	**2,356**	***+37.0%***
EBITDA margin				*24.0%*	*23.3%*	*+0.7pp*
EBIT	**2,221**	**1,190**	***+86.6%***	**2,426**	**1,600**	***+51.6%***
Net financial charges	-70	-96	*+26.7%*	-202	-235	*+13.7%*
Income tax expenses	-217	-110	*n.m.*	-453	-287	*-57.9%*
Tax rate				*21.8%*	*23.5%*	*-1.7pp*
Profit (loss) from discontinued operations	-	5	*n.m.*	2	2	*-25.7%*
(Profit) / loss attributable to non-controlling interests	-29	-41	*-30.6%*	-29	-41	*-29.1%*
Profit / (loss) attributable to Solvay shareholders	**1,905**	**948**	***n.m.***	**1,743**	**1,040**	***+67.6%***
Basic earnings per share (in €)	**18.37**	**9.15**	***n.m.***	**16.80**	**10.05**	***+67.3%***
of which from continuing operations	18.36	9.11	*n.m.*	16.79	10.02	*+67.5%*
Dividend [1]	**4.05**	**3.85**	***+5.2%***	**4.05**	**3.85**	***+5.2%***
Capex				1,022	736	*+38.9%*
FCF to Solvay shareholders from continuing operations				**1,094**	**843**	***+29.8%***
FCF to Solvay shareholders				1,094	830	*+31.8%*
FCF conversion ratio (LTM)				34.4%	37.6%	*-3.2pp*
Net financial debt				**3,591**	**3,949**	***-9.1%***
Underlying leverage ratio				*1.1*	*1.7*	*-33.7%*
CFROI				***8.1%***	***6.9%***	***+1.2pp***
ROCE				***16.0%***	***11.4%***	***+4.7pp***
Research & innovation				349	298	*+17.1%*
Research & innovation intensity				***2.6%***	***2.9%***	***-0.3pp***

(1) Total gross dividend of €4.05 subject to shareholders approval.

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.

(in € million)		FY 2022	FY 2021
Profit / (loss) for the period before taxes	a	2,224	1,366
Earnings from associates & joint ventures	b	161	159
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-15	-16
Income taxes	d	-453	-287
Underlying tax rate	e = -d/(a-b-c)	**22%**	**23%**

Free cash flow (FCF) *(in € million)*		Q4 2022	Q4 2021	FY 2022	FY 2021
Cash flow from operating activities	a	645	412	2,006	1,499
of which voluntary pension contributions	b	-	-134	-155	-236
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	c	-32	-5	-67	-7
Cash flow from investing activities	d	-406	-214	-831	-470
Acquisition (-) of subsidiaries	e	-	-	-	-22
Acquisition (-) of investments - Other	f	-8	-14	-14	-22
Loans to associates and non-consolidated companies	g	-18	1	-23	4
Sale (+) of subsidiaries and investments	h	43	56	94	169
Recognition of factored receivables	i	-26	-	-26	-
Payment of lease liabilities	j	-30	-28	-113	-99
FCF	k = a-b-c+d-e-f-g-h-i+j	**249**	**266**	**1,255**	**1,043**
FCF from discontinued operations	l	-	-1	-	-12
FCF from continuing operations	m = k-l	**249**	**267**	**1,255**	**1,056**
Net interests paid	n	-51	-53	-62	-95
Coupons paid on perpetual hybrid bonds	o	-27	-27	-82	-75
Dividends paid to non-controlling interests	p	-	-37	-17	-43
FCF to Solvay shareholders	q = k+n+o+p	**170**	**149**	**1,094**	**830**
FCF to Solvay shareholders from continuing operations	r = q-q	**170**	**150**	**1,094**	**843**
FCF to Solvay shareholders from continuing operations (LTM)	s	**1,094**	**843**	**1,094**	**843**
Dividends paid to non-controlling interests from continuing operations (LTM)	t	-17	-43	-17	-43
Underlying EBITDA (LTM)	u	3,229	2,356	3,229	2,356
FCF conversion ratio (LTM)	v = (s-t)/u	34.4%	37.6%	34.4%	37.6%

Net working capital *(in € million)*		2022 December 31	2021 December 31
Inventories	a	2,109	1,745
Trade receivables	b	2,026	1,805
Other current receivables	c	1,629	2,004
Trade payables	d	-2,296	-2,131
Other current liabilities	e	-1,499	-2,051
Net working capital	f = a+b+c+d+e	**1,969**	**1,372**
Sales	g	3,907	3,277
Annualized quarterly total sales	h = 4*g	15,626	13,108
Net working capital / sales	i = f / h	**12.6%**	**10.5%**
Year-to-date average	j = μ(Q1,Q2,Q3,Q4)	12.5%	12.7%

Capital expenditure (capex)

(in € million)		Q4 2022	Q4 2021	FY 2022	FY 2021
Acquisition (-) of tangible assets	a	-400	-274	-815	-561
Acquisition (-) of intangible assets	b	-27	-22	-94	-75
Payment of lease liabilities	c	-30	-28	-113	-99
Capex	d = a+b+c	**-458**	**-324**	**-1,022**	**-736**
Materials				-400	-251
Chemicals				-284	-212
Solutions				-242	-172
Corporate & Business Services				-96	-101
Underlying EBITDA	e	**736**	**572**	**3,229**	**2,356**
Materials		306	207	1,290	879
Chemicals		282	286	1,188	1,009
Solutions		174	180	944	701
Corporate & Business Services		-27	-101	-194	-232
Cash conversion	f = (d+e)/e	**37.8%**	**43.4%**	**68.3%**	**68.8%**
Materials				69.0%	71.4%
Chemicals				76.1%	79.0%
Solutions				74.4%	75.5%

Research & innovation

(in € million)		FY 2022	FY 2021
IFRS research & development costs	a	-357	-325
Grants netted in research & development costs	b	33	26
Depreciation, amortization & impairments included in research & development costs	c	-98	-100
Capex in research & innovation	d	-57	-46
Research & innovation	e = a-b-c+d	**-349**	**-298**
Materials		-186	-138
Chemicals		-29	-28
Solutions		-115	-103
Corporate & Business Services		-19	-30
Net sales	f	**13,426**	**10,105**
Materials		4,075	2,903
Chemicals		4,496	3,357
Solutions		4,846	3,838
Corporate & Business Services		9	7
Research & innovation intensity	g = -e/f	**2.6%**	**2.9%**
Materials		4.6%	4.7%
Chemicals		0.6%	0.8%
Solutions		2.4%	2.7%

Net financial debt

(in € million)		2022 December 31	2021 December 31
Non-current financial debt	a	-2,450	-2,576
Current financial debt	b	-510	-773
IFRS gross debt	c = a+b	-2,959	-3,349
Underlying gross debt	d = c+h	-4,759	-5,149
Other financial instruments (current + non-current)	e	236	259
Cash & cash equivalents	f	932	941
Total cash and cash equivalents	g = e+f	1,168	1,199
IFRS net debt	i = c+g	**-1,791**	**-2,149**
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	**-3,591**	**-3,949**
Underlying EBITDA (LTM)	k	3,229	2,356
Underlying leverage ratio	l = -j/k	**1.1**	**1.7**

ROCE *(in € million)*		FY 2022 As calculated	FY 2021 As calculated
EBIT (LTM)	a	2,426	1,600
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-149	-150
Numerator	c = a+b	**2,277**	**1,450**
WC industrial	d	2,066	1,585
WC Other	e	-60	-138
Property, plant and equipment	f	5,161	4,800
Intangible assets	g	2,146	2,115
Right-of-use assets	h	482	435
Investments in associates & joint ventures	i	852	565
Other investments	j	42	42
Goodwill	k	3,507	3,341
Denominator	l = d+e+f+g+h+i+j+k	**14,194**	**12,745**
ROCE	***m = c/l***	***16.0%***	***11.4%***

CFROI *(in € million)*		FY 2022 As published	FY 2022 Adjustment	FY 2022 As calculated	FY 2021 As published	FY 2021 Adjustment	FY 2021 As calculated
Underlying EBIT	a	2,426		2,426	1,600		1,600
Underlying EBITDA	b	3,229		3,229	2,356		2,356
Underlying earnings from associates & joint ventures	c	161		161	159		159
Dividends received from associates & joint ventures [1]	d	19	-	19	129	-	129
Recurring capex [2]	e = -2.3%*m			-448			-411
Recurring income taxes [3]	f = -28%*(a-c)			-634			-389
Recurring "CFROI" cash flow data	g = b-c+d+e+f			**2,005**			**1,526**
Materials				854			570
Chemicals				694			683
Solutions				607			454
Corporate & Business Services				-150			-181
Property, plant and equipment	h	5,311			4,943		
Intangible assets	i	2,048			2,103		
Right-of-use assets	j	474			466		
Goodwill	k	3,472			3,379		
Replacement value of goodwill & fixed assets [4]	l = h+i+j+k	11,306	10,547	21,854	10,891	9,131	20,022
of which fixed assets	m	7,834	11,634	19,468	7,512	10,363	17,875
Investments in associates & joint ventures [5]	n	809	43	852	637	-71	565
Net working capital	o	1,969	36	2,006	1,372	50	1,422
"CFROI" invested capital	p = l+n+o			**24,711**			**22,009**
Materials				7,363			6,363
Chemicals				7,351			6,527
Solutions				6,993			6,289
Corporate & Business Services				3,064			2,997
CFROI	q = g/p			**8.1%**			**6.9%**
Materials				11.6%			9.0%
Chemicals				9.4%			10.5%
Solutions				8.7%			7.2%

[1] Excluding discontinued operations
[2] Currently estimated at 2.3% of replacement value of fixed assets
[3] Currently estimated at 28% of underlying EBIT (27% in 2021)
[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 2022			Q4 2021		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,907**	**-**	**3,907**	**3,277**	**-**	**3,277**
of which revenues from non-core activities	621	-	621	574	-	574
of which net sales	3,286	-	3,286	2,703	-	2,703
Cost of goods sold	-2,951	-	-2,951	-2,582	-	-2,582
Gross margin	**956**	**-**	**956**	**695**	**-**	**695**
Commercial costs	-66	-	-66	-77	-	-77
Administrative costs	-298	-	-298	-267	-	-267
Research & development costs	-95	1	-94	-88	1	-87
Other operating gains & losses	-72	62	-10	23	37	59
Earnings from associates & joint ventures	29	-	29	49	1	50
Result from portfolio management & major restructuring	-43	43	-	102	-102	-
Result from legacy remediation & major litigations	-70	70	-	-48	48	-
EBITDA	**566**	**169**	**736**	**562**	**10**	**572**
Depreciation, amortization & impairments [1]	-224	6	-219	-174	-25	-199
EBIT	**342**	**175**	**517**	**388**	**-14**	**374**
Net cost of borrowings	-23	3	-20	-30	7	-23
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	19	-16	3	17	-29	-11
Result from equity instruments measured at fair value	-3	3	-	2	-	2
Profit / (loss) for the period before taxes	**335**	**143**	**478**	**378**	**-58**	**320**
Income taxes	81	-157	-76	-1	-58	-59
Profit / (loss) for the period from continuing operations	**416**	**-13**	**403**	**377**	**-116**	**261**
Profit / (loss) for the period from discontinued operations	-	-3	-3	-	1	1
Profit / (loss) for the period	**416**	**-16**	**399**	**377**	**-116**	**261**
attributable to Solvay share	412	-16	396	366	-116	250
attributable to non-controlling interests	3	-	4	11	-	11
Basic earnings per share (in €)	3.97	-0.16	3.81	3.53	-1.12	2.41
of which from continuing operations	3.98	-0.13	3.85	3.53	-1.12	2.41
Diluted earnings per share (in €)	3.93	-0.16	3.77	3.52	-1.11	2.41
of which from continuing operations	3.93	-0.13	3.80	3.52	-1.12	2.40

[1] In FY 2021, it included an impairment reversal of €67 million on RusVinyl equity investment.

EBITDA on an IFRS basis totaled €566 million, versus €736 million on an underlying basis. The difference of €169 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €75 million to adjust for the "*Result from portfolio management and major restructuring*" (excluding depreciation, amortization and impairment elements), including the costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €69 million to adjust for the "*Result from legacy remediation and major litigations*"
- €25 million to adjust for losses related to the management of the CO2 hedges, not accounted for as Cash Flow Hedges, deferred until the maturity of the economic hedge

EBIT on an IFRS basis totaled €342 million, versus €517 million on an underlying basis. The difference of €175 million is explained by the above-mentioned €169 million adjustments at the EBITDA level and €6 million of "*Depreciation, amortization & impairments*". The latter consist 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 €38 million.
- €-32 million to adjust for the net impact of impairments reversal in "*Result from portfolio management and major restructuring*" resulting primarily from the improved performance of some Special Chem assets.

Net financial charges on an IFRS basis were €-7 million versus €-39 million on an underlying basis. The €-32 million adjustment made to IFRS net financial charges mainly consists of:

- €-21 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-16 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 €81 million, versus €-76 million on an underlying basis. The €-157 million adjustment relates to the adjustments of the earnings before taxes described above and to reversal of valuation allowance on deferred tax assets.

Profit / (loss) attributable to Solvay shareholders was €412 million on an IFRS basis and €396 million on an underlying basis. The delta of €-16 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

FY consolidated income statement

(in € million)	FY 2022 IFRS	FY 2022 Adjust-ments	FY 2022 Under-lying	FY 2021 IFRS	FY 2021 Adjust-ments	FY 2021 Under-lying
Sales	**16,071**	**-**	**16,071**	**11,434**	**-**	**11,434**
of which revenues from non-core activities	2,645	-	2,645	1,330	-	1,330
of which net sales	13,426	-	13,426	10,105	-	10,105
Cost of goods sold	-12,042	-	-12,042	-8,508	3	-8,506
Gross margin	**4,029**	**-**	**4,029**	**2,926**	**3**	**2,929**
Commercial costs	-317	-	-317	-287	-	-287
Administrative costs	-1,088	1	-1,087	-946	1	-945
Research & development costs	-357	3	-355	-325	3	-323
Other operating gains & losses	171	-176	-5	-80	147	67
Earnings from associates & joint ventures	171	-10	161	158	1	159
Result from portfolio management & major restructuring	-105	105	-	-133	133	-
Result from legacy remediation & major litigations	-284	284	-	-123	123	-
EBITDA	**3,144**	**84**	**3,229**	**2,038**	**318**	**2,356**
Depreciation, amortization & impairments [1]	-923	121	-802	-848	92	-756
EBIT	**2,221**	**205**	**2,426**	**1,190**	**410**	**1,600**
Net cost of borrowings	-98	11	-86	-103	7	-96
Coupons on perpetual hybrid bonds	-	-82	-82	-	-82	-82
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-15	-15	-	-16	-16
Cost of discounting provisions	40	-59	-19	1	-48	-47
Result from equity instruments measured at fair value	-13	13	-	6	-	6
Profit / (loss) for the period before taxes	**2,151**	**73**	**2,224**	**1,094**	**272**	**1,366**
Income taxes	-217	-237	-453	-110	-178	-287
Profit / (loss) for the period from continuing operations	**1,934**	**-163**	**1,770**	**985**	**94**	**1,079**
Profit / (loss) for the period from discontinued operations	-	1	2	5	-2	2
Profit / (loss) for the period	**1,934**	**-162**	**1,772**	**989**	**92**	**1,081**
attributable to Solvay share	1,905	-162	1,743	948	92	1,040
attributable to non-controlling interests	29	-	29	41	-1	41
Basic earnings per share (in €)	18.37	-1.56	16.80	9.15	0.89	10.05
of which from continuing operations	18.36	-1.58	16.79	9.11	0.91	10.02
Diluted earnings per share (in €)	18.30	-1.56	16.74	9.13	0.89	10.02
of which from continuing operations	18.29	-1.57	16.72	9.09	0.91	10.00

[1] In FY 2021, it included an impairment reversal of €67 million on RusVinyl equity investment.

EBITDA on an IFRS basis totaled €3,144 million, versus €3,229 million on an underlying basis. The difference of €84 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €-322 million in "other operating gains and losses", for the gains related to the management of the CO2 hedges, not accounted for as Cash Flow Hedge, deferred until the maturity of the economic hedge.
- €-10 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the RusVinyl joint venture and the foreign exchange results on the €-denominated debt of the joint venture, due to the strengthening of the RUB against the EUR over the period.
- €133 million to adjust for the "*Result from portfolio management and major restructuring*" (excluding depreciation, amortization and impairment elements), includes separation costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies.
- €283 million to adjust for the "*Result from legacy remediation and major litigations*". See Note on Environmental Liabilities set out in page 27 for more information. Moreover the variation of environmental provisions were impacted from the revised assumptions of higher inflation rates.

EBIT on an IFRS basis totaled €2,221 million, versus €2,426 million on an underlying basis. The difference of €205 million is explained by the above-mentioned €84 million adjustments at the EBITDA level and €121 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €149 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 €3 million, and in "*Other operating gains & losses*" for €146 million.
- €-28 million to adjust for the net impact of impairments reversal reported in "*Result from portfolio management and major restructuring*" resulting primarily from the improved performance of some Special Chem assets.

Net financial charges on an IFRS basis were €-71 million versus €-202 million on an underlying basis. The €-132 million adjustment made to IFRS net financial charges mainly consists of:

- €-82 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-15 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €-59 million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.
- €13 million for losses on financial instruments at fair value through P&L

Income taxes on an IFRS basis were €-217 million, versus €-453 million on an underlying basis. The €-237 million adjustment relates to the adjustments of the earnings before taxes described above and to the reversal of the impairment of deferred taxes on the goodwill, tangible and intangible assets for Oil & Gas in the United States, booked in 2020, based on a reassessment of their recoverability (€+105 million)

Profit / (loss) attributable to Solvay shareholders was €1,905 million on an IFRS basis and €1,743 million on an underlying basis. The delta of €-162 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes. There was no impact from non-controlling interests.

Condensed consolidated financial statements[1]

Consolidated income statement (in € million)	IFRS Q4 2022	Q4 2021	FY 2022	FY 2021
Sales	**3,907**	**3,277**	**16,071**	**11,434**
of which revenues from non-core activities [2]	621	574	2,645	1,330
of which net sales	3,286	2,703	13,426	10,105
Cost of goods sold	-2,951	-2,582	-12,042	-8,508
Gross margin	**956**	**695**	**4,029**	**2,926**
Commercial costs	-66	-77	-317	-287
Administrative costs	-298	-267	-1,088	-946
Research & development costs	-95	-88	-357	-325
Other operating gains & losses [3]	-72	23	171	-80
Earnings from associates & joint ventures	29	49	171	158
Result from portfolio management & major restructuring [4]	-43	102	-105	-133
Result from legacy remediation & major litigations [5]	-70	-48	-284	-123
EBIT	**342**	**388**	**2,221**	**1,190**
Cost of borrowings	-30	-28	-118	-107
Interest on loans & short term deposits	7	2	17	9
Other gains & losses on net indebtedness	-1	-3	3	-4
Cost of discounting provisions	19	17	40	1
Result from equity instruments measured at fair value	-3	2	-13	6
Profit / (loss) for the period before taxes	**335**	**378**	**2,151**	**1,094**
Income taxes	81	-1	-217	-110
Profit / (loss) for the period from continuing operations	**416**	**377**	**1,934**	**985**
attributable to Solvay share	413	366	1,905	943
attributable to non-controlling interests	3	11	29	41
Profit / (loss) for the period from discontinued operations	-	-	-	5
Profit / (loss) for the period	**416**	**377**	**1,934**	**989**
attributable to Solvay share	412	366	1,905	948
attributable to non-controlling interests	3	11	29	41
Weighted average of number of outstanding shares, basic	103,758,289	103,634,388	103,744,461	103,527,423
Weighted average of number of outstanding shares, diluted	104,932,706	103,850,300	104,143,206	103,787,842
Basic earnings per share (in €)	3.97	3.53	18.37	9.15
of which from continuing operations	3.98	3.53	18.36	9.11
Diluted earnings per share (in €)	3.93	3.52	18.30	9.13
of which from continuing operations	3.93	3.52	18.29	9.09

Consolidated statement of comprehensive income (in € million)	IFRS Q4 2022	Q4 2021	FY 2022	FY 2021
Profit / (loss) for the period	**416**	**377**	**1,934**	**989**
Gains and losses on hedging instruments in a cash flow hedge [6]	*-67*	*-89*	*80*	*-16*
Currency translation differences from subsidiaries & joint operations [7]	*-575*	*147*	*284*	*486*
Share of other comprehensive income of associates and joint ventures [8]	*-178*	*4*	*21*	*30*
Recyclable components	-820	61	385	500
Gains and losses on equity instruments measured at fair value through other comprehensive income	*1*	*6*	*-25*	*33*
Remeasurement of the net defined benefit liability [9]	*-142*	*109*	*155*	*562*
Non-recyclable components	-141	116	130	594
Income tax relating to recyclable and non-recyclable components	55	21	-67	-78
Other comprehensive income/(loss), net of related tax effects	**-906**	**198**	**447**	**1,017**
Total comprehensive income/(loss)	**-491**	**575**	**2,381**	**2,006**
attributable to Solvay share	-492	561	2,351	1,956
attributable to non-controlling interests	1	14	30	50

[1] Audited FY 2021 only. See "Note 7. Auditor Report" for FY 2022.
[2] The increase in revenues from non-core activities is mainly related to higher gas and electricity prices.
[3] Includes €322 million of gains related to the management of the CO2 hedges, not accounted for as Cash Flow Hedge until Q3, 2022, deferred in Adjustments until the maturity of the economic hedge.
[4] The 2021 Result from portfolio management & major restructuring mainly relates to the €150 million provision in relation with the strategic transformation announced in February 2021, resulting in a net reduction of approximately 500 roles.
[5] In FY 2022, €93 million relates to an environmental provision recorded for PFAS. Moreover the variation of environmental provisions were impacted from the revised assumptions of higher inflation rates.
[6] The gains and losses on hedging instruments in a cash flow hedge were mainly resulting from the increase in the gas price in 2022.
[7] The gains from currency translation differences from subsidiaries & joint operations are mainly related to the revaluation of the USD, the CNY and the RUB against the EUR in the period.
[8] The decrease in the Share of other comprehensive income of associates and joint ventures in Q4 2022 mainly results from currency translation adjustments related to the Rusvinyl Equity investment, following the strengthening of the EUR against the RUB in the last quarter.
[9] The remeasurement of the net defined benefit liability of €-142 million (€109 million in Q4 2021) was mainly due to the decrease of discount rates in Q4 2022 applicable to post-employment provisions in the Euro-zone, the UK and US, and the unfavorable return on plan assets.

Consolidated statement of cash flows

(in € million)	IFRS Q4 2022	Q4 2021	FY 2022	FY 2021
Profit / (loss) for the period	416	377	1,934	989
Adjustments to profit / (loss) for the period	237	172	1,417	1,245
Depreciation, amortization & impairments	224	174	923	849
Earnings from associates & joint ventures	-29	-49	-171	-158
Additions & reversals of provisions	94	100	336	464
Other non-operating and non-cash items	18	-64	42	-113
Net financial charges	11	10	69	94
Income tax expenses	-81	1	217	110
Changes in working capital	211	106	-576	-92
Uses of provisions	-98	-87	-328	-303
Use of provisions for additional voluntary contributions (pension plans)	-	-134	-155	-236
Dividends received from associates & joint ventures	5	53	19	129
Income taxes paid (excluding income taxes paid on sale of investments)	-126	-76	-305	-233
Cash flow from operating activities	**645**	**412**	**2,006**	**1,499**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	-32	-5	-67	-7
Acquisition (-) of subsidiaries	-	-	-	-22
Acquisition (-) of investments - Other	-8	-14	-14	-22
Loans to associates and non-consolidated companies	-18	1	-23	4
Sale (+) of subsidiaries and investments	43	56	94	169
Acquisition (-) of tangible and intangible assets (capex)	-427	-296	-909	-637
of which property, plant and equipment	-400	-274	-815	-561
of which intangible assets	-27	-22	-94	-75
Sale (+) of property, plant and equipment & intangible assets	4	14	21	30
Dividends from equity instruments measured at fair value through other comprehensive income	-	1	2	5
Changes in non-current financial assets	-	24	-	2
Cash flow from investing activities	**-406**	**-214**	**-831**	**-470**
Acquisition (-) / sale (+) of treasury shares	1	1	7	42
Increase in borrowings	89	42	248	248
Repayment of borrowings [1]	-306	-422	-796	-614
Changes in other financial assets [2]	199	-39	27	-130
Payment of lease liabilities	-30	-28	-113	-99
Net interests paid	-51	-53	-62	-95
Coupons paid on perpetual hybrid bonds	-27	-27	-82	-75
Dividends paid	-	-37	-417	-431
of which to Solvay shareholders	-	-	-399	-388
of which to non-controlling interests	-	-37	-17	-43
Acquisitions of non-controlling interests [3]	-8	-	-117	-
Other [4]	-94	-105	112	50
Cash flow from financing activities	**-228**	**-668**	**-1,191**	**-1,104**
Net change in cash and cash equivalents	10	-469	-15	-76
Currency translation differences	-22	469	7	7
Opening cash balance	944	941	941	1,009
Closing cash balance	**932**	**941**	**932**	**941**

[1] €378 million relates to the early payment of the senior 1.675% coupon bonds in Q3, 2022 and €186 million relates to the early payment of the senior 3.5% notes in Q4, 2022.
[2] Changes in other financial assets in 2022 mainly relates to initial deposit margin calls.
[3] €109 million relates to the acquisition of the 20% minority stake of AGC in the Soda Ash JV operated in Green River, WY, USA, in May 2022.
[4] In 2022, the Other cash flow from financing activities of €112 million mainly relate to excess margin calls ("in the money" instruments) of €128 million.

Statement of cash flow from discontinued operations

(in € million)	IFRS Q4 2022	Q4 2021	FY 2022	FY 2021
Cash flow from operating activities	-	-1	-	-12
Net change in cash and cash equivalents	-	-1	-	-12

Consolidated statement of financial position

(in € million)	2022 December 31	2021 December 31
Intangible assets	2,048	2,103
Goodwill	3,472	3,379
Property, plant and equipment	5,311	4,943
Right-of-use assets	474	466
Equity instruments measured at fair value	71	114
Investments in associates & joint ventures	809	637
Other investments	37	42
Deferred tax assets	932	779
Loans & other assets [1]	466	724
Other financial instruments	30	30
Non-current assets	**13,651**	**13,216**
Inventories	2,109	1,745
Trade receivables	2,026	1,805
Income tax receivables	108	109
Other financial instruments	206	229
Other receivables [1]	1,629	2,004
Cash & cash equivalents	932	941
Current assets	**7,010**	**6,833**
Total assets	**20,661**	**20,049**
Share capital	1,588	1,588
Share premiums	1,170	1,170
Other reserves	7,846	5,982
Non-controlling interests	61	112
Total equity	**10,664**	**8,851**
Provisions for employee benefits	1,057	1,574
Other provisions	743	724
Deferred tax liabilities	558	462
Financial debt	2,450	2,576
Other liabilities [1]	303	331
Non-current liabilities	**5,111**	**5,666**
Other provisions	297	302
Financial debt [2]	510	773
Trade payables	2,296	2,131
Income tax payables	119	115
Dividends payables	165	160
Other liabilities [1]	1,499	2,051
Current liabilities	**4,885**	**5,531**
Total equity & liabilities	**20,661**	**20,049**

[1] The decrease is largely driven by the fair value adjustments of energy-related financial assets and liabilities due to price decreases in gas and electricity in Q4 2022. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities.
[2] The decrease of the current financial debt is mainly explained by the reimbursement of the Senior bond for €378 million and the Senior note for €186 million, partly offset by the margin calls (€128 million).

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value): Equity instruments measured at fair value	Revaluation reserve (fair value): Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 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 share-based payment plans	-	-	-	-	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**
Balance on December 31, 2021	**1,588**	**1,170**	**-232**	**1,786**	**5,467**	**-645**	**23**	**3**	**-421**	**5,982**	**112**	**8,851**
Profit / (loss) for the period	-	-	-	-	1,905	-	-	-	-	1,905	29	1,934
Items of other comprehensive income	-	-	-	-	-	304	-19	73	88	446	2	447
Comprehensive income	**-**	**-**	**-**	**-**	**1,905**	**304**	**-19**	**73**	**88**	**2,351**	**30**	**2,381**
Cost of share-based payment plans	-	-	-	-	14	-	-	-	-	14	-	14
Dividends	-	-	-	-	-403	-	-	-	-	-403	-18	-421
Coupons of perpetual hybrid bonds	-	-	-	-	-82	-	-	-	-	-82	-	-82
Sale (acquisition) of treasury shares	-	-	7	-	-	-	-	-	-	7	-	7
Other	-	-	-	-	-48	23	-	-	1	-24	-63	-87
Balance on December 31, 2022	**1,588**	**1,170**	**-225**	**1,786**	**6,854**	**-318**	**4**	**76**	**-332**	**7,846**	**61**	**10,664**

FY 2022 Equity increased by €1,813 million after currency translation differences mainly due to the USD, CNY and RUB revaluation against EUR during the period.
The Other €-48 million reduction in Retained earnings mainly relates to the difference between the consideration paid and the net book value of the non-controlling interests acquired in the Soda Ash JV in the USA.

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 listed on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2023.

Dombasle

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

Tavaux PVDF

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

Separation plan

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

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

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

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

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

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

While the Group is actively taking steps to prepare for the partial demerger and anticipates that the transaction will be completed in the second half of 2023, the Group considers the specialty businesses do not meet the criteria under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5) to be classified as discontinued operations at December 31, 2022. This judgment is taken on the basis that the abovementioned consents and approvals has not yet been obtained. These approvals are anticipated to occur in the course of 2023. Management will further assess the IFRS 5 criteria at each reporting period.

Green River

On May 4, 2022, Solvay announced the acquisition of the 20% minority stake of AGC in the Soda Ash JV operated in Green River, WY, USA, building on its leadership position in trona-based soda ash production.

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

Post-retirement benefits

A voluntary contribution of €155 million was made in Germany in September 2022.

Senior Bonds

On September 1, 2022, Solvay decided to exercise its residual maturity call option on the 2022 €-senior bonds 1.625%, ISIN BE6282459609 (outstanding of €378 million out of the initial amount of €750 million). The exercise was implemented in accordance with the terms and conditions of the related prospectus.

On November 22, 2022, Solvay delivered a notice of early redemption in full to holders of Cytec's US dollar 3.50% senior notes due 2023 guaranteed by Solvay with ISIN / CUSIP US23282AJ97 / 232820AJ9 in an outstanding principal amount of US$196 million (€186 million). The redemption was implemented in accordance with the terms and conditions of the bonds. The redemption date was January 1, 2023, however, Solvay was discharged from its liability by the paying agent on December 30, 2022, the date on which the paying agent received the funds.

Financial implication of the Russia/Ukraine Crisis

Russia's actions in Ukraine combined with the Group decision to suspend the dividends distribution from our RusVinyl Joint Venture (50%) in Russia have been considered as a trigger for an impairment test.

As a result, the Group performed an impairment test based on dividend discount models prepared for different business scenarios, considering the following key assumptions:

- 0% long term growth rate, to reflect the long term impacts of the conflict on economic growth in Russia,
- dividends stream would resume from 2027, assuming a long lasting conflict and sanctions against Russia,
- a long term WACC used for the Terminal Value which reflects pre-crisis levels and a long term uncertainty premium.

The carrying amount of RusVinyl equity investment at the end of Q4 2022 was € 431 million, based on the closing exchange rate of 77.9 RUB/EUR. The results of the impairment test indicated that no such impairment existed.

In accordance with IFRS 11 *Joint Arrangements*, the Group has assessed whether the changes in the legal and operating environment of Russia have impacted the ability to exercise its joint control over RusVinyl. There are no changes in facts and circumstances as of December 31, 2022 that may significantly limit our ability to exercise our rights or governance with respect to Rusvinyl.

Financial implication of energy price volatility

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

- Increased non-core trading revenues.
- Substantial fluctuations in the fair value adjustments of energy-related financial assets and liabilities due to the price volatility in gas and electricity. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities.
- Increased raw material and logistics costs.

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

Market Capitalization

On December 31, 2022, the market capitalization of the Group (€10 billion) was lower than its total equity (€10.6 billion). Management performed its annual impairment testing at the reporting date and it was concluded that an impairment should be recognized for €9 million on other non-performing assets. No other significant impairment losses were recognized in Q4 2022.

Cash Flow Hedge derecognition

In the wake of the European energy crisis impacting gas consumption in several countries and due to the European Union's sanctions on the sourcing of gas and coal from Russia, the Group revised the expected activity of several of its cogeneration units in Europe in Q3 2022 with a view to both preserving business continuity and reducing gas consumption. These developments triggered the need to reassess the probability and conditions of future energy consumption at each site when updating the Cash Flow Hedge (CFH) documentation. As part of this reassessment, the Group identified certain hedges for which the underlying future energy purchases are no longer highly probable (but still expected to occur) or subject to modified purchasing conditions, resulting in those hedges ceasing to meet the qualifying criteria for CFH accounting during Q3 2022. The discontinuation of hedge accounting resulted in a favorable €39 million accumulated mark-to-market that will remain in Other Comprehensive Income with future recycling to the consolidated income statement as the underlying transactions occur (€18 million in 2022, €18 million in 2023).

European Union Allowances (EUAs)
Management practices related to hedging of CO_2 exposure were changed in the previous quarter, in view of both increased volatility in energy and CO_2 markets and the plan to separate Solvay SA into two independent groups. Consequently, the Group has reconsidered the conditions of the own use exemption and accordingly the entire portfolio of EUA futures has been accounted for at the end of the period in accordance with the general requirements of IFRS 9 *Financial Instruments*, and a profit of €322 million has been classified as "Other operating gains and losses".

Since the economic substance of hedging future CO_2 exposures remains unchanged, such gains and losses are deferred in Adjustments until the maturity of the economic hedge.

Environmental Liabilities
In the United States, Solvay Specialty Polymers USA LLC (SpP) has made significant progress toward determining the scope of remedial activities pertaining to the per- and polyfluoroalkyl substances (PFAS) related to the West Deptford, New Jersey site. Due to recent technical studies and in cooperation with the local authorities, Solvay was able to reasonably estimate future expenses to address this remediation. As a consequence, and in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a corresponding provision of €93 million was recognized in Q3 2022.

The environmental provision recorded is based on the forecasted net present value of the cash flow forecast currently expected to be needed, for current and future years, to address the remediation obligations. Forecasted expenditures are based on external consultants' estimates, where appropriate and possible. The resulting cash outflows are expected to occur over a minimum 20 year period with 50% of the outflows occurring within the next 2 years.

This liability was recorded in "Other non-current provisions" in the consolidated statement of financial position and the associated impact in the Consolidated Income Statement was recorded in "Results from legacy remediation and major litigations" together with all the other remediation impacts that relate to legacy activities to the extent potential remediation obligations are reasonably certain and their cost can be forecasted. Legacy remediation costs are considered Adjustments to our IFRS Results. This provision reduces though does not eliminate the associated contingent liabilities previously reported.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 *Interim Financial Reporting* using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2021. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021. The consolidated financial statements for 2022 will be published in early April 2023.

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

Below are the standards, interpretations and amendments that became effective as of January 1, 2022 and which are relevant to the Group.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (effective January 1, 2022) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials)

and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment did not have more than an insignificant impact on the Group's condensed consolidated interim financial statements.

Fees in the "10 per cent" test for derecognition of financial liabilities – Amendments to IFRS 9
In May 2020, the IASB issued an amendment to IFRS 9 *Financial Instruments* (effective January 1, 2022) that clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment did not have more than an insignificant impact on the Group's condensed consolidated interim financial statements.

3. Segment information

Solvay is organized in the following operating segments:
Materials offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
Chemicals host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica, Coatis and Rusvinyl businesses are also high quality assets with strong positions in their markets.
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 2022	Q4 2021	FY 2022	FY 2021
Net sales	**3,286**	**2,703**	**13,426**	**10,105**
Materials	1,034	751	4,075	2,903
Chemicals	1,103	891	4,496	3,357
Solutions	1,146	1,058	4,846	3,838
Corporate & Business Services	3	2	9	7
Underlying EBITDA	**736**	**572**	**3,229**	**2,356**
Materials	306	207	1,290	879
Chemicals	282	286	1,188	1,009
Solutions	174	180	944	701
Corporate & Business Services	-27	-101	-194	-232
Underlying depreciation, amortization & impairments	-219	-199	-802	-756
Underlying EBIT	**517**	**374**	**2,426**	**1,600**
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	-63	-38	173	-153
Net financial charges of the RusVinyl joint venture	-	-1	10	-1
Result from portfolio management & major restructuring	-43	102	-105	-133
Result from legacy remediation & major litigations	-70	-48	-284	-123
EBIT	**342**	**388**	**2,221**	**1,190**
Net financial charges	-7	-10	-70	-96
Profit / (loss) for the period before taxes	**335**	**378**	**2,151**	**1,094**
Income taxes	81	-1	-217	-110
Profit / (loss) for the period from continuing operations	**416**	**377**	**1,934**	**985**
Profit / (loss) for the period from discontinued operations	-	-	-	5
Profit / (loss) for the period	**416**	**377**	**1,934**	**989**
attributable to non-controlling interests	3	11	29	41
attributable to Solvay share	**412**	**366**	**1,905**	**948**

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

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

Net sales (in € million)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Novecare (excl. Oil & Gas)	354	375	384	433	452	506	511	436
Special Chemicals	211	210	209	210	243	285	261	255
Technology Solutions (excl. Oil & Gas)	133	139	145	143	151	207	189	190
Aroma Performance	110	110	119	135	142	167	146	121
Oil & Gas	83	91	107	137	147	143	151	145
Solutions	891	925	964	1,058	1,135	1,309	1,257	1,146

4. Financial Instruments

Valuation techniques

Compared to December 31, 2021, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of December 31, 2022, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2021.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of December 31, 2022 decreased Other receivables by €0.4 billion and Other liabilities by €0.6 billion when compared to December 31, 2021. The main driver of the decreases is the fluctuation in electricity and gas prices during the period.

5. Events after the reporting period

Edison

Solvay received compensation of €91.632 million after decisions by the International Chamber of Commerce's arbitration tribunal, the Swiss Supreme Court, and the Milan Court of Appeal, all of which ruled in favor of Solvay. The outcome follows more than 10 years of legal proceedings in relation to Solvay's claims of environmental breaches by Edison, a subsidiary of EDF, in the context of Solvay's acquisition of the Italian company Ausimont in 2002.

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

Rusvinyl

On February 6, 2023, the Group announced that it is in advanced negotiations to divest its stake in Rusvinyl, an independent 50/50 joint venture in Russia, to its joint venture partner, Sibur. In addition to the recently obtained preliminary clearance from Russian governmental authorities, the potential transaction is still subject to several other regulatory approvals.

The Group considers that the Rusvinyl joint venture does not meet the criteria under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations to be classified as held for sale at December 31, 2022 nor at the date of authorization of these condensed consolidated financial statements.

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 2022, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2021 Annual Integrated Report, taking into account the current economic and financial environment.

7. Report from the Statutory Auditor

The statutory auditor, EY Réviseurs d'Entreprises SRL, represented by Marie Kaisin, has confirmed that the audit, which is substantially complete, has to date not revealed any material misstatement in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statements of financial position, of changes in equity or of cash flow for the year ended December 31, 2022 as included in this press release. Furthermore, EY Réviseurs d'Entreprises SRL has confirmed that the procedures, which are substantially complete, has to date not revealed any material misstatement in the information shown in the press release on extra-financial priority domains aligned with the ONE Planet roadmap announced by Solvay in 2020, and for which a limited or reasonable assurance opinion will be issued. Finally, EY Réviseurs d'Entreprises SRL has read the information related to the 12 month period ending December 31, 2022 included in the section 'Reconciliation of underlying income statement indicators' and has considered whether this information does not contain any material inconsistencies with the press release. Based on their reading, EY Réviseurs d'Entreprises SRL has nothing to report.

Glossary

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

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

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

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

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

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

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

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

CTA: Currency Translation Adjustment

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

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

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

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

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

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

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

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

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

GBU: Global business unit.

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

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

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

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

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

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

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

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

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

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

OCI: Other Comprehensive Income.

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

Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

PA: Polyamide, polymer type.

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

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

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

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

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

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

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

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

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

SBTi: Science-based target initiative

SOP: Stock Option Plan.

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

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

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

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

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

Contacts

Investor relations

Jodi Allen
+1 609 860 4608

Geoffroy d'Oultremont
+32 2 264 29 97

Bisser Alexandrov
+32 2 264 36 87

Alex Sokolowski
+1 609 860 4728

investor.relations@solvay.com

Media relations

Nathalie Van Ypersele
+32 478 20 10 62

Martial Tardy
+32 475 83 01 14

Peter Boelaert
+32 479 30 91 59

media.relations@solvay.com

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 22,000 employees in 63 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €13.4 billion in 2022. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at www.solvay.com.

About Solvay Investor Relations

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