Full-year 2023 results
Financial report

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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

- Solvay's FY 2023 financial statements reflect the **Partial Demerger** completed on December 9, 2023, with the Specialty Businesses transferred to Syensqo classified as discontinued operations for 2023.
- New **Solvay leadership team** fully committed to drive the transformation of the company.
- **Net sales** for the full year 2023 at €4,880 million were down organically by -12.6% versus 2022, driven primarily by volume declines. In Q4, net sales decreased organically by -18.9% from both lower volumes and prices.
- **Underlying EBITDA** of €1,246 million for the full year 2023 was stable (+0.2%) on an organic basis compared to a record 2022, with positive Net Pricing and lower fixed costs offsetting the drop in volumes. EBITDA in the fourth quarter was down -24.5% organically vs Q4 2022, fully driven by lower volumes, with variable costs reduction offsetting price erosion, while fixed costs decreased slightly.
- **Underlying net profit** from continuing operations was €588 million in 2023 compared to €740 million in 2022.
- **Free Cash Flow** of €561 million in 2023 (+17.3% vs. €479 million in 2022) resulting in a record FCF conversion ratio of 45.4%, thanks to the strong EBITDA performance and to the positive impact from working capital variation.
- **ROCE** was 20.4% in 2023, -2.5pp compared to 2022 as a result of lower profit.
- Solid balance sheet at the end of December 2023, **in line with the target capital structure** announced in November 2023, with an underlying net debt of €1.5 billion, which translates into a **leverage ratio of 1.2x**.
- Total proposed **gross dividend of €2.43 per share**, subject to shareholders' approval during the next Ordinary General Meeting of May 28, 2024.
- Solvay continues to reduce its **GHG emissions** (-19% vs 2021, scope 1 and 2).
- **2024 Outlook**: Organic growth of the underlying EBITDA of -10% to -20% compared to restated 2023; Free cash flow of minimum €260 million (see page 9 for important information)

	Fourth quarter				Full year			
Underlying (in € million)	2023	2022	% yoy	% organic	2023	2022	% yoy	% organic
Net sales	1,131	1,359	-16.8%	-18.9%	4,880	5,539	-11.9%	-12.6%
EBITDA	238	335	-28.8%	-24.5%	1,246	1,359	-8.3%	+0.2%
EBITDA margin	21.1%	24.6%	-3.6pp	-	25.5%	24.5%	+1.0pp	-
FCF [1]	8	-19	n.m.	-	561	479	17.3%	-
FCF conversion ratio (LTM)					45.4%	36.5%	+8.9pp	-
ROCE [2]					20.4%	22.9%	-2.5pp	-

Philippe Kehren, Solvay CEO

"Solvay is well positioned for its new chapter. We approach it with clear objectives and determination to achieve them. In 2023, despite macroeconomic challenges, we recorded high-quality results and I want to express my gratitude to all Solvay employees for this achievement. I also take this opportunity to thank all the teams, both at Solvay and Syensqo, who worked so hard on making the Partial Demerger a success.
Solvay already started to deploy its new strategy, supported by a solid balance sheet and a clear cash usage prioritization. I'm also very pleased with the significant progress we are making in our ESG roadmap and we remain committed to executing our energy transition, recognizing its critical importance for the planet, our communities, our customers and our competitiveness. As we look ahead into 2024, the macroeconomic environment remains uncertain, yet we view the future with confidence as we deploy our new operating model and carefully invest to deliver on our promises."

[1] Free cash flow (FCF) is the free cash to Solvay shareholders from continuing operations.
[2] ROCE calculated with Capital employed as the average of the situation at the beginning and at the end of the year (using Pro Forma information for 2022 and 2021) instead of the average of the situation at the end of the last 4 quarters.

ESG Roadmap update

In 2020, Solvay embarked on a sustainability journey captured in the Solvay One Planet roadmap, which was 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 was a roadmap towards a sustainable future that provides shared value for all. The 2023 achievements on the 10 targets of this One Planet Roadmap can be found on Solvay's website.
Following the Partial Demerger on December 9, 2023, Solvay has re-endorsed the One Planet targets that are appropriate to its activities, and is currently reviewing and designing an updated ESG roadmap that will be shared later in 2024.
The table below provides an update on Solvay's progress in 2023 on the 6 KPIs that were presented during the Capital Market Day on November 13, 2023.

Climate	2023	2022	2021	Progress vs 2021	Comment	2030 Target
Greenhouse gas emissions (Scope 1 & 2) (Mt)	7.3	8.5	9.0	-19%	-19% out of which -4% structural savings notably in Rheinberg, Devnya and Green River	**-30%** vs 2021
Greenhouse gas emissions (scope 3) (Mt) Focus 5 categories (a)	12.4	12.6 (b)	14.7 (b)	-16%	-16% for the focus 5 categories and -19% for the whole scope 3	**-20%** vs 2021
Solid fuels (Petajoules) (c)	24.4	28.3	27.2	-10%	Substitution of coal in Rheinberg, Devnya and Green River	**Thermal coal phase out** when renewable alternatives exist
Better life	**2023**	**2022**	**2021**	**Progress vs 2021**	**Comment**	**Target**
Safety (Reportable Injury and Illness rate - RIIR) (d)	0.27	0.27	0.34	-21%	Step change achieved in 2022 and confirmed in 2023 with leaders back to the field after Covid19 sanitary crisis	**Aim for zero accident**
Diversity (% of women in middle/senior management) (e)	26.3	28.8	28.0	-1.7pp	Mid and senior management reshuffling after Syensqo's spin-off	**Gender parity in 10 years**
Living wage initiative (f)	New commitment				Positive kick off in 2023 with pilots conducted in the US, UK and China.	**Living wage for 100% of workforce by 2026**

(a) The scope 3 emissions focus 5 categories are "Purchased goods and services", "Fuel and energy related activities", "processing of sold products", "Use of sold products" and "End-of-life treatment of sold products". Total Scope 3 greenhouse gas emissions indicator is in the scope of the reasonable assurance report from our independent auditor while Scope 3 "focus 5" categories greenhouse gas emissions indicator is not in the scope of our Independent auditor.
(b) 2022 and 2021 Scope 3 emissions focus 5 categories adjusted with 2023 new methodology.
(c) Includes coal and petcoke used in energy production. Coke and anthracite used in the soda ash production process are not included.
(d) 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.
(e) 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 and 2022 is out of the audit scope.
(f) This KPI is out of the scope of the audit.

Climate

In November 2023, Solvay renewed its ambition to become carbon neutral by 2050 and confirmed its mid-term targets of -30% for scope 1 & 2, and -20% for scope 3 greenhouse gas emissions by 2030 vs. 2021 baseline.

Scope 1 & 2 emissions decreased by 1.7 Mt CO2eq (-19%) as compared to 2021 and 1.2 Mt CO2eq as compared to 2022 which can be explained by lower activity (0.8 Mt CO2eq), new GHG reduction projects (0.3 Mt CO2eq), including biomass consumption in Devnya in substitution to coal, better mine gas usage in Green River and other energy efficiency projects. Building on the 5% structural savings achieved from 2018 to 2021, Solvay launched new projects that will deliver additional 20% emission reductions by 2025, with plans to save another 10% by 2030.

Coal phase-out was completed in Green River, U.S. in Q1 2024, and is underway in Rheinberg, Germany and Dombasle, France. Plants in Devnya, Bulgaria and Torrelavega, Spain have started their journey with partial introduction of biomass co-firing. The shift towards more renewable energy sources is also advancing with for instance the switch to 100% wind power in Voikkaa, Finland starting 2023.

In addition, the roll-out of the STAR Factory program which started in 2022 led to an acceleration of energy efficiency initiatives through deployment on about half of the sites. Thanks to a standardized methodology, 60+ projects have been implemented saving fossil-based heat and electricity. Electricity consumptions have been reduced thanks to process control actions and installation of variable frequency drives.

Solvay's scope 3 emissions (focus 5 categories) decreased by 16% versus 2021. Solvay is collaborating with its most GHG-emitting raw materials suppliers to track and to improve its purchased goods and services emissions (category 1). The Group already mapped a total of more than 50% of the product carbon footprint (PCF) coverage of its raw materials. Solvay also aims at reducing its employees scope 3 emissions linked to business travels (category 6).

Concretely, as from January 2023, an internal tax - based on the travel footprint calculated at €100 per ton of CO2 - is charged to every business. It will finance a Travel Carbon Fund with the aim of sponsoring sustainability projects with a carbon-offset focus wherever feasible.

Better Life

In 2023, the rate of reportable injuries and illnesses remained stable versus 2022 at 0.27. This performance derives from the safety culture deployed across the Group with interactive safety dialogues, near misses reporting, Solvay Life Saving Rules improvement initiatives and audit findings.

In 2023, Solvay progressed in its Solvay One Dignity program launched in 2021. The Group took concrete actions to strengthen DEI (Diversity, Equity, Inclusion) within its company's culture and to embed it in its day-to-day activities with a clear focus on leaders and employees. Solvay has nine Employee Resource Groups (ERGs) that encourage employees to recognize and celebrate diversity, which is a critical component to guide the DEI journey. With the spin-off of Syensqo, the population of mid and senior management at Solvay shrank by -4.3%, and resulted in a drop of the proportion of women in mid and senior management from 28.8% (end of 2022) to 26.3% (end of 2023) without changing Solvay's dedication to gender parity within 10 years.

In 2023, the Group joined the UN Global Compact living wage action, part of their Forward Faster initiative. As a result, Solvay is undertaking living wage equity with the objective to close any potential gaps by 2026. The 9,000+ Solvay's employees will receive a fair living wage by 2026, meaning a sufficient salary to afford a standard of living for each employee even if they should become the single income earner of their family. The Group is partnering with the Fair Wage Network, an independent organization that provides their expertise to deploy living wage assessments and to improve fair wage practices. The first assessments took place in China, the US and the UK, which represents 36% of Solvay's workforce. As part of this step towards securing a more equitable workplace, Solvay will report on the fair living wage initiative progress annually to the UN Global Compact.

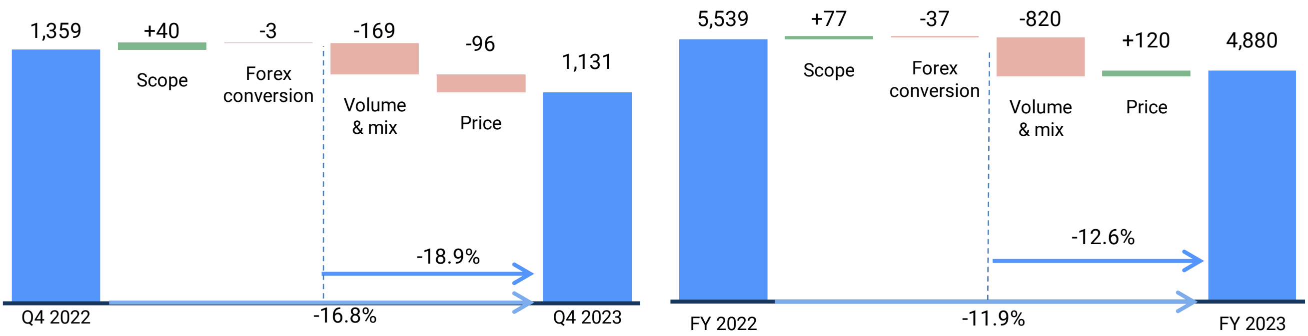
More information will be available in the Solvay Annual Integrated Report to be published in April 2024.

Financial performance
Key figures

Underlying key figures

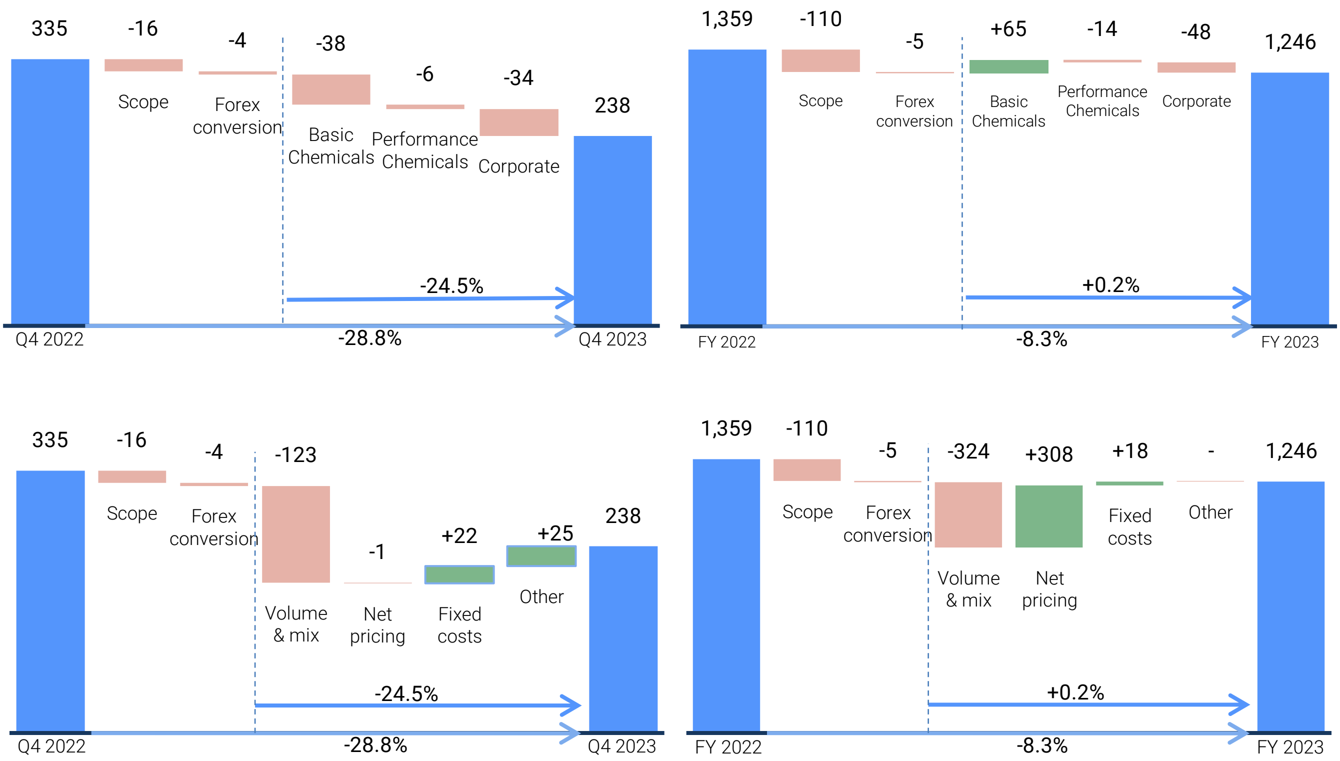
(in € million)	Q4 2023	Q4 2022	% yoy	FY 2023	FY 2022	% yoy
Net sales	1,131	1,359	-16.8%	4,880	5,539	-11.9%
EBITDA	238	335	-28.8%	1,246	1,359	-8.3%
EBITDA margin	*21.1%*	*24.6%*	-3.6pp	*25.5%*	*24.5%*	+1.0pp
EBIT	152	248	-38.8%	926	1,038	-10.8%
Net financial charges	-58	-20	n.m.	-140	-121	-16.0%
Income tax expenses	-60	-38	-56.5%	-198	-177	-11.7%
Tax rate				*26.7%*	*22.4%*	+4.3pp
Profit from continuing operations	34	190	-82.3%	588	740	-20.6%
Profit from discontinued operations	160	209	-23.8%	842	1,032	-18.4%
(Profit) / loss attributable to non-controlling interests	-2	-4	-34.7%	-13	-29	-56.4%
Profit / (loss) attributable to Solvay shareholders	191	396	-51.8%	1,417	1,743	-18.7%
Basic earnings per share (in €)	1.82	3.81	-52.2%	13.61	16.80	-19.0%
of which from continuing operations	0.30	1.81	-83.6%	5.55	6.99	-20.6%
Capex in continuing operations	182	181	+0.6%	450	380	+18.4%
FCF to Solvay shareholders from continuing operations	8	-19	n.m.	561	479	+17.3%
FCF to Solvay shareholders	14	171	n.m.	1,042	1,094	-4.8%
FCF conversion ratio (LTM, continuing operations)				45.4%	36.5%	+8.9pp
Net financial debt				1,489	3,591	-58.5%
Underlying leverage ratio				1.2	1.1	+7.5%
ROCE (continuing operations)				20.4%	22.9%	-2.5pp

Group performance
Net sales



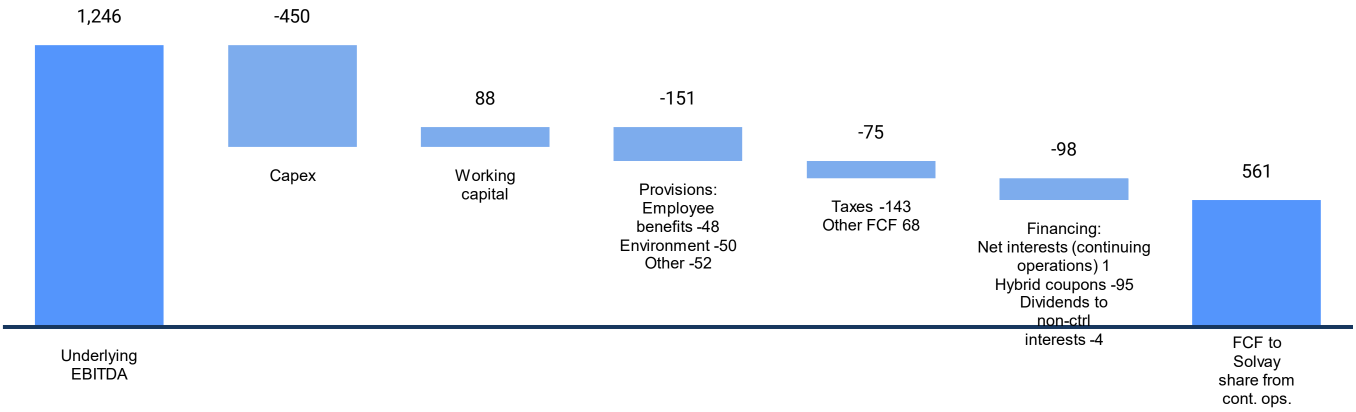
Net sales of €4,880 million for the full year 2023 were lower by -11.9% versus 2022 (-12.6% organically) primarily due to lower volumes (-14.8%), as a result of softer demand across all end markets, while prices were slightly up. In the fourth quarter, sales of €1,131 million were down -16.8% (-18.9% organically) compared to the fourth quarter of 2022, driven by both lower volumes and prices in a lower variable cost environment.

Underlying EBITDA



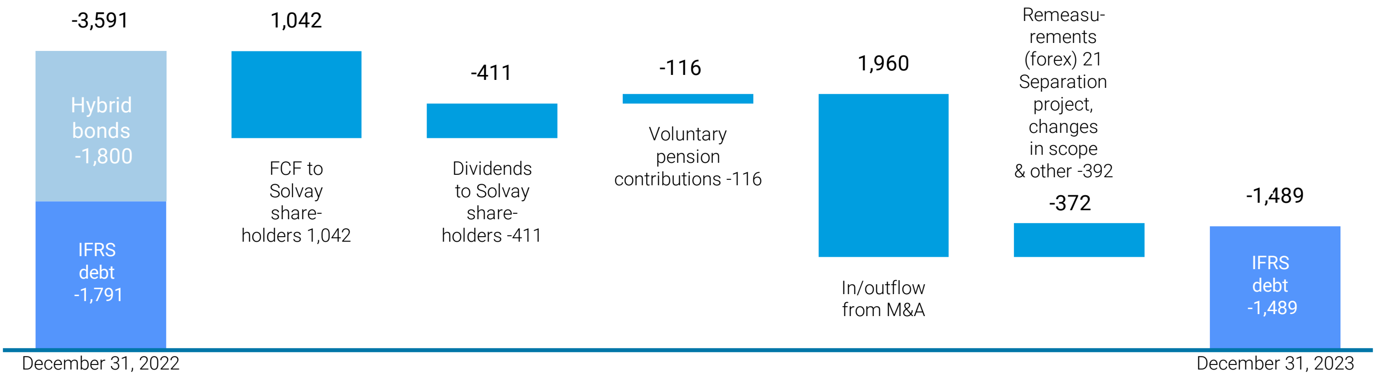
Underlying EBITDA of €1,246 million in 2023 was down -8.3%, including the impact from the divestment of Rusvinyl in Q1 2023, and essentially flat organically (+0.2%), with lower volumes being offset by increased Net Pricing and lower fixed costs from strong costs discipline. Overall, the EBITDA margin increased by +1.0pp to a record +25.5%. In the fourth quarter of 2023, EBITDA of €238 million was down -28.8% (-24.5% organically), driven by lower volumes, while Net Pricing was flat and fixed costs had a slight positive impact.

Free cash flow



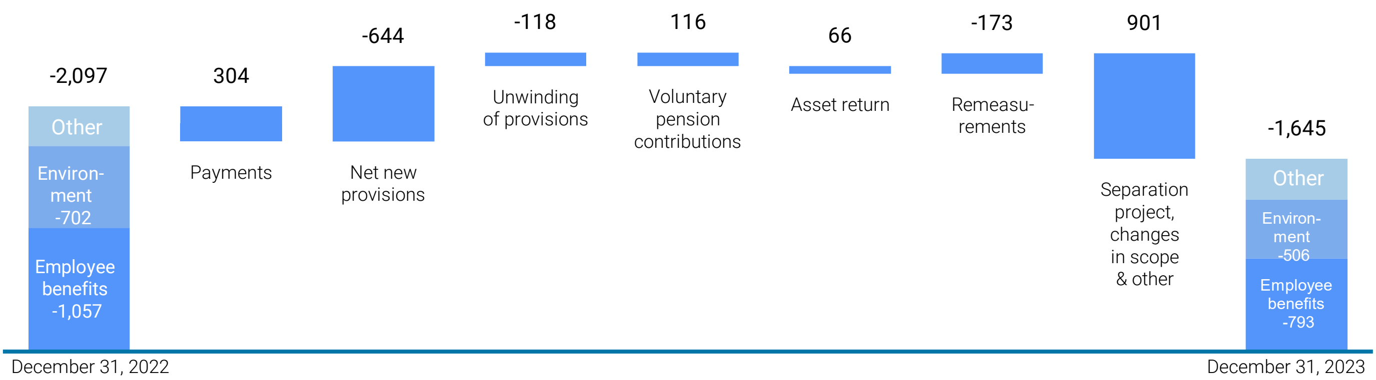
Free cash flow to shareholders from continuing operations amounted to €561 million in 2023 (+17.3% higher than in 2022) thanks to the solid EBITDA performance. Additionally, the softer demand around year end, combined with the effects of the simplification of our portfolio (spin-off of Syensqo activities and phasing out of our energy and thermal insulation businesses) led to a positive upside in working capital variation of €+88 million.

Underlying net debt



Underlying net financial debt was €1.5 billion at the end of 2023. This is slightly lower than the previously announced €1.7 billion, mainly due to cash phasing around year-end from separation costs. The capital structure of Solvay after the completion of the Partial Demerger is generally in line with the target capital structure announced in June 2023. This will allow Solvay to deploy its strategy in the coming years, while upholding its commitment regarding dividend payments. The underlying leverage ratio was 1.2x at the end of 2023.

Provisions



Provisions amounted to €1.6 billion at the end of 2023, and included €793 million of provisions relating to employee benefits (primarily pensions) and €506 million of environmental provisions.

Discontinued operations include Syensqo's activities in 2023 up to, and until the effectiveness of the Partial Demerger. These contributed €842 million to the underlying net profit and €481 million to the Free cash flow to Solvay shareholders.

Dividend

The Board of Directors has decided to propose a total gross dividend of €2.43 per share, subject to Shareholders' approval during the Ordinary General Meeting scheduled for May 28, 2024. If approved and taking into account the interim gross dividend of €1.62 per share paid on January 17, 2024, a final gross dividend of €0.81 per share will be paid on June 5, 2024.

In addition, the Board has confirmed the dividend policy of Solvay as follows:
"Solvay's policy is to propose a stable or growing dividend to its shareholders. Solvay yearly dividend is paid in two installments:

- the interim dividend (typically 40% of the previous year's total dividend) is announced with the Third Quarter Results and paid in January.
- the final dividend is announced in February/March, along with the Full Year Results, and is paid, if approved, after the Ordinary General Meeting."

For over 40 years, the dividend has been stable or has gradually increased, and has never been reduced.

Outlook

Across its product portfolio, Solvay expects current demand levels to continue over the next few months and, as such, expects H1 2024 volumes to be broadly in line with H2 2023. At this point, there is little visibility on the second half of the year, however there are signs that the trend in the second half could improve. Solvay expects Soda Ash prices over FY 2024 to be lower than FY 2023, consistent with the current market environment, which will affect the business margin in 2024. Pricing trends across Solvay's other businesses are forecasted to be more resilient year on year.

Lower energy and raw materials prices should offset some of the negative pressure on the topline. More importantly, Solvay has started to implement cost savings initiatives that will start to deliver results in 2024.

For full year 2024, Solvay expects an organic growth of the underlying EBITDA by -10% to -20% versus a high comparison base in 2023, especially in H1. This translates into a range of €925 million to €1,040 million at a 1.10 EUR/USD exchange rate.

The organic growth of the underlying EBITDA is calculated from a 2023 restated figure of €1,154 million (vs a reported figure of €1,246 million), including the following elements:

- Phase-out of the thermal insulation HFCs business : €-54 million
- Phase-out of the third party energy supply activities : €-41 million
- Dis-synergies, net of TSA mark-up: €-12 million
- Change in consolidation method of Solvay (Zhenjiang) Chemicals, part of Peroxides, where Solvay retains 9% ownership resulting in the loss of control due to the Partial Demerger. Impact on the underlying EBITDA: €-8 million
- Change in scope of the APM : as from January 1, 2024, the Group's net sales and underlying EBITDA will include Solvay's share of net sales and underlying EBITDA of Peroxidos do Brasil. Impact on the underlying EBITDA : +€23 million.

Free cash flow to Solvay shareholders from continuing operations is expected to be greater than €260 million, in line with the cash usage prioritization presented during the Capital Market Day in November 2023. It is supported by Solvay's ability to manage its capex and working capital to ensure the financing of its businesses and the payment of dividends while keeping the strength of its balance sheet intact.

Solvay remains fully committed to implement its strategic roadmap and reconfirms its 2028 targets as communicated at the Capital Markets Day of November 2023.

Summary table with Underlying EBITDA and Net Sales impacts:

in € million	impact	Underlying EBITDA	Underlying net sales
2023 underlying figures, as published		1,246	4,880
phase-out thermal insulation business	scope	-54	-107
phase-out third party energy supply activities	scope	-41	N/A
Dis-synergies, net of the "Transition Services Agreement" mark-up	scope	-12	N/A
Zhenjiang	scope	-8	-25
Peroxidos do Brasil	APM	+23	+163
2023 underlying figures, new base		1,154	4,911

In addition, on January 1, 2024, as communicated in Solvay's Capital Market Day presentation on November 13, 2023, the "eH2O2" (electronic-grade hydrogen peroxide) business has been transferred from GBU Special Chem to GBU Peroxides.

The 2023 quarterly underlying sales and EBITDA restated figures will be published in April, ahead of the Q1 2024 publication.

Performance by segment

Following the completion of the Partial Demerger of the Specialty Businesses December 9, 2023, Solvay restructured its operating segments to better align with the Group's strategy and is organized in the following reportable segments

- *Basic Chemicals* host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash, bicarbonate, and peroxides. These global businesses share similar economic characteristics and serve major markets that include building and construction, consumer goods, and food.
- *Performance Chemicals* host a wider range of products (in our Silica, Coatis and Special Chem businesses) that are subject to customization based on unique formulations and application expertise. These businesses share similar economic characteristics and are also high-quality assets with strong positions in their markets.
- *Corporate*: comprises corporate and other business services, such as Group research & innovation.

Net sales Q4

(in € million)	Q4 2022	Scope	Forex conversion	Volume & mix	Price	Q4 2023
Solvay	1,359	40	-3	-169	-96	1,131
Basic Chemicals	770	31	-14	-89	-46	651
Performance Chemicals	588	9	11	-79	-49	480
Corporate	1	-	-	-1	-	-

Net sales FY

(in € million)	FY 2022	Scope	Forex conversion	Volume & mix	Price	FY 2023
Solvay	5,539	77	-37	-820	120	4,880
Basic Chemicals	2,994	42	-28	-422	140	2,726
Performance Chemicals	2,542	35	-9	-401	-21	2,148
Corporate	4	-	-1	2	1	6

Basic Chemicals

Basic Chemicals sales in the full year 2023 were down -9.0% (-9.4% organically) compared to 2022, mainly due to lower volumes (-14.1%) while pricing was up (+4.7%). Full year EBITDA for the segment was up +6.7% (+7.6% organically) thanks to strong Net Pricing more than offsetting the negative impact from lower volumes. The EBITDA margin increased by +4.9pp to 33.6%

In the fourth quarter, sales were lower by -15.5% (-17.2% organically) compared to Q4 2022, mainly due to lower volumes (-11.6%) and pricing (-6.0%) from continued normalization of energy prices.

Soda Ash & Derivatives sales were lower by -12.9% (-15.8% organically) for the quarter, with continued low demand for soda ash in both flat glass and container glass applications, while bicarbonate volumes were also down, although showing sequential improvement compared to the previous quarter, especially in traditional end markets like feed.

Peroxides sales decreased by -23.0% (-21.6% organically) compared to Q4 2022, driven by low demand in merchant markets, particularly in pulp and paper in North America. Prices decreased following the normalization of energy prices compared to high levels of last year.

The fourth quarter EBITDA was down -16.7% (-16.3% organically), mostly from the drop in volumes, with the EBITDA margin at 29.8%, essentially flat (-0.4pp) versus Q4 2022.

Performance Chemicals

Performance Chemicals sales for the full year 2023 were down -15.5% (-16.4% organically) compared to 2022, entirely from lower volumes (-15.8%) while prices were essentially flat (-0.8%). The EBITDA for the full year was down -2.1% (-3.3% organically), with the drop of volumes not totally offset by higher Net Pricing and positive impact from fixed costs discipline, while the EBITDA margin was up by +2.6pp at 18.9%.

In Q4 2023, sales in the segment were down -18.3% (-21.1% organically) compared to Q4 2022, from lower volumes (-13.4%) combined with lower prices (-8.4%).

Silica sales for the quarter were lower by -8.9% (-8.5% organically), with slightly higher volumes in the tire market, while pricing was lower from raw material and energy indexations.

Coatis sales in Q4 were down by -21.7% (-25.4% organically) from lower volumes and pricing in a continued competitive environment, especially in the phenol and derivatives market.

Special Chem sales were lower by -21.3% (-24.7% organically), from lower volumes due to the phase down of the thermal insulation activities, and from continued lower end demand in the electronics market, while the automotive end market applications demand remained more resilient.

The fourth quarter EBITDA was down -2.9% (-7.1% organically), with the drop in volumes being partially offset by positive Net Pricing. The EBITDA margin increased +2.5pp at 15.4%.

Corporate

Corporate activities include the RusVinyl joint venture activities for 2022, which were divested in Q1 2023.

For the full year 2023, EBITDA was €-75 million, €-161 million lower (€-48 million organically, i.e. excluding the RusVinyl impact) compared to 2022, the difference being explained by various impacts relating to energy activities.

For Q4 2023, EBITDA was €-30 million, €-56 million lower (€-43 million organically) versus Q4 2022 mainly due to the results of the energy third party supply activities.

Net sales by region and end-market

(in € million)	FY 2023	FY 2022	% yoy
Europe	1,752	1,830	-4.3%
North America	888	997	-11.0%
Latin America	914	1,171	-21.9%
Asia and Rest of the world	1,325	1,541	-14.0%
Solvay	4,880	5,539	-11.9%

2023 sales by end-markets

(in %)	Basic chemicals	Performance chemicals	Solvay
Automotive	0%	41%	18%
Electronics	0%	9%	4%
Resources and environment	15%	4%	10%
Agro, feed and food	24%	7%	17%
Consumer goods, healthcare and HPC	21%	12%	17%
Building and others	14%	11%	13%
Industrial applications and chemical industry	26%	15%	22%
Solvay	100%	100%	100%

2022 sales by end-markets

(in %)	Basic chemicals	Performance chemicals	Solvay
Automotive	0%	39%	18%
Electronics	1%	10%	5%
Resources and environment	16%	4%	10%
Agro, feed and food	21%	11%	16%
Consumer goods, healthcare and HPC	22%	13%	18%
Building and others	14%	9%	12%
Industrial applications and chemical industry	28%	14%	21%
Solvay	100%	100%	100%

Key figures by segments

Segment review	Underlying							
(in € million)	Q4 2023	Q4 2022	% yoy	% organic	FY 2023	FY 2022	% yoy	% organic
Net sales	1,131	1,359	-16.8%	*-18.9%*	4,880	5,539	-11.9%	*-12.6%*
Basic Chemicals	651	770	-15.5%	*-17.2%*	2,726	2,994	-9.0%	*-9.4%*
Soda Ash & Derivatives	499	572	-12.9%	*-15.8%*	2,093	2,221	-5.8%	*-6.8%*
Peroxides	152	198	-23.0%	*-21.6%*	633	773	-18.1%	*-16.9%*
Performance Chemicals	480	588	-18.3%	*-21.1%*	2,148	2,542	-15.5%	*-16.4%*
Silica	134	147	-8.9%	*-8.5%*	583	631	-7.7%	*-6.8%*
Coatis	146	186	-21.7%	*-25.4%*	646	870	-25.8%	*-29.0%*
Special Chem	201	255	-21.3%	*-24.7%*	919	1,040	-11.7%	*-11.1%*
Corporate	-	1	n.m.	*n.m*	6	4	n.m.	*n.m*
EBITDA	238	335	-28.8%	*-24.5%*	1,246	1,359	-8.3%	*+0.2%*
Basic Chemicals	194	233	-16.7%	*-16.3%*	916	859	+6.7%	*+7.6%*
Performance Chemicals	74	76	-2.9%	*-7.1%*	405	414	-2.1%	*-3.3%*
Corporate	-30	26	n.m.	*n.m*	-75	86	n.m.	*n.m*
EBITDA margin	*21.1%*	*24.6%*	-3.6pp	-	*25.5%*	*24.5%*	+1.0pp	-
Basic Chemicals	*29.8%*	*30.2%*	-0.4pp	-	*33.6%*	*28.7%*	+4.9pp	-
Performance Chemicals	*15.4%*	*12.9%*	+2.5pp	-	*18.9%*	*16.3%*	+2.6pp	-
Capex in continuing operations	182	181	+0.6%	-	450	380	+18.4%	-
Basic Chemicals					294	235	+25.4%	
Performance Chemicals					121	102	+18.4%	
Corporate					35	43	-19.7%	
Cash conversion (continuing operations)	*23.5%*	*45.9%*	-22.4pp	-	*63.9%*	*72.0%*	-8.1pp	-
Basic Chemicals					*67.9%*	*72.7%*	-4.8pp	
Performance Chemicals					*70.2%*	*75.4%*	-5.1pp	

Key IFRS figures

Q4 key figures	IFRS			Underlying		
(in € million)	Q4 2023	Q4 2022	% yoy	Q4 2023	Q4 2022	% yoy
Net sales	1,131	1,359	-16.8%	1,131	1,359	-16.8%
EBITDA	119	215	-44.7%	238	335	-28.8%
EBITDA margin				*21.1%*	*24.6%*	-3.6pp
EBIT	-56	160	n.m.	152	248	-38.8%
Net financial charges	-72	13	n.m.	-58	-20	n.m.
Income tax expenses	-130	-40	n.m.	-60	-38	-56.5%
Profit from continuing operations	-258	133	n.m.	34	190	-82.3%
Profit from discontinued operations	1,688	283	n.m.	160	209	-23.8%
(Profit) / loss attributable to non-controlling interests	-2	-3	-52.3%	-2	-4	-34.7%
Profit / (loss) attributable to Solvay shareholders	1,429	412	n.m.	191	396	-51.8%
Basic earnings per share (in €)	13.65	3.97	n.m.	1.82	3.81	-52.2%
of which from continuing operations	-2.48	1.26	n.m.	0.30	1.81	-83.6%
Capex in continuing operations				182	181	+0.6%
FCF to Solvay shareholders from continuing operations				8	-19	n.m.
FCF to Solvay shareholders				14	171	n.m.
Net financial debt				1,489	3,591	-58.5%
Underlying leverage ratio				*1.2*	*1.1*	+7.5%

FY key figures	IFRS			Underlying		
(in € million)	FY 2023	FY 2022	% yoy	FY 2023	FY 2022	% yoy
Net sales	4,880	5,539	-11.9%	4,880	5,539	-11.9%
EBITDA	701	1,422	-50.7%	1,246	1,359	-8.3%
EBITDA margin				*25.5%*	*24.5%*	*+1.0pp*
EBIT	278	1,121	-75.2%	926	1,038	-10.8%
Net financial charges	-98	11	n.m.	-140	-121	-16.0%
Income tax expenses	-208	-228	+8.6%	-198	-177	-11.7%
Tax rate				*26.7%*	*22.4%*	*+4.3pp*
Profit from continuing operations	-28	904	n.m.	588	740	-20.6%
Profit from discontinued operations	2,132	1,030	n.m.	842	1,032	-18.4%
(Profit) / loss attributable to non-controlling interests	-12	-29	-58.7%	-13	-29	-56.4%
Profit / (loss) attributable to Solvay shareholders	2,093	1,905	+9.8%	1,417	1,743	-18.7%
Basic earnings per share (in €)	20.09	18.37	+9.4%	13.61	16.80	-19.0%
of which from continuing operations	-0.36	8.58	n.m.	5.55	6.99	-20.6%
Dividend	2.43	4.05	-40.0%	2.43	4.05	-40.0%
Capex in continuing operations				450	380	+18.4%
FCF to Solvay shareholders from continuing operations				561	479	+17.3%
FCF to Solvay shareholders				1,042	1,094	-4.8%
FCF conversion ratio (LTM, continuing operations)				45.4%	36.5%	+8.9pp
Net financial debt				1,489	3,591	-58.5%
Underlying leverage ratio				*1.2*	*1.1*	*+7.5%*
ROCE (continuing operations)				*20.4%*	*22.9%*	*-2.5pp*

Supplementary information

Reconciliation of alternative performance metrics

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

Underlying tax rate		Underlying	
(in € million)		FY 2023	FY 2022
Profit / (loss) for the period before taxes	a	786	917
Earnings from associates & joint ventures	b	46	143
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-	-15
Income taxes	d	-198	-177
Underlying tax rate	e = -d/(a-b-c)	**26.7%**	**22.4%**

Free cash flow (FCF) *(in € million)*		Q4 2023	Q4 2022	FY 2023	FY 2022
Cash flow from operating activities	a	183	645	1,911	2,006
of which voluntary pension contributions	b	-105	-	-116	-155
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	c	-165	-32	-270	-67
Cash flow from investing activities	d	-1,503	-406	-1,792	-831
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	e	-4	-	-57	-
Acquisition (-) of subsidiaries	f	-	-	-2	-
Acquisition (-) of investments - Other	g	3	-8	-12	-14
Loans to associates and non-consolidated companies	h	-17	-18	-4	-23
Sale (+) of subsidiaries and investments	i	-1,156	43	-718	94
Recognition of factored receivables	j	-	-26	-	-26
Payment of lease liabilities	k	-25	-30	-112	-113
FCF	l = a-b-c+d-e-f-g-h-i-j+k	**101**	**249**	**1,187**	**1,255**
FCF from discontinued operations	m	22	214	528	684
FCF from continuing operations	n = l-m	**80**	**35**	**659**	**571**
Net interests received/(paid) from continuing operations	o	-39	-26	1	-1
Coupons paid on perpetual hybrid bonds	p	-32	-27	-95	-82
Dividends paid to non-controlling interests (continuing operations)	q	-	-	-4	-9
FCF to Solvay shareholders	r = l+o+p+q	**14**	**171**	**1,042**	**1,094**
FCF to Solvay shareholders from continuing operations	s = r-r	**8**	**-19**		
FCF to Solvay shareholders from continuing operations (LTM)	t	**561**	**479**	**561**	**479**
Dividends paid to non-controlling interests (continuing operations) from continuing operations (LTM)	u	-4	-17	-4	-17
Underlying EBITDA (LTM)	v	1,246	1,359	1,246	1,359
FCF conversion ratio (LTM, continuing operations)	w = (t-u)/v	45.4%	36.5%	45.4%	36.5%

Net working capital		2023	2022
(in € million)		December 31	December 31
Inventories	a	642	2,109
Trade receivables	b	840	2,026
Other current receivables	c	462	1,629
Trade payables	d	-850	-2,296
Other current liabilities	e	-585	-1,499
Net working capital	f = a+b+c+d+e	**509**	**1,969**
Quarterly total sales	g	1,341	3,907
Annualized quarterly total sales	h = 4*g	5,365	15,626
Net working capital / quarterly total sales	i = f / h	**9.5%**	**12.6%**

Capital expenditure (capex) *(in € million)*		Q4 2023	Q4 2022	FY 2023	FY 2022
Acquisition (-) of tangible assets	a	-307	-400	-967	-815
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	b	4	-	57	-
Acquisition (-) of intangible assets	c	-25	-27	-97	-94
Payment of lease liabilities	d	-25	-30	-112	-113
Capex	e = a+b+c+d	-353	-458	-1,119	-1,022
Capex in discontinued operations		-171	-277	-669	-642
Capex in continuing operations	f	-182	-181	-450	-380
Basic Chemicals				-294	-235
Performance Chemicals				-121	-102
Corporate				-35	-43
Underlying EBITDA	g	238	335	1,246	1,359
Basic Chemicals		194	233	916	859
Performance Chemicals		74	76	405	414
Corporate		-30	26	-75	86
Cash conversion (continuing operations)	h = (g+f)/g	23.5%	45.9%	63.9%	72.0%
Basic Chemicals				67.9%	72.7%
Performance Chemicals				70.2%	75.4%

Net financial debt (in € million)		2023 December 31	2022 December 31
Non-current financial debt	a	-1,981	-2,450
Current financial debt	b	-211	-510
IFRS gross debt	c = a+b	-2,192	-2,959
Underlying gross debt	d = c+h	-2,192	-4,759
Other financial instruments (current + non-current)	e	118	236
Cash & cash equivalents	f	584	932
Total cash and cash equivalents	g = e+f	703	1,168
IFRS net debt	i = c+g	-1,489	-1,791
Perpetual hybrid bonds	h		-1,800
Underlying net debt	j = i+h	-1,489	-3,591
Underlying EBITDA (LTM)	k	1,246	3,229
Underlying leverage ratio	l = -j/k	1.2	1.1

ROCE *(in € million)*		FY 2023 As calcu-lated	FY 2022 As calcu-lated
EBIT (LTM)	a	926	1,038
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-7	-8
Numerator	c = a+b	918	1,030
WC industrial	d	533	381
WC Other	e	99	172
Property, plant and equipment	f	2,152	2,092
Intangible assets	g	216	232
Right-of-use assets	h	273	272
Investments in associates & joint ventures	i	417	517
Other investments	j	32	35
Goodwill	k	783	802
Denominator	l = d+e+f+g+h+i+j+k	4,506	4,503
ROCE	*m = c/l*	*20.4%*	*22.9%*

ROCE is calculated with Capital employed as the average of the situation at the beginning and at the end of the year (using Pro Forma information for 2022 and 2021) instead of the average of the situation at the end of the last 4 quarters.

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 2023			Q4 2022		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	1,341	-	1,341	1,922	-	1,922
of which revenues from non-core activities	211	-	211	562	-	562
of which net sales	1,131	-	1,131	1,359	-	1,359
Cost of goods sold	-1,078	-	-1,078	-1,551	-	-1,551
Gross margin	263	-	263	371	-	371
Commercial costs	-24	-	-24	-23	-	-23
Administrative costs	-110	15	-95	-118	16	-102
Research & development costs	-16	-1	-18	-11	-1	-12
Other operating gains & losses	35	-27	8	-36	27	-9
Earnings from associates & joint ventures	17	-	17	24	-	24
Result from portfolio management & major restructuring	-207	207	-	-14	14	-
Result from legacy remediation & major litigations	-15	15	-	-33	33	-
EBITDA	119	119	238	215	119	335
Depreciation, amortization & impairments	-175	89	-86	-56	-31	-87
EBIT	-56	208	152	160	89	248
Net cost of borrowings	-46	6	-40	1	3	4
Coupons on perpetual hybrid bonds	-	-11	-11	-	-21	-21
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-	-	-	-1	-1
Cost of discounting provisions	-28	21	-7	12	-14	-2
Result from equity instruments measured at fair value	3	-3	-	-	-	-
Profit / (loss) for the period before taxes	-128	222	93	172	56	228
Income taxes	-130	70	-60	-40	2	-38
Profit / (loss) for the period from continuing operations	-258	291	34	133	57	190
Profit / (loss) for the period from discontinued operations	1,688	-1,529	160	283	-74	209
Profit / (loss) for the period	1,431	-1,237	193	416	-16	399
attributable to Solvay share	1,429	-1,238	191	412	-16	396
attributable to non-controlling interests	2	1	2	3	-	4
Basic earnings per share (in €)	13.65	-11.83	1.82	3.97	-0.16	3.81
of which from continuing operations	-2.48	2.78	0.30	1.26	0.55	1.81
Diluted earnings per share (in €)	13.58	-11.76	1.81	3.93	-0.16	3.77
of which from continuing operations	-2.47	2.76	0.30	1.25	0.54	1.79

EBITDA on an IFRS basis totaled €119 million, versus €238 million on an underlying basis. The difference of €119 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €118 million to adjust for the "Result from portfolio management and major restructuring" (excluding depreciation, amortization and impairment elements), mainly including costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €15 million to adjust for the "Result from legacy remediation and major litigations", mainly due to adjustment for Legacy remediation and litigations related to accruals to environmental provisions and legal fees for major litigations.
- €15 million to adjust for the pure corporate cost related to the project aimed at the separation of the Group into two independent listed companies
- €-29 million to exclude net losses/gains related to CO2 hedges not accounted for as Cash Flow Hedge, deferred in adjustments until the maturity of the economic hedge.

EBIT on an IFRS basis totaled €-56 million, versus €152 million on an underlying basis. The difference of €209 million is explained by the above-mentioned €119 million adjustments at the EBITDA level and €89 million of "Depreciation, amortization & impairments". The latter consist of €88 million to adjust for the impact of impairment of other non-performing assets in "Results from portfolio management and major restructuring"

Net financial charges on an IFRS basis were €-71 million versus €-58 million on an underlying basis. The €13 million adjustment made to IFRS net financial charges mainly consists of:

- €-11 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results,
- €21 million related to the impact of decreasing discount rates on environmental provisions
- €6 million related to costs for the refinancing in the context of the Partial Demerger.

Income taxes on an IFRS basis were €-130 million, versus €-60 million on an underlying basis. The €70 million adjustment mainly relates to the adjustments of the earnings before taxes described above and valuation allowances on deferred tax assets related to prior periods.

Discontinued operations generated €1,688 million profit on an IFRS basis and a profit of €160 million on an underlying basis.

Profit / (loss) attributable to Solvay shareholders was €1,429 million on an IFRS basis and €191 million on an underlying basis. The delta of €1,238 million reflects the above-mentioned adjustments to EBIT, net financial charges, discontinued operations and income taxes.

FY consolidated income statement	FY 2023			FY 2022		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	6,024	-	6,024	7,979	-	7,979
of which revenues from non-core activities	1,145	-	1,145	2,439	-	2,439
of which net sales	4,880	-	4,880	5,539	-	5,539
Cost of goods sold	-4,642	-	-4,642	-6,554	-	-6,554
Gross margin	1,382	-	1,382	1,425	-	1,425
Commercial costs	-100	-	-100	-94	-	-94
Administrative costs	-426	68	-357	-471	71	-401
Research & development costs	-47	-	-47	-46	-	-46
Other operating gains & losses	15	-14	1	323	-313	10
Earnings from associates & joint ventures	53	-7	46	153	-10	143
Result from portfolio management & major restructuring	-550	550	-	-68	68	-
Result from legacy remediation & major litigations	-50	50	-	-101	101	-
EBITDA	701	545	1,246	1,422	-64	1,359
Depreciation, amortization & impairments	-423	102	-321	-301	-20	-321
EBIT	278	647	926	1,121	-83	1,038
Net cost of borrowings	-41	16	-25	-12	11	-
Coupons on perpetual hybrid bonds	-	-70	-70	-	-82	-82
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-	-	-	-15	-15
Cost of discounting provisions	-62	17	-45	22	-45	-23
Result from equity instruments measured at fair value	4	-4	-	-	-	-
Profit / (loss) for the period before taxes	180	606	786	1,132	-215	917
Income taxes	-208	10	-198	-228	51	-177
Profit / (loss) for the period from continuing operations	-28	616	588	904	-164	740
Profit / (loss) for the period from discontinued operations	2,132	-1,291	842	1,030	2	1,032
Profit / (loss) for the period	2,105	-675	1,430	1,934	-162	1,772
attributable to Solvay share	2,093	-676	1,417	1,905	-162	1,743
attributable to non-controlling interests	12	1	13	29	-	29
Basic earnings per share (in €)	20.09	-6.49	13.61	18.37	-1.56	16.80
of which from continuing operations	-0.36	5.91	5.55	8.58	-1.59	6.99
Diluted earnings per share (in €)	19.85	-6.41	13.44	18.30	-1.56	16.74
of which from continuing operations	-0.35	5.84	5.48	8.55	-1.58	6.97

EBITDA on an IFRS basis totaled €701 million, versus €1,246 million on an underlying basis. The difference of €545 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €455 million to adjust for the “Result from portfolio management and major restructuring” (excluding depreciation, amortization and impairment elements), including the loss on RusVinyl disposal and the restructuring and other costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €50 million to adjust for the “Result from legacy remediation and major litigations”, mainly due to environmental provisions accrued.
- €68 million to adjust for the pure corporate cost related to the project aimed at the separation of the Group into two independent listed companies
- €-21 million to exclude net losses/gains related to the management of the CO2 hedges not accounted for as Cash Flow Hedge, deferred in adjustments until the maturity of the economic hedge
- €-7 million to exclude contribution to equity earnings of RusVinyl, disposed in Q1 2023.

EBIT on an IFRS basis totaled €278 million, versus €926 million on an underlying basis. The difference of €647 million is explained by the above-mentioned €545 million adjustments at the EBITDA level and €102 million of “Depreciation, amortization & impairments”. The latter consist of:

- €7 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "Other operating gains & losses" for €7 million.
- €95 million to adjust for the impact of impairment of other non-performing assets in “Results from portfolio management and major restructuring”

Net financial charges on an IFRS basis were €-99 million versus €-140 million on an underlying basis. The €-41 million adjustment made to IFRS net financial charges mainly consists of:

- €-70 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results
- €17 million related to the impact of decreasing discount rates on environmental provisions
- €16 million related to costs for the refinancing in the context of the Partial Demerger.

Income taxes on an IFRS basis were €-208 million, versus €-198 million on an underlying basis. The €10 million adjustment mainly relates to the adjustments of the earnings before taxes described above and valuation allowances on deferred tax assets.

Discontinued operations generated €2,132 million profit on an IFRS basis and a profit of €842 million on an underlying basis.

Profit / (loss) attributable to Solvay shareholders was €2,093 million on an IFRS basis and €1,417 million on an underlying basis. The delta of €-676 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

Condensed consolidated financial statements [1]

Consolidated income statement

(in € million)	IFRS Q4 2023	Q4 2022	FY 2023	FY 2022
Sales	**1,341**	**1,922**	**6,024**	**7,979**
of which revenues from non-core activities [2]	211	562	1,145	2,439
of which net sales	1,131	1,359	4,880	5,539
Cost of goods sold	-1,078	-1,551	-4,642	-6,554
Gross margin	**263**	**371**	**1,382**	**1,425**
Commercial costs	-24	-23	-100	-94
Administrative costs	-110	-118	-426	-471
Research & development costs	-16	-11	-47	-46
Other operating gains & losses [3]	35	-36	15	323
Earnings from associates & joint ventures	17	24	53	153
Result from portfolio management & major restructuring [4]	-207	-14	-550	-68
Result from legacy remediation & major litigations [5]	-15	-33	-50	-101
EBIT	**-56**	**160**	**278**	**1,121**
Cost of borrowings	-34	-14	-71	-54
Interest on loans & short term deposits	6	7	36	16
Other gains & losses on net indebtedness	-18	8	-6	27
Cost of discounting provisions	-28	12	-62	22
Result from equity instruments measured at fair value	3	-	4	-
Profit / (loss) for the period before taxes	**-128**	**172**	**180**	**1,132**
Income taxes	-130	-40	-208	-228
Profit / (loss) for the period from continuing operations	**-258**	**133**	**-28**	**904**
attributable to Solvay share	-260	131	-37	890
attributable to non-controlling interests	2	1	9	14
Profit / (loss) for the period from discontinued operations	1,688	283	2,132	1,030
Profit / (loss) for the period	**1,431**	**416**	**2,105**	**1,934**
attributable to Solvay share	1,429	412	2,093	1,905
attributable to non-controlling interests	2	3	12	29
Weighted average of number of outstanding shares, basic	104,704,218	103,758,289	104,161,769	103,744,461
Weighted average of number of outstanding shares, diluted	105,266,543	104,932,706	105,436,975	104,143,206
Basic earnings per share (in €)	13.65	3.97	20.09	18.37
of which from continuing operations	-2.48	1.26	-0.36	8.58
Diluted earnings per share (in €)	13.58	3.93	19.85	18.30
of which from continuing operations	-2.47	1.25	-0.35	8.55

Consolidated statement of comprehensive income

(in € million)	IFRS Q4 2023	Q4 2022	FY 2023	FY 2022
Profit / (loss) for the period	**1,431**	**416**	**2,105**	**1,934**
Gains and losses on hedging instruments in a cash flow hedge [6]	*-124*	*-67*	*-228*	*80*
Currency translation differences from subsidiaries & joint operations [7]	*-158*	*-575*	*-138*	*284*
Share of other comprehensive income of associates and joint ventures [8]	*29*	*-178*	*202*	*21*
Recyclable components	-252	-820	-164	384
Gains and losses on equity instruments measured at fair value through other comprehensive income	*-*	*1*	*-*	*-25*
Remeasurement of the net defined benefit liability [9]	*-4*	*-142*	*-30*	*155*
Non-recyclable components	-5	-141	-30	130
Income tax relating to recyclable and non-recyclable components	-13	55	2	-67
Other comprehensive income/(loss), net of related tax effects	**-270**	**-906**	**-192**	**448**
Total comprehensive income/(loss)	**1,160**	**-491**	**1,913**	**2,382**
attributable to Solvay share	1,159	-492	1,902	2,351
attributable to non-controlling interests	2	1	10	31

[1] Only FY 2022 figures are audited. Comparative figures relating to the income statement have been restated in accordance with IFRS 5See "Note 8. Statement from Auditor" for FY 2023.
[2] The decrease in revenues from non-core activities is mainly related to lower gas and electricity prices in 2023 compared to 2022.
[3] Included in Other operating gains and losses in FY 2022 is €322 million of gains related to the management of CO2 hedges, not accounted for as Cash Flow Hedge, deferred until maturity of the economic hedge.
[4] The FY 2023 Result from portfolio management & major restructuring includes a capital loss of €176 million mainly related to the recycling of historical currency translation balances on the sale of the Group's 50% stake in the RusVinyl joint venture. The FY 2023 amount also includes €228 million restructuring, external and internal costs incurred that were recognized in the context of the Group's separation plan.
[5] The amounts for Q4 and FY 2023 mainly relate to the periodic updates of the Group's environmental liabilities.
[6] The gains and losses on hedging instruments in a cash flow hedge were mainly resulting from the increase in the gas price in FY 2022.
[7] The Currency translation differences from subsidiaries and joint operation in Q4 and FY 2023 mainly result from the recycling of the accumulated currency translation adjustments related to the Partial Demerger of the Group's Specialty Businesses to Syensqo SA/NV, completed in December 2023. The Q4 2023 currency translation differences are mainly due to the USD fluctuation against the EUR. The FY2023 currency translation differences are mainly due to the BRL, GBP, INR and USD fluctuations against the EUR. In Q4 and FY 2022, the gains from currency translation differences were mainly related to the revaluation of the USD, the CNY and the RUB against the EUR in the period.
[8] The Share of other comprehensive income of associates and joint ventures in FY 2023 mainly results from the recycling of the accumulated currency translation adjustments related to the sale of the RusVinyl Equity investment. The Share of other comprehensive income of associates and joint ventures in Q4 and FY 2022 mainly results from currency translation adjustments related to the RusVinyl Equity investment, following the strengthening of the RUB against the EUR.
[9] The remeasurement of the net defined benefit liability in Q4 and FY2023 was mainly due to the decrease of discount rates in 2023 applicable to post-employment provisions in the UK, US, Eurozone, offset by the return on plan assets. The variation in Q4 and FY2022 was mainly due to the decrease of discount rates applicable to post-employment provisions in the UK, US, Eurozone and the unfavorable return on plan assets.

Consolidated statement of cash flows	IFRS			
(in € million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Profit / (loss) for the period	1,431	416	2,105	1,934
Adjustments to profit / (loss) for the period	-986	237	714	1,417
Depreciation, amortization & impairments	297	224	994	923
Earnings from associates & joint ventures	-21	-29	-71	-171
Additions and reversal of employee benefits and other provisions [1]	88	94	644	336
Other non-operating and non-cash items [2]	-1,660	18	-1,481	43
Net financial charges	73	11	178	69
Income tax expenses	238	-81	450	217
Changes in working capital	106	211	-78	-576
Payments related to employee benefits and use of provisions	-82	-98	-304	-328
Use of provisions for additional voluntary contributions (pension plans)	-105	-	-116	-155
Dividends received from associates & joint ventures	8	5	25	19
Income taxes paid (excluding income taxes paid on sale of investments)	-188	-126	-434	-305
Cash flow from operating activities	**183**	**645**	**1,911**	**2,006**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	-165	-32	-270	-67
Acquisition (-) of subsidiaries	-	-	-2	-
Acquisition (-) of investments - Other	3	-8	-12	-14
Loans to associates and non-consolidated companies	-17	-18	-4	-23
Sale (+) of subsidiaries and investments [3]	-1,156	43	-718	94
Acquisition (-) of tangible and intangible assets (capex)	-333	-427	-1,064	-909
of which property, plant and equipment [4]	-307	-400	-967	-815
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	-4	-	-57	
of which intangible assets	-25	-27	-97	-94
Sale (+) of property, plant and equipment & intangible assets	1	4	7	21
Dividends from equity instruments measured at fair value through other comprehensive income	-	-	1	2
Cash flow from investing activities	**-1,503**	**-406**	**-1,792**	**-831**
Repayment of perpetual hybrid bond [5]	-801	-	-1,309	
Acquisition (-) / sale (+) of treasury shares	11	1	39	7
Increase in borrowings [5]	2,640	89	3,221	248
Repayment of borrowings [5]	-1,408	-306	-1,500	-796
Changes in other financial assets [6]	38	199	98	27
Payment of lease liabilities	-25	-30	-112	-113
Net interests received/(paid)	-55	-51	-38	-62
Coupons paid on perpetual hybrid bonds	-32	-27	-95	-82
Dividends paid	9	-	-424	-417
of which to Solvay shareholders	10	-	-411	-399
of which to non-controlling interests	-	-	-12	-17
Acquisitions of non-controlling interests [7]	-	-8	-	-117
Other [8]	-101	-94	-337	112
Cash flow from financing activities	**277**	**-228**	**-455**	**-1,191**
Net change in cash and cash equivalents	-1,042	10	-335	-15
Currency translation differences	-11	-22	-13	7
Opening cash balance	1,638	944	932	941
Closing cash balance	**584**	**932**	**584**	**932**

Statement of cash flow from discontinued operations	IFRS	IFRS	IFRS	IFRS
(in € million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Cash flow from operating activities	106	450	1,108	1,234
Cash flow from investing activities	-172	-235	-675	-518
Cash flow from financing activities	19	-318	-64	-286
Net change in cash and cash equivalents	**-47**	**-103**	**368**	**430**

[1] Additions & reversals of provisions for FY 2023 includes €76 million related to the restructuring provision in the context of the separation plan as well as €229 million related to the settlement reached with NJDEP resolving certain PFAS related claims in New Jersey. This provision was transferred to Syensqo in the Partial Demerger.
[2] Other non-operating and non-cash items in FY 2023 mainly relates to the €176 million capital loss on the sale of the Group's 50% stake in the Rusvinyl JV, and the result of the partial demerger of the Group's Specialty Businesses to Syensqo SA/NV, completed in December 2023 for €-1,651 million., net of the corresponding CTA for €292 million & OCI reserves recycling for 28 million.
[3] Sale of subsidiaries and investments in FY 2023 mainly relates to the cash proceeds received of €432 million on the sale of the Group's 50% stake in the Rusvinyl JV, and cash distributed with the Partial Demerger of the Group's Specialty Businesses to Syensqo SA/NV, completed in December 2023 for €-1,143 million.
[4] The increase in acquisition of property, plant and equipment in 2023 is mainly related to the new corporate headquarters of Syensqo, and capex in relation to the expansion of production capacity for PVDF at the Group's Tavaux site and the expansion of the production capacity for soda ash at the Group's Green River site.
[5] In the context of the Partial Demerger, there were some movements in the debt of Solvay to achieve the target capital structure announced in June 2023 (see also the Liability Management section on page 22). Repayments included hybrid bonds, the €600 million 0.500% Fixed Rate Bond 2029, the redemption of the 4.450% Senior Notes of USD800 million and the repayment of the credit facility for USD200 million. This was mainly financed by drawdowns under credit facilities (€600 million, USD816 million and USD200 million).
[6] Changes in other financial assets in FY 2022 mainly relates to initial deposit margin calls.
[7] The €117 million in FY 2022 relates to the acquisition of the 20% minority stake of AGC in the Soda Ash JV operated in Green River, WY, USA.
[8] In FY 2023, the Other cash flow from financing activities mainly relate to excess margin calls ("out of the money" instruments) of €317 million (FY 2022: €128 million, "in the money" instruments).

Consolidated statement of financial position

(in € million)	2023 December 31	2022 December 31
Intangible assets	201	2,048
Goodwill	764	3,472
Property, plant and equipment	2,144	5,311
Right-of-use assets	267	474
Equity instruments measured at fair value	88	71
Investments in associates & joint ventures [1]	230	809
Other investments	33	36
Deferred tax assets	317	932
Loans & other assets [2]	266	466
Other financial instruments	-	30
Non-current assets	**4,309**	**13,651**
Inventories	642	2,109
Trade receivables	840	2,026
Income tax receivables	66	108
Other financial instruments	118	206
Other receivables [2]	462	1,629
Cash & cash equivalents	584	932
Current assets	2,714	7,010
Total assets	**7,022**	**20,660**
Share capital	**237**	**1,588**
Share premiums	174	1,170
Other reserves	853	7,845
Non-controlling interests	42	61
Total equity	1,305	10,664
Provisions for employee benefits	**793**	**1,057**
Other provisions [3]	550	743
Deferred tax liabilities	131	558
Financial debt [4]	1,981	2,450
Other liabilities [2]	70	303
Non-current liabilities	3,525	5,111
Other provisions	**302**	**297**
Financial debt [4]	211	510
Trade payables	850	2,296
Income tax payables	68	119
Dividends payables	175	165
Other liabilities [2]	585	1,499
Current liabilities	2,192	4,885
Total equity & liabilities	**7,022**	**20,660**

Variations explained below exclude the impact from the Partial Demerger of the Group's Specialty Businesses to Syensqo SA/NV, completed in December 2023. For further details, see note 3 on page 29

[1] The decrease in Investments in associates & joint ventures is driven by the sale of the Group's 50% equity stake in the RusVinyl joint venture (€432 million).
[2] The overall decrease is largely driven by the fair value adjustments of energy-related financial assets and liabilities due to price decreases in gas and electricity in 2023. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities.
[3] The decrease in Other provisions mainly relates to the distribution of Syensqo of €303 million partially offset by a new restructuring provision of €34 million.
[4] The variation is explained in the note 5 on page 31 (Financial Instruments).

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value): Equity instruments measured at fair value	Revaluation reserve (fair value): Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2021	**1,588**	**1,170**	**-232**	**1,786**	**5,467**	**-645**	**23**	**3**	**-421**	**5,982**	**112**	**8,851**
Profit / (loss) for the period	-				1,905					1,905	29	1,934
Items of other comprehensive income	-	-	-	-	-	304	-19	73	88	446	2	448
Comprehensive income	**-**				**1,905**	**304**	**-19**	**73**	**88**	**2,351**	**31**	**2,382**
Cost of share-based payment plans	-				14					14		14
Dividends	-				-403					-403	-18	-422
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**
Profit / (loss) for the period	-				2,093					2,093	12	2,105
Items of other comprehensive income	-	-	-	-	-	65	-	-179	-76	-191	-1	-192
Comprehensive income	**-**				**2,093**	**65**	**-**	**-179**	**-76**	**1,902**	**10**	**1,913**
Redemption of perpetual hybrid bond [1]	-			-1,292	-16					-1,308		-1,308
Cost of share-based payment plans	-				24					24		24
Effect of share-based payment plans modification	-				-20					-20		-20
Dividends	-				-420					-420	-12	-432
Coupons of perpetual hybrid bonds	-				-95					-95		-95
Sale (acquisition) of treasury shares	-		50		-11					39		39
Partial Demerger of Syensqo	-1,352	-995	79	-494	-6,729		-4		-51	-7,199	-17	-9,563
Other [2]	-	-	81	-	2	-	-	-	-	84	-	84
Balance on December 31, 2023	237	174	-15	-	1,683	-253	-	-103	-459	853	42	1,305

[1] Refer to the Liability Management section on page 25.
[2] Other relates to the reclassification into equity investments at fair value through profit or loss, due to allocation of one Syensqo share for each Solvay share held.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay SA/NV is a public limited liability company governed by Belgian law and listed on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2024.

Partial Demerger of the Specialty Businesses

On March 15, 2022, the Group announced that it was reviewing plans to separate into two independent, publicly traded companies:

- "EssentialCo", which comprised the leading mono-technology businesses in the Group's Chemicals segment and the Special Chem business. Following the Partial Demerger (as defined below), the Group consists of EssentialCo.
- "SpecialtyCo" (now renamed to "Syensqo" or the "Syensqo Group"), which comprised the Group's Materials segment, and the majority of the Group's Solutions segment: Novecare, Technology Solutions, Aroma Performance, and Oil and Gas (together the "Specialty Businesses").

The separation was effected by means of a partial demerger ("scission partielle") of Solvay SA/NV, under Belgian law, whereby the shares and other interests the Company held in the legal entities operating the so-called "Specialty Businesses", its rights and obligations under the agreements entered into with those legal entities, as well as certain other assets and liabilities were contributed under a universal succession regime ("transmission à titre universel") to Syensqo SA/NV (the "Partial Demerger").

The Partial Demerger was approved by Solvay SA/NV's shareholders at the extraordinary general meeting held on December 8, 2023. The Partial Demerger became effective on December 9, 2023 at 00:00 a.m. CET. In connection with the Partial Demerger, Syensqo became a public company, independent from Solvay, with its ordinary shares trading on the regulated markets of Euronext in Brussels and Paris starting on December 11, 2023. As a consequence, the Group presents the Specialty Businesses as discontinued operations:

- in the consolidated income statement for the periods prior to, and until the effectiveness of, the Partial Demerger – that is the previous year's financial performance figures (the comparatives) have been restated. For 2023 financial year, the discontinued operations are included for the period until December 8, 2023.
- in the consolidated statement of financial position, the assets and liabilities related to the Specialty Businesses have been derecognized from the consolidated statements as a part of the deconsolidation of the Specialty Businesses from the Group; the amounts in the consolidated statement of financial position of the previous year are presented in line with the previous method of presentation and are not restated in accordance with IFRS 5.
- in the consolidated statement of cash flows, the cash-flows were not restated and present both continuing and discontinued operations in the primary statement. For 2023 financial year, the cash flows from discontinued operations are included for the period until December 8, 2023. However, below the statement, Solvay separately presented the consolidated cash-flows from discontinued operations.

The Separation Agreement

Solvay SA/NV and Syensqo SA/NV entered into a Separation Agreement on December 4, 2023, and effective from the completion of the Partial Demerger, to govern certain practical aspects of the separation of the two groups, as well as the allocation of certain liabilities, including environmental liabilities. The Separation Agreement will be effective until the thirtieth anniversary of December 9, 2023, except with respect to claims relating to environmental liabilities, which can be made until twelve months after the relevant statute of limitations expires. The Separation Agreement may not be terminated early without written consent of each party.

The Separation Agreement governs certain aspects of the separation of Syensqo from the Solvay Group, including, among other arrangements, those relating to:

(i) the settlement and termination of certain intercompany balances and arrangements
(ii) the substitution, removal or release of legal entities that are part of the Solvay Group or the Syensqo Group, as applicable, in respect of certain third-party credit or other support obligations, as well as the provision of counter guarantees
(iii) the allocation of certain fees, costs and expenses incurred in connection with the Partial Demerger -
(iv) the transfer to the other party of any assets (identified within 24 months of the completion of the Partial Demerger) allocated erroneously to the Syensqo Group or the Solvay Group;
(v) the transfer of all rights and obligations to Syensqo in relation to certain transferred employees' supplementary pension schemes in Belgium.

The Separation Agreement contains provisions to allocate to the Solvay Group or the Syensqo Group environmental liabilities for certain operating costs, closed or divested sites, including sites for which provisions have been established in the Solvay Group's consolidated financial statements, and cross-indemnity obligations applicable where a party incurs claims, liabilities or expenses for sites allocated to the other party in the Separation Agreement.

Under the cross-indemnity provisions, each of the Solvay Group, on the one hand, and the Syensqo Group, on the other hand, have agreed to indemnify the other party for certain environmental liabilities allocated to the other party. The Separation Agreement includes provisions regarding the management of environmental claims, remediation obligations and related actions. The Separation Agreement also provides that claims will be deemed to have been made, automatically, under the cross-indemnity provisions for specifically allocated environmental liabilities that are the subject of existing provisions as set forth in the Solvay Group consolidated financial statements as of and for the six-month period ended June 30, 2023. For all other environmental liabilities that are subject to the cross-indemnity provisions, claims may be submitted for up to 12 months following the expiry of the relevant statute of limitations. The Separation Agreement also contains customary provisions aimed at avoiding double recoveries.

The Transition Services Agreement

Solvay SA/NV and Syensqo SA/NV entered into a transition services agreement (the "TSA"), effective from the completion of the Partial Demerger for a non-renewable term of 24 months, whereby the Solvay Group and the Syensqo Group will, to the extent that certain business functions and corporate functions have not been separated prior to the completion of the Partial Demerger, each provide to the other (or the other's respective subsidiaries) various services and support on an interim transitional basis. In particular, given that the Syensqo Group will not have certain internal corporate functions fully in place upon completion of the Partial Demerger (such as finance, legal, tax, human resources, payroll, information technology and other support services), the Solvay Group will provide support with such matters under the terms of the TSA. Upon termination of the TSA, the Syensqo Group will bear wind-down charges covering certain restructuring costs incurred by the Solvay Group.

From the completion of the Partial Demerger and going forward, the fees payable by the Syensqo Group to the Solvay Group have been determined internally using a limited mark-up, in line with the Solvay Group's practice for internal servicing, and have not been the subject of independent bids. It is expected that, based on the assumed scope of services and related underlying cost structure, the annual aggregate fees for the services provided by the Solvay Group under the TSA will amount to between €150 million and €200 million.

U.S. Tax Matters Agreement

The rules for determining whether a distribution such as the Partial Demerger and the internal separation of the U.S. Specialty Businesses and the U.S. Essential Businesses (the "U.S. Spin-Off") qualify for tax-free treatment for U.S. federal income tax purposes are complex and depend on all the relevant facts and circumstances. Solvay intends for the Partial Demerger and the U.S. Spin-Off to each qualify as a tax-free reorganization under Sections 368(a)(1)(D) and 355 of the U.S. Internal Revenue Code of 1986, as amended (the "U.S. IRC"). Solvay has received a private letter ruling from the U.S. Internal Revenue Service (the "IRS") confirming such qualification (except with respect to certain requirements under Section 355 of the U.S. IRC on which the IRS does not rule). Solvay also received a tax opinion from US tax counsel addressing those matters upon which the IRS would not rule, and relying on the IRS' ruling as to matters covered by the ruling.

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

Under the U.S. TMA, Solvay and Syensqo are prohibited from taking actions that are reasonably expected to cause the Partial Demerger or U.S. Spin-Off (or certain associated transactions) to fail to qualify for their intended U.S. tax treatment, or that could jeopardize the conclusions of, or that are inconsistent with, the IRS ruling or the tax opinion discussed above. Additionally, the parties are generally prohibited (subject to certain exceptions in the U.S. TMA), for the two-year period following completion of the Partial Demerger, from engaging in certain acquisitions, mergers, liquidations, sales, and redemption transactions with respect to their respective stock and assets that could jeopardize the tax-free status of the Partial Demerger or the U.S. Spin-Off for U.S. federal income tax purposes. Neither Solvay's nor Syensqo's obligations under the U.S. TMA are limited in amount or subject to any cap.

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

Amendments to the long term incentive ("LTI") plans

As part of the Partial Demerger, amendments were made to the existing long term incentive plans. The long term incentive plans were adjusted based on either of the two following approaches:

- Shareholder approach – Existing awards were adjusted to entitle beneficiaries to receive one share of the Solvay Group and one share of the Syensqo Group.
- Employer approach –Existing awards were adjusted to entitle beneficiaries to receive a certain number of awards of their future employer (i.e. either the Syensqo Group or the Solvay Group).

The awards granted on shares of Syensqo are not in scope of IFRS 2 Share-based Payment. Management has established the below accounting policy for these awards.

For the awards granted on Syensqo shares, a liability is recognized at the Partial Demerger date based on the fair value of the Syensqo Group awards at that date of €29 million. A corresponding entry is recognized in equity (€25 million) and Other Receivables (€4 million) for the vesting period that has passed to date and the services that have yet to be rendered by the beneficiaries. The asset will be amortized to the consolidated income statement over the remaining vesting period of the plans.

The costs of the awards related Syensqo shares (€3 million) are presented within operational (administrative) expenses in the IFRS Earning Before Interest and Taxes. The fair value fluctuation on the benefit liability is an expense of €4 million and the carrying amount of the benefit liability at December 31, 2023 is €36 million.

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

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

Group Portfolio Management

<u>RusVinyl equity investment</u>

RusVinyl is a former Russian joint venture in chlorovinyls in which Solvay held a 50% equity interest, together with Sibur who held the remaining 50% equity interest. On March 24, 2023, the Group announced the completion of the sale of its 50% stake in RusVinyl, an independent joint venture in Russia, to its joint venture partner, Sibur. At the time of closing, the Group received €432 million in cash proceeds in Belgium, which have been reported as cash flow from investing activities in Q1 2023. A capital loss of €176 million has been recognized in Q1 2023, mainly reflecting recycling of the historical currency translation balances to the consolidated income statement.

Restructuring provision

In the context of the Group's plan to separate into two independent publicly traded companies, new restructuring initiatives were launched in 2023. These initiatives lead to the net suppression of approximately 224 roles at the end of 2023. As a consequence, a restructuring provision of €83 million was recognized in 2023, prior to the Partial Demerger date out of which €67 million for continuing operations.

Post-retirement benefits

Voluntary contributions of €98 million and €18 million were made in the UK and France during 2023, respectively.

Impairments

<u>Goodwill (Corporate - segment)</u>

Due to the significant volatility in the Energy markets, the Group has decided to exit its external energy business. The Group's decision resulted in €38 million full impairment of the Energy CGU's goodwill (previously in the Corporate segment. The impairment was recorded within Results from portfolio management and major restructuring in the Consolidated Income Statement. The discount rate used was consistent with the group model.

<u>Other small groups of assets (Performance Chemicals)</u>

In 2023, The Group impaired the tangible assets of the underperforming production assets within the Special Chem CGU for Fluor Gases in Europe (€ 48 million; Operating Segment: Performance Chemicals). Following a price improvement in 2021-2022, the 2020 impairment related to Fluor Gases was partially reversed in 2022. However, in 2023, due to stronger competition, deterioration in Agro market, and volume demand reduction, the impairment was re-recognized. The impairment was recorded within Results from portfolio management and major restructuring in the Consolidated Income Statement. The discount rate used was consistent with the group model.

Liability Management

Prior to the Partial Demerger, Solvay undertook various liability management exercises in respect of certain of its outstanding debt securities. The purpose of the liability management exercises was to repurchase or redeem certain debt securities, and to transfer liability for the remaining relevant debt securities or related guarantees to the Syensqo Group upon the Partial Demerger becoming effective. The liability management exercises were also intended to amend certain contractual provisions in certain of the debt securities to facilitate the implementation of the Partial Demerger.

On September 4 and 5, 2023, Solvay announced the results of liability management transactions relating to certain senior and hybrid bonds denominated in euros. The transactions included:

- a request for consent of bondholders to the substitution, effective upon completion of the Partial Demerger, of Syensqo SA/NV for Solvay as issuer of (i) the €500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds with first call date on December 2, 2025 (ISIN: BE6324000858) (the "2025 Hybrid Bonds"), and (ii) the €500,000,000 2.750% Fixed Rate Bonds due December 2, 2027 (ISIN: BE6282460615) (the "2027 Bonds").
- a tender offer relating to the €500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Bonds with first optional redemption date of June 3, 2024 (ISIN: XS1323897725) (the "2024 Hybrid Bonds") issued by Solvay Finance S.A. and irrevocably guaranteed on a subordinated basis by Solvay (the "Tender Offer").

The 2025 Hybrid Bonds, the 2027 Bonds and the 2024 Hybrid Bonds

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

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

On September 8, 2023, Solvay Finance S.A. accepted all validly tendered 2024 Hybrid Bonds pursuant to the Tender Offer for purchase in cash in an aggregate principal amount of €452,613,000 (representing approximately 90.52% in aggregate nominal amount of the outstanding 2024 Hybrid Bonds). Because it has purchased more than 90% of the initial aggregate principal amount of the 2024 Hybrid Bonds, Solvay Finance S.A. had the option, pursuant to the terms and conditions of the 2024 Hybrid Bonds, at any time, to redeem all of the remaining outstanding 2024 Hybrid Bonds that were not validly tendered for purchase pursuant to the Tender Offer at their principal amount together with any accrued and unpaid interest (including any deferred interest) up to the redemption date. Solvay Finance S.A. exercised this option on September 6, 2023, and redeemed the relevant 2024 Hybrid Bonds on September 13, 2023, in cash and for an aggregate principal amount of €47,387,000.

The redemption of the 2024 Hybrid Bonds was financed with proceeds drawn under Solvay's bridge facility (€520 million). The corresponding obligations remained at Solvay and were not transferred to Syensqo SA/NV at the date of the Partial Demerger.

The 2029 Bonds

Solvay SA/NV has exercised its issuer make-whole call under the terms and conditions of the €600,000,000 0.500% Fixed Rate Bonds due September 6, 2029 (ISIN: BE6315847804) (the "2029 Bonds"). The redemption of the 2029 Bonds was funded with a new bridge facility. The additional funding cost for the anticipated long-term refinancing of the 2029 Bonds is estimated at approximately €20 million per year (after tax). The redemption notice was delivered on September 7, 2023, announcing the redemption date of October 9, 2023, in accordance with the terms and conditions of the 2029 Bonds. The outstanding amount of the 2029 Bonds (€597 million) were settled on October 9, 2023 with the proceeds from the Group's bridge facility. The obligations under the bridge facility corresponding to the amount used for the redemption of the 2029 Bonds were transferred to Syensqo SA/NV upon completion of the Partial Demerger.

USD 2025 Bonds

Solvay SA/NV announced on September 27, 2023, that it intends to exercise its issuer make-whole call option under the terms of the indenture governing the 4.450% Senior Notes due 2025 issued by Solvay Finance (America), LLC for an amount outstanding of USD$800,000,000 and guaranteed by Solvay SA/NV (CUSIP: 834423 AB1 / U8344P AB5) (the "USD 2025 Bonds"). The redemption took place on November 15, 2023 for an amount of €753 million and was funded with drawdowns on Solvay's bridge facility. The obligations under the bridge facility corresponding to the amount used for the redemption of the USD 2025 Bonds were transferred to Syensqo SA/NV upon completion of the Partial Demerger.

Cytec 2025 Bonds
The 3.95% Senior Notes due 2025 issued by Cytec Industries Inc. (CUSIP: 232820 AK6) (the "Cytec 2025 Bonds") were transferred to the Syensqo Group upon completion of the Partial Demerger, as Cytec Industries Inc. is now an indirect subsidiary of Syensqo SA/NV. The Cytec 2025 Bonds are outstanding for an amount of USD$ 163.5 million. A counter guarantee was issued by Syensqo SA/NV in favor of Solvay SA/NV as Solvay SA/NV remained the original guarantor under the Cytec 2025 Bonds.

Redemption of €500 million Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds
Solvay SA/NV announced on October 5, 2023, that its subsidiary Solvay Finance SA will redeem its €500 million Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds irrevocably guaranteed on a subordinated basis by Solvay SA/NV (ISIN: XS0992293901) on the first call date (being November 12, 2023). This perpetual deeply subordinated bond, bearing an annual interest rate of 5.425%, was treated as equity under IFRS rules. As November 12, 2023, falls on a non-business day, repayment, in accordance with the terms and conditions, occurred on November 13, 2023. The redemption amount equaled the principal amount (€500 million) plus interest accrued and unpaid up to, but excluding, the redemption date (€27 million). The redemption was financed with proceeds drawn under Solvay's bridge facility and Solvay's obligations in respect of the amount of such drawings were not transferred to Syensqo SA/NV at the time of the Partial Demerger.

Redemption of €300 million Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.25 Bonds
Solvay SA/NV announced on October 20, 2023, that it will redeem its €300 million Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.25 Bonds (ISIN: BE6309987400) on December 4, 2023, as per its issuer general call option. This perpetual deeply subordinated bond, bearing an annual interest rate of 4.25%, was treated as equity under IFRS rules. The redemption amount equaled the principal amount (€300 million) plus interest accrued and unpaid up to, but excluding, the redemption date (€9.7 million). The redemption was financed with proceeds drawn under Solvay's bridge facility and Solvay's obligations in respect of the amount of such drawings were not transferred to Syensqo SA/NV at the time of the Partial Demerger.

See note 4 for additional information on the impacts of liability management.

2. Accounting Policies

Solvay prepares its condensed consolidated financial statements on a quarterly basis, in accordance with IAS 34 *Interim Financial Reporting* using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2022. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. The consolidated financial statements for 2023 will be published in April 2024.

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

Partial Demerger of Syensqo
The Specialty Businesses were classified as discontinued operations following the approval of the Partial Demerger by the shareholders on December 8, 2023 and the net assets were distributed. Solvay applied IFRIC 17 *Distribution of Non Cash-Assets to Owners* to determine how to present the Partial Demerger, which included estimating the fair value of the distribution. Solvay estimated the fair value of Syensqo by taking an average of the closing price of the first 30 days of trading activity of Syensqo shares, to prevent distortions from short-term trading activity in the first weeks of trading. This, being a fair value with observable inputs, was considered to be representative of the fair value at the distribution date.

The fair value was determined to be €9.5 billion, which resulted in a gain of €1.65 billion over the then carrying amount of the net assets and net of the corresponding CTA & OCI reserves recycling. The impact was recorded to the consolidated income statement in discontinued operations. See note 4 below.

Below are the standards, interpretations and amendments that became effective as of January 1, 2023 and which are relevant to the Group.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments to IAS 12 Income Taxes narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
The Group assessed that the amendments had no material impact on its year-end report.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
The amendments provide guidance on the application of materiality judgments to accounting policy disclosures. In IAS 1, the amendments replace the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies. Guidance and illustrative examples are added in the Practice Statement 2 to assist in the application of the materiality concept when making judgments about accounting policy disclosures. The Group assessed that the amendments had no material impact on its year-end report.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments had no impact on the Group’s consolidated financial statements.

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

The amendments introduce:

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

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

The Group applied the mandatory temporary exception to the accounting for deferred taxes.

Solvay SA/NV is closely monitoring the laws, which the various jurisdictions are adopting following the Organization for Economic Co-operation and Development (‘OECD’) and EU-initiatives regarding the Pillar Two Global Minimum Tax of 15% and the potential impact thereof. A preliminary assessment of this potential impact, which has been conducted with support of an independent advisor using financial information of financial year 2022 of Solvay SA/NV (prior to the partial demerger of December 9, 2023), indicated that no material tax impact is reasonably to be expected. Because of the complexity of the Pillar Two rules, the continued further guidance and supplementation of the legislation and the complexity of Solvay’s Partial Demerger from both a financial and transactional perspective, the financial year 2023 is considered not a suitable reference and the impact assessment will continue in the course of 2024.

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

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

3. Discontinued Operations

The profit from discontinued operations in the consolidated income statement is analyzed as follows (2023 – from January 1, 2023 to December 8, 2023):

In € million	2023	2022
Sales	**6,656**	**8,092**
of which revenue from non-core activities	167	205
of which net sales	6,489	7,887
Cost of goods sold	-4,357	-5,489
Gross margin	**2,299**	**2,604**
Commercial costs	-272	-222
Administrative costs	-466	-617
Research and development costs	-318	-312
Other operating gains and (losses)	-132	-152
Earnings from associates and joint ventures	18	18
Results from portfolio management and major restructuring	-53	-37
Results from legacy remediation and major litigations	-274	-182
EBIT	**802**	**1,100**
Cost of borrowings	-54	-63
Interest on loans and short term deposits	14	1
Other gains and (losses) on net indebtedness	-22	-24
Cost of discounting provisions	-20	18
Result from equity instruments measured at fair value	3	-13
Profit/(loss) for the year before taxes	**723**	**1,019**
Income taxes	-242	11
Profit for the year from discontinued operations	**481**	**1,029**
Gain on Partial Demerger according to IFRIC17	1,651	0
Profit for the year from discontinued operations	**2,132**	**1,029**

Net assets of the demerged Specialty Businesses:

In € million	Upon completion of the Partial Demerger (Dec. 9, 2023)
ASSETS	
Intangible assets	1,678
Goodwill	2,637
Property, plant and equipment	3,481
Right-of-use assets	189
Equity instruments measured at fair value	79
Investments in associates and joint ventures	202
Other investments	4
Deferred tax assets	884
Loans and other assets	178
Other financial instruments	30
Non-current assets	**9,362**
Inventories	1,256
Trade receivables	1,083
Income tax receivables	55
Other financial instruments	56
Other receivables	320
Cash and cash equivalents	1,143
Current assets	**3,913**
Total assets	**13,274**
LIABILITIES	
Provisions for employee benefits	333
Other provisions	303
Deferred tax liabilities	718
Financial debt	816
Other liabilities	22
Non-current liabilities	**2,192**
Other provisions	315
Financial debt	1,472
Trade payables	923
Income tax payables	52
Other liabilities	401
Current liabilities	**3,163**
Total liabilities	**5,355**
Net assets directly associated with disposal group	**7,920**

Gain on Partial Demerger according to IFRIC 17:

In € million	
Fair value of the distribution	9,546
Net assets	-7,920
Other adjustments	7
Non-controlling interest associated with the net assets of Specialty Businesses	17
Gain on the Partial Demerger	1,651

The fair value of the distribution was measured by reference to the average of the closing price of the first 30 days of trading activity of Syensqo shares. This being a fair value measured with observable inputs, was considered to be representative of the fair value at the distribution date of the assets and liabilities effected by the demerger at the distribution date.

Other information relevant to discontinued operations

Edison

In February 2023, Solvay Specialty Polymers Italy S.p.A., a former subsidiary of Solvay transferred to Syensqo as part of the Partial Demerger, received compensation of €91.6 million after decisions by the International Chamber of Commerce's Arbitration Court, the Swiss Supreme Court, and the Milan Court of Appeal, all of which ruled in favor of Solvay Specialty Polymers Italy S.p.A. The compensation relates to losses, damages and costs incurred up to the end of 2016 in relation to certain environmental issues at the Spinetta Marengo and Bussi sites, previously owned and operated by (Mont)Edison S.p.A. and Ausimont S.p.A. The compensation received in 2023 was included within discontinued operations in the Consolidated Income Statement.

Environmental liabilities

On June 28, 2023, Solvay Specialty Polymers USA, LLC, a former subsidiary of Solvay transferred to Syensqo as part of the Partial Demerger, and the New Jersey Department of Environmental Protection (NJDEP) announced they reached a settlement resolving certain PFAS-related claims in New Jersey. As a result of this settlement, Solvay increased its existing provision by around USD 250 million as of June 30, 2023, with USD 175 million cash out in 2024 and the balance over a 30-year period. There were no further changes prior to the Partial Demerger. The provision was derecognized as a part of the Partial Demerger and transferred to Syensqo as from December 9, 2023.

4. Segment information

General

Following the completion of the Partial Demerger of the Specialty Businesses on December 9, 2023, the structure of the internal organization changed what impacted the composition of the segments. Consequently, Solvay restructured its operating segments to better align with the Group's strategy and is organized in the following reportable segments

- *Basic Chemicals* host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash, bicarbonate, and peroxides. These global businesses share similar economic characteristics and serve major markets that include building and construction, consumer goods, and food.
- *Performance Chemicals* host a wider range of products (in our Silica, Coatis and Special Chem businesses) that are subject to customization based on unique formulations and application expertise. These businesses share similar economic characteristics and are also high-quality assets with strong positions in their markets.
- *Corporate* comprises corporate and other business services, such as Group research & innovation.

Solvay organizes its structure and groups the businesses around their similarities in financial performance, which is systematically reviewed by the Chief Operational Decision Maker, products and production processes.

Prior year results were restated to align with the new reportable segments.

Reconciliation of segment, underlying and IFRS data

Reconciliation of segment, underlying and IFRS data

(in € million)	Q4 2023	Q4 2022	FY 2023	FY 2022
Net sales	**1,131**	**1,359**	**4,880**	**5,539**
Basic Chemicals	651	770	2,726	2,994
Performance Chemicals	480	588	2,148	2,542
Corporate	-	2	6	4
Underlying EBITDA	**238**	**335**	**1,246**	**1,359**
Basic Chemicals	194	233	916	859
Performance Chemicals	74	76	405	414
Corporate	-30	26	-75	86
Underlying depreciation, amortization & impairments	-86	-87	-321	-321
Underlying EBIT	**152**	**248**	**926**	**1,038**
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	14	-42	-55	243
Net financial charges of the RusVinyl joint venture	-	-	7	10
Result from portfolio management & major restructuring	-207	-14	-550	-68
Result from legacy remediation & major litigations	-15	-33	-50	-101
EBIT	**-56**	**160**	**278**	**1,121**
Net financial charges	-72	13	-98	11
Profit / (loss) for the period before taxes	**-128**	**172**	**180**	**1,132**
Income taxes	-130	-40	-208	-228
Profit / (loss) for the period from continuing operations	**-258**	**133**	**-28**	**904**
Profit / (loss) for the period from discontinued operations	1,688	283	2,132	1,030
Profit / (loss) for the period	**1,431**	**416**	**2,105**	**1,934**
attributable to non-controlling interests	2	3	12	29
attributable to Solvay share	**1,429**	**412**	**2,093**	**1,905**

The non-cash PPA impacts can be found in the reconciliation table on page 18.

5. Financial Instruments

Valuation techniques

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

Fair value of financial instruments measured at amortized cost

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

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of December 31, 2023, the fair value of those instruments classified in Other Receivables and other Liabilities decreased respectively by €1,018 and €667 million when compared to December 31, 2022. The main driver of the decreases is the fluctuation in electricity and gas prices during the period.

Financial debt: main borrowings

Prior to the Partial Demerger the Group underwent a liability management process substantially changing the debt overall structure. Below is a comparative analysis of the main borrowings on a year-on-year basis.

	December 31, 2023						December 31, 2022	
In € million (except where indicated)	Nominal amount	Coupon	Maturity	Secured	Amount at amortized cost	Fair value	Amount at amortized cost	Fair value
Cytec 2025 Bonds (issuance US$ 250 million)		3.95%	2025	No			152	147
USD 2025 Bonds (144A;US$ 800 million)		4.45%	2025	No			748	721
Total senior US$ notes					0	0	900	868
2027 Bonds (issuance € 500 million)		2.75%	2027	No			497	482
2029 Bonds (issuance € 600 million)		0.50%	2029	No			597	479
Total senior € notes					**0**	**0**	**1,094**	**961**
Bridge facility drawdown (€ 1,500 million) [(1)]	1,500	Floating rate	2025		1,500	1,500	0	0
Total Bridge facilities	**1,500**				**1,500**	**1,500**	**0**	**0**
Term loan (€ 200 million)	200	Floating rate	2025		200	200	0	0
Other borrowings from third parties	185				185	185	441	441
Lease debts IFRS16	307				307	307	524	524
Total					2,192	2,192	2,959	2,794

There are no instances of default on the above-mentioned financial debts. There are no financial covenants breach, neither on Solvay SA, nor on any of the Group's holding companies.

As a result of the partial demerger, all senior notes were either transferred to Syensqo or paid in full. For additional information, see the Liability Management section of the Main Events and Changes in the Consolidation Scope in Note 1.

6. Events after the reporting period

There were no significant events after the reporting period.

7. Declaration by responsible persons

Philippe Kehren, Chief Executive Officer, and Alexandre Blum, 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 2023, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2022 Annual Integrated Report, taking into account the current economic and financial environment.

8. Statement from the Statutory Auditor

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

Furthermore, EY Bedrijfsrevisoren BV has confirmed that the procedures, which are substantially complete, has to date not revealed any material misstatement in the information shown in the press release on extra-financial KPIs included in the Chapter "ESG Roadmap update", except for the Greenhouse gas emissions (scope 3) Focus 5 categories KPI and the Living wage initiative KPI as they are not subject to any procedures for the year ended December 31, 2023. A limited assurance conclusion or reasonable assurance opinion will be issued on a set of extra-financial KPIs in the annual report.

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

Glossary

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

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses)) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses, unrealized foreign exchange gains or losses on debt and contribution to IFRS equity earnings of equity investments disposed of in the period,
- Results from equity instruments measured at fair value, and remeasurement of the long term incentive plans related to Syensqo Group shares and the related hedging instruments.
- Gains and losses, related to the management of the CO2 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 Long Term Incentive 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, excluding acquisition of assets associated with the Partial Demerger project. This indicator is used to manage capital employed in the Group.

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

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

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

CGU: Cash-generating unit

CTA: Currency Translation Adjustment

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

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

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

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

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

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

Free cash flow: Cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries, cash outflows of Voluntary Pension Contributions, as they are deleveraging in nature as a reimbursement

of debt and cash flows related to internal management of portfolio such as one-off external costs of internal carve-out and related taxes…), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries and cash flows associated with the Partial Demerger project), and other investments, and excluding loans to associates and non-consolidated investments, and recognition of factored receivables), payment of lease liabilities, and increase/decrease of borrowings related to environmental remediation. Prior to the adoption of IFRS 16, operating lease payments were included within free cash flow. Following the application of IFRS 16, because leases are generally considered to be operating in nature, free cash flow incorporates the payment of the lease liability (excluding the interest expense). Excluding this item in the free cash flow would result in a significant improvement of free cash flow compared to prior periods, whereas the operations themselves have not been affected by the implementation of IFRS 16. It is a measure of cash generation, working capital efficiency and capital discipline of the Group.
Free cash flow to Solvay shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.
Free cash flow conversion: Calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and underlying EBITDA of the last rolling 12 months.
GBU: Global business unit.

HPPO: Hydrogen peroxide propylene oxide, new technology to produce propylene oxide using hydrogen peroxide.
IFRS: International Financial Reporting Standards.
LTM: Last twelve months
Leverage ratio: Net debt / underlying EBITDA of last 12 months. Underlying leverage ratio = underlying net debt / underlying EBITDA of last 12 months.
Mandatory contributions to employee benefits plans: For funded plans, contributions to plan assets corresponding to amounts required to be paid during the respective period, in accordance with agreements with trustees or regulation, as well as, for unfunded plans, benefits paid to beneficiaries.
Net cost of borrowings: cost of borrowings netted with interest on loans and short-term deposits, as well as other gains (losses) on net indebtedness.
Net financial debt: Non-current financial debt + current financial debt – cash & cash equivalents – other financial instruments (current and non-current). Underlying net debt reclassifies as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies.
Net financial charges: Net cost of borrowings, and costs of discounting provisions (namely, related to post-employment benefits and Health Safety and Environmental liabilities).
Net pricing: The difference between the change in sales prices versus the change in variable costs.
Net sales: Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude Revenue from non-core activities.
Net working capital: Includes inventories, trade receivables and other current receivables, netted with trade payables and other current liabilities.
OCI: Other Comprehensive Income.
Operational deleveraging: Reduction of liabilities (net debt or provisions) through operational performance only, i.e. excluding impacts from acquisitions and divestitures, as well as remeasurement impacts (changes of foreign exchange, inflation, mortality and discount rates).
Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes (related to small M&A not leading to restatements) and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.
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.
PSU: Performance Share Unit.

Research & innovation: Research & development costs recognized in the income statement and as capital expenditure before deduction of related subsidies, royalties and depreciation and amortization expense. It measures the total cash effort in research & innovation, regardless of whether the costs were expensed or capitalized.
Research & innovation intensity: Ratio of Research & innovation / net sales
Result from legacy remediation and major litigations: It includes:
- The remediation costs not generated by on-going production facilities (shut-down of sites, discontinued productions, previous years' pollution), and
- The impact of significant litigations

Results from portfolio management and major restructuring: It includes:
- Gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations;
- Acquisition costs of new businesses;
- One-off operating costs related to internal management of portfolio (carve-out of major lines of businesses);

- Gains and losses on the sale of real estate not directly linked to an operating activity;
- Restructuring charges driven by portfolio management and by major reorganization of business activities, including impairment losses resulting from the shutdown of an activity or a plant;
- Impairment losses resulting from testing of Cash Generating Units (CGUs);

It excludes non-cash accounting impact from amortization and depreciation resulting from the purchase price allocation (PPA) from acquisitions.
Revenue from non-core activities: Revenues primarily comprising commodity and utility trading transactions and other revenue, considered to not correspond to Solvay's know-how and core business.
ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.
SBTi: Science-based target initiative
SOP: Stock Option Plan.
SPM: The Sustainable Portfolio Management tool is integrated into the Solvay Way framework (linked to five practices). It serves as a strategic tool for developing information on our portfolio and analyzing the impacts of sustainability megatrends on our businesses.
Underlying: Underlying results are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined above. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

Underlying Tax rate: Income taxes / (Result before taxes – Earnings from associates & joint ventures) – all determined on an Underlying basis. The adjustment of the denominator regarding associates and joint ventures is made as these contributions are already net of income taxes. This provides an indication of the tax rate across the Group.
Voluntary pension contributions: Contributions to plan assets in excess of Mandatory Contributions to employee benefits plans. These payments are discretionary and are driven by the objective of value creation. These voluntary contributions are excluded from free cash flow as they are deleveraging in nature as a reimbursement of debt.
WACC: Weighted Average Cost of Capital
yoy: Year on year comparison.

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Safe harbor

About Solvay

Solvay, a pioneering chemical company with a legacy rooted in founder Ernest Solvay's pivotal innovations in the soda ash process, is dedicated to delivering essential solutions globally through its workforce of over 9,000 employees. Since 1863, Solvay harnesses the power of chemistry to create innovative, sustainable solutions that answer the world's most essential needs such as purifying the air we breathe and the water we drink, preserving our food supplies, protecting our health and well-being, creating eco-friendly clothing, making the tires of our cars more sustainable and cleaning and protecting our homes. As a world-leading company with €4.9 billion in net sales in 2023 and listings on Euronext Brussels and Paris (SOLB), its unwavering commitment drives the transition to a carbon-neutral future by 2050, underscoring its dedication to sustainability and a fair and just transition. For more information about Solvay, please visit solvay.com or follow Solvay on LinkedIn.

Useful links

- Results' documentation
- Investor day
- Share information
- Credit information
- ESG information
- Annual report
- Webcasts, podcasts and presentations

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