

First half 2021

Financial report

Progress beyond



Regulated information

Published on July 29, 2021, at 7:00 a.m.

Forenote

Besides IFRS accounts, Solvay also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, for impairments and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 3 to 9 are on an underlying basis, unless otherwise stated.

Underlying business review

Solvay raises full year guidance following double-digit sales and EBITDA growth in Q2 2021

Highlights

- **Net sales** in the second quarter of 2021 were up +20% organically versus Q2 2020 and back to 2019 levels in most markets with particularly strong demand in automotive, electronics and building industries. Excluding composites and oil & gas, sales were up +22% versus Q2 2020 and up +6% versus Q2 2019.
- **Structural cost savings** of €51 million were delivered in Q2, totalling €131 million in the first half 2021, on track to meet the projected annual savings of €200 million.
- **Underlying EBITDA** of €602 million in Q2 2021 was up +47% year on year on a comparable scope and foreign exchange basis, reflecting strong demand and continued cost reductions. First half 2021 EBITDA is 5% higher than first half 2019.
- **EBITDA margin** of 24.5% is 4.3 percentage points higher than Q2 2020 as a result of the higher volumes and structural cost measures, though rising raw material, energy and logistics costs impacted Q2 by approximately €50 million.
- **Underlying Net Profit** was €276 million in Q2 2021, more than double the delivery in Q2 2020.
- **Free Cash Flow** was €135 million in Q2 2021 reflecting the expected seasonal payments of employee bonuses and higher financial charges. Excluding scope and one-time benefits in 2020, first half 2021 FCF of €417 million was around 25% stronger than in H1 2020.
- **Portfolio simplification** continues, with the divestment of six business lines and the completion of a bolt-on acquisition in Agro.
- **Solvay ONE Planet** extends the 'better life' pillar with the launch of [Solvay ONE Dignity](#), which includes nine goals by 2025 to accelerate Diversity, Equity and Inclusion.

Underlying (in € million)	Second quarter					First half				
	2021	2020	2019	% org 21/20	% org 21/19	2021	2020	2019	% org 21/20	% org 21/19
Net sales	2,456	2,175	2,654	+20.4%	-1.4%	4,829	4,649	5,225	+10.5%	-2.3%
EBITDA	602	439	624	+47.4%	+3.3%	1,185	1,008	1,195	+26.5%	+5.0%
EBITDA margin	24.5%	20.2%	23.5%	-	-	24.5%	21.7%	22.9%	-	-
FCF	135	233	123	-	-	417	435	33	-	-
FCF conversion ratio (LTM)	46.1%	49.0%	28.2%	-	-	46.1%	49.0%	28.2%	-	-

CEO Quote

"I'm proud of our team's determination to take full advantage of the robust demand environment as we drive strong top line growth, with June volumes surpassing 2019 levels. Our structural cost actions and pricing initiatives sustained our leading margins in the quarter. Further, our disciplined approach to cash management is contributing to continued deleveraging. As we look ahead, we remain focused on mitigating the inflationary environment, and on reinvesting in our key growth areas including batteries and electronics, which will drive superior growth across the mid-term."

2021¹ Outlook

Full year underlying EBITDA estimate is increased from €2.0 to €2.2 billion previously to €2.2 to €2.3 billion. Free Cash Flow estimate is increased from €650 million previously to around €750 million.

¹ Barring additional deterioration related to a third wave of Covid-19 in the second half.

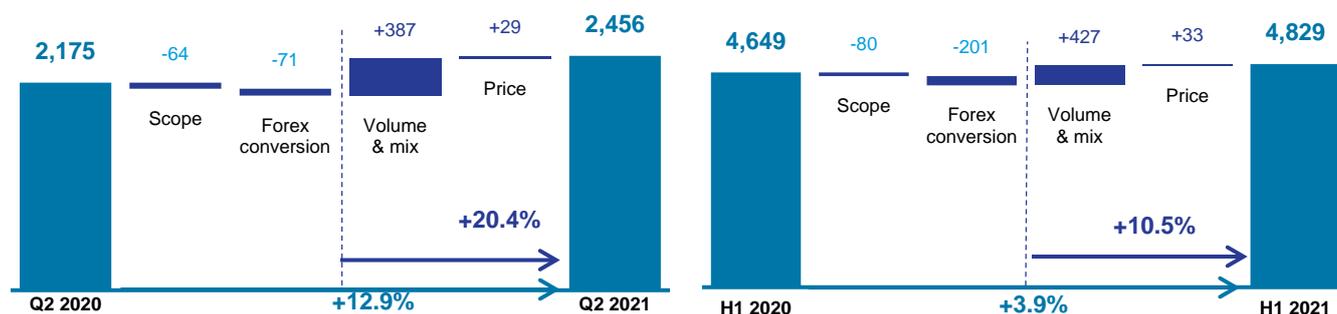
Key figures

Underlying key figures

(in € million)	Q2 2021	Q2 2020	% yoy	H1 2021	H1 2020	% yoy
Net sales	2,456	2,175	+12.9%	4,829	4,649	+3.9%
EBITDA	602	439	+37.1%	1,185	1,008	+17.6%
<i>EBITDA margin</i>	24.5%	20.2%	+4.3pp	24.5%	21.7%	+2.9pp
EBIT	424	202	<i>n.m.</i>	805	573	+40.5%
Net financial charges	-54	-64	+16.4%	-117	-133	+12.3%
Income tax expenses	-83	-22	<i>n.m.</i>	-154	-99	-55.9%
<i>Tax rate</i>				24.2%	23.8%	+0.4pp
Profit (loss) from discontinued operations	-	-	<i>n.m.</i>	1	21	<i>n.m.</i>
(Profit) / loss attributable to non-controlling interests	-10	-7	+49.5%	-19	-18	+9.1%
Profit / (loss) attributable to Solvay shareholders	276	109	<i>n.m.</i>	517	345	+49.6%
Basic earnings per share (in €)	2.67	1.06	<i>n.m.</i>	4.99	3.35	+49.3%
of which from continuing operations	2.67	1.06	<i>n.m.</i>	4.99	3.14	+59.1%
Capex in continuing operations	141	132	+7.0%	241	295	-18.2%
FCF to Solvay shareholders from continuing operations	135	233	-42.1%	417	435	-4.1%
FCF to Solvay shareholders	123	234	-47.3%	406	431	-5.9%
FCF conversion ratio (LTM)				46.1%	49.0%	-3.0pp
Net financial debt	4,221	-4,198	-	4,221	4,198	+0.5%
<i>Underlying leverage ratio</i>	2.0	2.2	-7.8pp	2.0	2.2	-7.8%

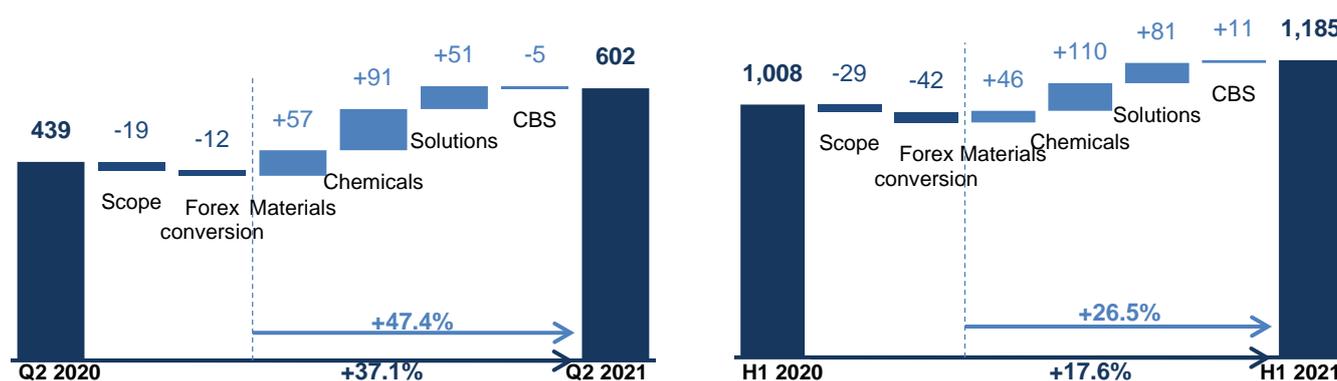
Group performance

Net sales



Net sales of €2,456 million in Q2 2021 increased 13% versus Q2 2020 thanks to volume recovery across most businesses, offset partially by negative currency (€71 million) and scope (€64 million) impacts, equating to year-on-year organic growth of 20%. Strong demand continued from the first quarter into the second quarter across most markets driven by automotive, electronics, and building industries, while composite materials sales are down 21% versus Q2 2020 when the crisis began to impact civil aircraft production. Geographically, all regions delivered double-digit organic sales growth, with Europe up by 23%, North America up 17%, Latin America up by 54% and Asia Pacific by 12% versus the second quarter 2020.

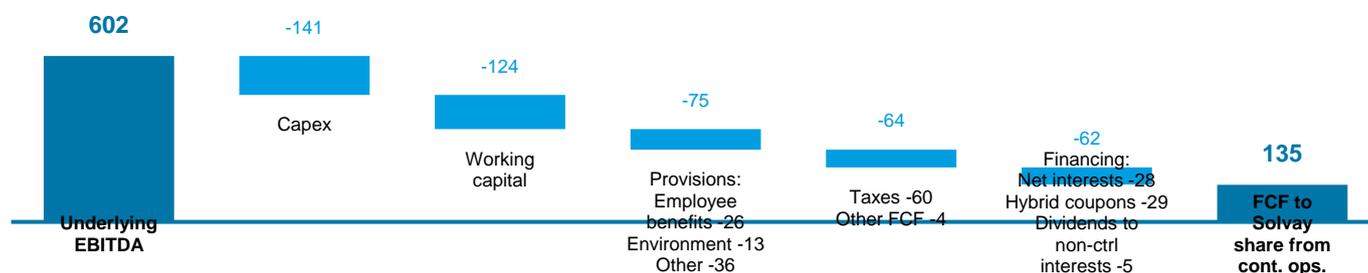
Underlying EBITDA



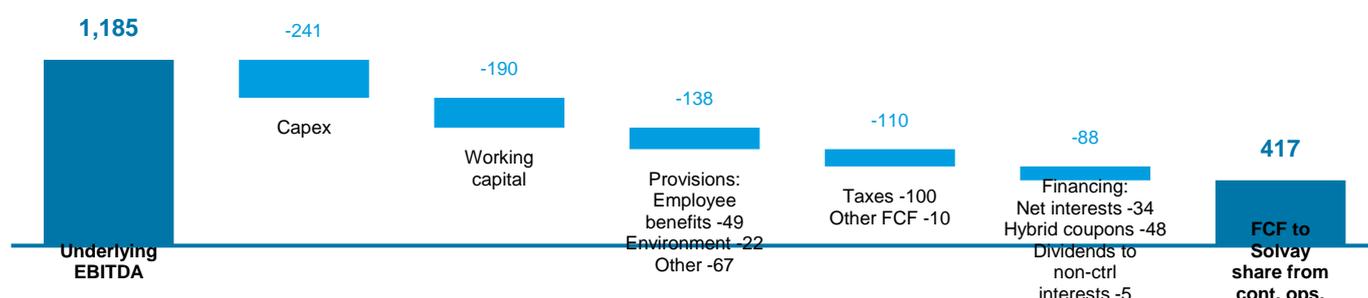
Underlying EBITDA of €602 million in Q2 2021 was up +37.1% as a result of the higher sales volumes, offset partially by scope and foreign exchange, or +47% organically year on year. Structural cost savings supported the sustained EBITDA margin of 24.5% in the second quarter despite higher cost of raw materials, energy and logistics.

Free cash flow

Q2 2021



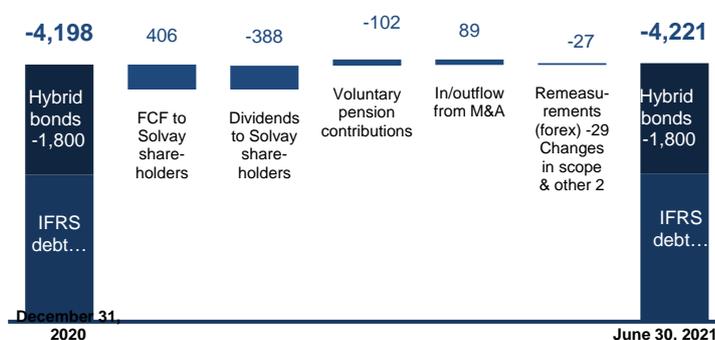
H1 2021



Free cash flow to shareholders from continuing operations reached €135 million in the second quarter, reflecting payments of employee bonuses and the usual seasonally higher financial charges. Free cash flow in the first half of 2021 was €417 million, 25% higher than first half 2020 excluding scope and currency and one-time impacts in 2020.

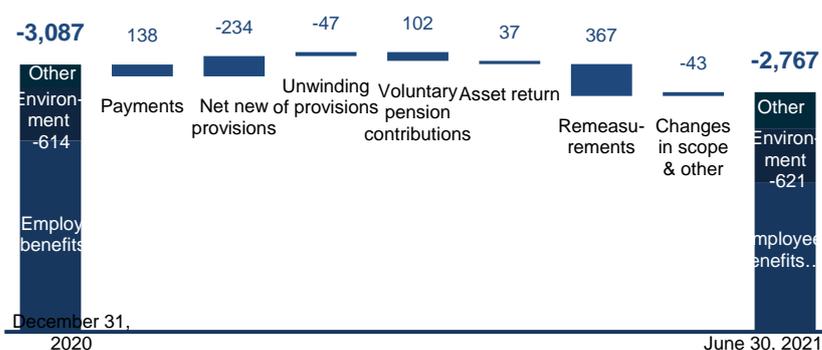
Underlying net debt

Underlying net financial debt was stable at €4.2 billion in the first half 2021, with free cash flow and proceeds from divestments more than offsetting the dividend payment.



Provisions

Provisions decreased by €320 million to €2.77 billion compared to December 2020, primarily reflecting the impact from higher discount rates. The €234 million of net new liabilities mainly relates to the restructuring provisions recorded in Q1 2021. Additional voluntary contributions in H1 2021 amounted to €102 million, and will be followed by two last tranches of €150 million each in the next 12 months.



Performance by segments

Net sales bridges

Net sales Q2 <i>(in € million)</i>	Underlying					Q2 2021
	Q2 2020	Scope	Forex conversion	Volume & mix	Price	
Solvay	2,175	-64	-71	387	29	2,456
Materials	681	-19	-28	83	-6	711
Chemicals	658	-15	-16	165	27	820
Solutions	834	-30	-27	140	8	925
CBS	2	-	-	-1	-	1

Net sales H1 <i>(in € million)</i>	Underlying					H1 2021
	H1 2020	Scope	Forex conversion	Volume & mix	Price	
Solvay	4,649	-80	-201	427	33	4,829
Materials	1,470	-27	-64	32	-11	1,400
Chemicals	1,458	-18	-68	194	44	1,610
Solutions	1,717	-34	-69	201	1	1,815
CBS	3	-	-	1	-	4

Materials

Segment sales in Q2 2021 increased by 4% (+12% organically) driven by strong demand for Specialty Polymers leading to record second quarter sales, offset partially by reduced composites sales related to civil aerospace.

Sales in Specialty Polymers increased by +16% (+20% organically) compared to the second quarter of 2020, and 5% sequentially versus Q1 2021. Strong demand for polymers used in automotive drove the record performance, with sales up 57% in this market. Sales to batteries for hybrid and electric vehicles continued strong momentum, growing 82% in the second quarter versus the prior year period. Polymers used in electronics and in consumer goods also showed double-digit growth.

As anticipated, Composite materials sales were down 21% year on year (-8% organically due to scope) due to lower civil aircraft production, as the effects from Covid-19 were not fully represented in Q2 2020. Composites used in the defense sector remained resilient.

Segment EBITDA increased by 29% (+35% organically) compared to Q2 2020, and increased 7% sequentially versus Q1 2021. The significant improvement was driven by strong volumes in Specialty Polymers and further supported by structural cost reductions across the segment leading to 31% EBITDA margins in the second quarter.

Chemicals

Segment sales in Q2 2021 were up by 25% (+31% organically) with each business significantly up versus Q2 2020.

Soda Ash sales were up 8% (+10% organically) thanks to the continued recovery in flat glass, while the container glass market remained soft. Record sales of Bicar in June due to strong SOLVAir business used in flue gas treatment and strong U.S. power demand amid high natural gas prices, making the switch to coal more profitable.

Peroxides sales were up modestly at 2% (+17% organically due to scope), with volumes up by 15% as a result of demand recovery across all regions and applications, supported by our HPPO mega plants running at full capacity.

Coatis had another exceptional quarter, with sales up 92% (+98% organically) due to higher volumes and higher prices with favorable trends from Q1 continuing into Q2.

Silica sales grew by 68% (+70% organically) thanks to strong demand for replacement tires and also as a result of recent market share gains in higher specialty grades. Sales were significantly ahead of 2019 levels.

Segment EBITDA was up by 49% (+58% organically) versus Q2 2020 thanks to higher volumes across all of the businesses. Performance was further supported by higher pricing in Coatis as well as contributions from Rusvinyl due to continuing strength in PVC demand. As a result of the widespread growth and cost actions, the Chemicals segment delivered an EBITDA margin of 30.4% in the second quarter.

Solutions

Sales in the second quarter of 2021 were up +11% (+19% organically) driven by strong demand across many markets including automotive, electronics, and mining.

Second quarter sales in Novecare increased by +11% (+21% organically) year on year. Growth was driven by higher volumes across all markets, led by growth in Coatings and Building industries. Oil & gas improved sequentially by +10% versus Q1, and by 48% year on year.

Special Chem sales increased +21% (organically by +33%) year on year thanks to the continued strong volumes in the automotive and semiconductors industries.

Technology Solutions sales increased by +15% (+17% organically) compared to Q2 2020 thanks to continued strong production levels supported by high demand for our extractant solutions and supportive copper prices.

Aroma Performance sales were stable sequentially in Q2 versus Q1 but were down 8% (-5% organically) compared to a very strong Q2 2020, while food & beverage, flavors & fragrances demand remains strong.

Second quarter EBITDA in the segment was up +29% (+42% organically) year and year, continuing on the solid trend seen across most markets in Q1 2021. EBITDA margin in the segment was up +2.5pp to 18.5% in Q2 2021, once again reflecting both sales momentum and our cost reduction improvements.

Key segment figures

Segment review <i>(in € million)</i>	Underlying							
	Q2 2021	Q2 2020	% yoy	% organic	H1 2021	H1 2020	% yoy	% organic
Net sales	2,456	2,175	+12.9%	+20.4%	4,829	4,649	+3.9%	+10.5%
Materials	711	681	+4.4%	+12.1%	1,400	1,470	-4.8%	+1.5%
Specialty Polymers	536	462	+16.2%	+20.3%	1,047	942	+11.1%	+15.1%
Composite Materials	175	220	-20.5%	-7.5%	352	528	-33.2%	-24.9%
Chemicals	820	658	+24.5%	+30.6%	1,610	1,458	+10.4%	+17.3%
Soda Ash & Derivatives	378	350	+8.0%	+10.4%	745	740	+0.7%	+3.4%
Peroxides	153	150	+2.0%	+17.4%	305	321	-5.0%	+5.2%
Coatis	177	92	<i>n.m.</i>	+98.7%	334	220	+52.2%	+75.5%
Silica	112	67	+67.8%	+69.5%	226	178	+27.1%	+31.6%
Solutions	925	834	+10.9%	+19.1%	1,815	1,717	+5.7%	+12.5%
Novocare	443	399	+11.0%	+21.4%	859	820	+4.7%	+12.8%
Special Chem	210	174	+20.5%	+33.3%	421	380	+10.8%	+19.7%
Technology Solutions	162	141	+14.7%	+17.3%	316	282	+12.1%	+16.0%
Aroma Performance	110	119	-7.9%	-5.5%	220	235	-6.5%	-3.6%
Corporate & Business Services	1	2	-36.2%	-30.6%	4	3	+14.6%	+23.8%
EBITDA	602	439	+37.1%	+47.4%	1,185	1,008	+17.6%	+26.5%
Materials	220	170	+29.3%	+34.6%	426	398	+7.0%	+12.2%
Chemicals	249	167	+49.4%	+57.8%	489	405	+20.6%	+29.2%
Solutions	171	133	+28.6%	+42.0%	344	287	+19.9%	+30.6%
Corporate & Business Services	-38	-31	-23.7%	-	-74	-83	+10.3%	-
EBITDA margin	24.5%	20.2%	+4.3pp	-	24.5%	21.7%	+2.9pp	-
Materials	31.0%	25.0%	+6.0pp	-	30.4%	27.1%	+3.4pp	-
Chemicals	30.4%	25.3%	+5.1pp	-	30.4%	27.8%	+2.6pp	-
Solutions	18.5%	16.0%	+2.5pp	-	19.0%	16.7%	+2.2pp	-

Key IFRS figures

As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders was €109 million in Q2 2020, whereas it totaled €-1,540 million on an IFRS basis. Further details are available in the financial report of Q2 2020.

Q2 key figures (in € million)	IFRS			Underlying		
	Q2 2021	Q2 2020	% yoy	Q2 2021	Q2 2020	% yoy
Net sales	2,456	2,175	+12.9%	2,456	2,175	+12.9%
EBITDA	550	398	+38.2%	602	439	+37.1%
<i>EBITDA margin</i>				24.5%	20.2%	+4.3pp
EBIT	333	-1,347	n.m.	424	202	n.m.
Net financial charges	-28	-45	+38.9%	-54	-64	+16.4%
Income tax expenses	-72	-155	+53.5%	-83	-22	n.m.
Profit (loss) from discontinued operations	-	15	n.m.	-	-	n.m.
(Profit) / loss attributable to non-controlling interests	-11	-7	+62.4%	-10	-7	+49.5%
Profit / (loss) attributable to Solvay shareholders	222	-1,540	n.m.	276	109	n.m.
Basic earnings per share (in €)	2.15	-14.94	n.m.	2.67	1.06	n.m.
of which from continuing operations	2.15	-15.08	n.m.	2.67	1.06	n.m.
Capex in continuing operations				141	132	+7.0%
FCF to Solvay shareholders from continuing operations				135	233	-42.1%
FCF to Solvay shareholders				123	234	-47.3%
Net financial debt				4,221	4,198	+0.5%
<i>Underlying leverage ratio</i>				2.0	2.2	-7.8pp

H1 key figures (in € million)	IFRS			Underlying		
	H1 2021	H1 2020	% yoy	H1 2021	H1 2020	% yoy
Net sales	4,829	4,649	+3.9%	4,829	4,649	+3.9%
EBITDA	964	883	+9.1%	1,185	1,008	+17.6%
<i>EBITDA margin</i>				24.5%	21.7%	+2.9pp
EBIT	502	-1,114	n.m.	805	573	+40.5%
Net financial charges	-58	-72	+19.9%	-117	-133	+12.3%
Income tax expenses	-98	-203	+51.8%	-154	-99	-55.9%
<i>Tax rate</i>				24.2%	24%	+0.4pp
Profit (loss) from discontinued operations	-	117	n.m.	1	21	n.m.
(Profit) / loss attributable to non-controlling interests	-20	-18	+12.8%	-19	-18	+9.1%
Profit / (loss) attributable to Solvay shareholders	326	-1,290	n.m.	517	345	+49.6%
Basic earnings per share (in €)	3.16	-12.51	n.m.	4.99	3.35	+49.3%
of which from continuing operations	3.16	-13.64	n.m.	4.99	3.14	+59.1%
Capex in continuing operations				241	295	-18.2%
FCF to Solvay shareholders from continuing operations				417	435	-4.1%
FCF to Solvay shareholders				406	431	-5.9%
FCF conversion ratio (LTM)				46.1%	49.0%	-3.0pp
Net financial debt				4,221	4,198	+0.5%
<i>Underlying leverage ratio</i>				2.0	2.2	-7.8%

Supplementary information

Reconciliation of alternative performance metrics

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

Tax rate		Underlying	
		H1 2021	H1 2020
<i>(in € million)</i>			
Profit / (loss) for the period before taxes	a	689	440
Earnings from associates & joint ventures	b	62	36
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-8	-10
Income taxes	d	-154	-99
Tax rate	$e = -d/(a-b-c)$	24%	24%

Free cash flow (FCF)		Q2 2021	Q2 2020	H1 2021	H1 2020
<i>(in € million)</i>					
Cash flow from operating activities	a	330	452	633	393
of which voluntary pension contributions	b	-	-	-102	-460
Cash flow from investing activities	c	-119	-99	-112	995
of which capital expenditures required by share sale agreement	d	-	-	-	-14
Acquisition (-) of subsidiaries	e	-20	-	-22	-9
Acquisition (-) of investments - Other	f	-2	-2	-3	-26
Loans to associates and non-consolidated companies	g	-4	-3	3	3
Sale (+) of subsidiaries and investments	h	26	12	103	1,304
Increase/decrease of borrowings related to environmental remediation	i	-	1	-	6
Payment of lease liabilities	j	-26	-26	-48	-54
FCF	$k = a-b+c-d-e-f-g-h+i+j$	185	321	494	541
FCF from discontinued operations	l	-11	-	-11	-4
FCF from continuing operations	$m = k-l$	197	321	505	545
Net interests paid	n	-28	-30	-34	-39
Coupons paid on perpetual hybrid bonds	o	-29	-55	-48	-68
Dividends paid to non-controlling interests	p	-5	-2	-5	-4
FCF to Solvay shareholders	$q = k+n+o+p$	123	234	406	431
FCF to Solvay shareholders from discontinued operations	r	-11	1	-11	-4
FCF to Solvay shareholders from continuing operations	$s = q-r$	135	233	417	435
FCF to Solvay shareholders from continuing operations (LTM)	t	944	1,008	944	1,008
Dividends paid to non-controlling interests from continuing operations (LTM)	u	-34	-39	-34	-39
Underlying EBITDA (LTM)	v	2,122	2,135	2,122	2,135
FCF conversion ratio (LTM)	$w = (t-u)/v$	46.1%	49.0%	46.1%	49.0%

Net working capital		2021	2020
		June 30	December 31
<i>(in € million)</i>			
Inventories	a	1,443	1,241
Trade receivables	b	1,521	1,264
Other current receivables	c	870	519
Trade payables	d	-1,474	-1,197
Other current liabilities	e	-891	-720
Net working capital	$f = a+b+c+d+e$	1,469	1,107
Sales	g	2,690	2,418
Annualized quarterly total sales	$h = 4*g$	10,758	9,673
Net working capital / sales	$i = f / h$	13.7%	11.4%
Year-to-date average	$j = \mu(Q1, Q2, Q3, Q4)$	13.0%	14.7%

Capital expenditure (capex)

(in € million)		Q2 2021	Q2 2020	H1 2021	H1 2020
Acquisition (-) of tangible assets	a	-96	-87	-159	-233
Acquisition (-) of intangible assets	b	-20	-19	-34	-41
Payment of lease liabilities	c	-26	-26	-48	-54
Capex	d = a+b+c	-141	-132	-241	-328
Capex in discontinued operations	e	-	-	-	-33
Capex in continuing operations	f = d-e	-141	-132	-241	-295
Underlying EBITDA	g	602	439	1,185	1,008
Cash conversion	h = (f+g)/g	76.5%	70.0%	79.6%	70.7%

Net financial debt

(in € million)		2021 June 30	2020 December 31
Non-current financial debt	a	-3,246	-3,233
Current financial debt	b	-558	-287
IFRS gross debt	c = a+b	-3,803	-3,519
Underlying gross debt	d = c+h	-5,603	-5,319
Other financial instruments (current + non-current)	e	167	119
Cash & cash equivalents	f	1,216	1,002
Total cash and cash equivalents	g = e+f	1,382	1,121
IFRS net debt	i = c+g	-2,421	-2,398
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	-4,221	-4,198
Underlying EBITDA (LTM)	k	2,122	1,945
Adjustment for discontinued operations	l	-	-
Adjusted underlying EBITDA for leverage calculation	m = k+l	2,122	1,945
Underlying leverage ratio		2.0	2.2

The definition of the net financial debt has been adapted to take into account the long term financial instruments that were not present until Q2 2021.

Reconciliation of underlying income statement indicators

Besides 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 Q2 <i>(in € million)</i>	Q2 2021			Q2 2020		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales	2,690	-	2,690	2,339	-	2,339
of which revenues from non-core activities	233	-	233	164	-	164
of which net sales	2,456	-	2,456	2,175	-	2,175
Cost of goods sold	-1,941	-	-1,941	-1,805	-	-1,804
Gross margin	748	-	748	534	-	535
Commercial costs	-70	-	-70	-77	-	-77
Administrative costs	-223	-	-222	-200	5	-195
Research & development costs	-72	1	-71	-73	1	-72
Other operating gains & losses	-31	36	5	-47	42	-5
Earnings from associates & joint ventures	33	1	34	19	-4	15
Result from portfolio management & major restructuring	-34	34	-	-1,496	1,496	-
Result from legacy remediation & major litigations	-19	19	-	-9	9	-
EBITDA	550	52	602	398	41	439
Depreciation, amortization & impairments [1]	-217	38	-179	-1,745	1,508	-237
EBIT	333	91	424	-1,347	1,549	202
Net cost of borrowings	-22	-	-22	-30	-	-30
Coupons on perpetual hybrid bonds	-	-20	-20	-	-24	-24
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-1	-1	-	-2	-2
Cost of discounting provisions	-7	-5	-12	-16	6	-10
Result from equity instruments measured at fair value through other comprehensive income	2	-	2	1	-	1
Profit / (loss) for the period before taxes	305	64	370	-1,393	1,531	138
Income taxes	-72	-11	-83	-155	133	-22
Profit / (loss) for the period from continuing operations	233	53	287	-1,548	1,664	116
Profit / (loss) for the period from discontinued operations	-	-	-	15	-14	-
Profit / (loss) for the period	233	53	286	-1,533	1,649	116
attributable to Solvay shareholders	222	54	276	-1,540	1,649	109
attributable to non-controlling interests	11	-1	10	7	-	7
Basic earnings per share (in €)	2.15	0.52	2.67	-14.94	16.00	1.06
of which from continuing operations	2.15	0.52	2.67	-15.08	16.14	1.06
Diluted earnings per share (in €)	2.14	0.52	2.66	-14.94	16.00	1.06
of which from continuing operations	2.14	0.52	2.66	-15.08	16.14	1.06

EBITDA on an IFRS basis totaled €550 million, versus €602 million on an underlying basis. The difference of €52 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €1 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, the Russian ruble being broadly stable vs EUR over the period. These elements are reclassified in "*Net financial charges*".
- €32 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements, mainly related to post-closing adjustments resulting from M&A warranties.
- €19 million to adjust for the "*Result from legacy remediation and major litigations*", primarily indemnities for environmental remediation.

EBIT on an IFRS basis totaled €333 million, versus €424 million on an underlying basis. The difference of €91 million is explained by the above-mentioned €52 million adjustments at the EBITDA level and €38 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €37 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €36 million.
- €2 million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" resulting primarily from the impairment of non-performing assets

Net financial charges on an IFRS basis were €-27 million versus €-53 million on an underlying basis. The €-26 million adjustment made to IFRS net financial charges consists of:

- €-20 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-1 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €-5 million for the net impact of decreasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-72 million, versus €-83 million on an underlying basis. The €-11 million adjustment mainly relates to the adjustments of the earnings before taxes described above.

Profit / (loss) attributable to Solvay shareholders was €222 million on an IFRS basis and €276 million on an underlying basis. The delta of €54 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and minor adjustments for discontinued operations. There was €-1 million impact from non-controlling interests.

H1 consolidated income statement

(in € million)	H1 2021			H1 2020		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales	5,294	-	5,294	5,026	-	5,026
of which revenues from non-core activities	465	-	465	377	-	377
of which net sales	4,829	-	4,829	4,649	-	4,649
Cost of goods sold	-3,811	-	-3,811	-3,748	1	-3,747
Gross margin	1,483	-	1,483	1,278	1	1,279
Commercial costs	-140	-	-140	-163	-	-163
Administrative costs	-443	-	-442	-444	12	-432
Research & development costs	-165	1	-164	-151	1	-150
Other operating gains & losses	-67	74	7	-83	86	3
Earnings from associates & joint ventures	63	-	62	23	13	36
Result from portfolio management & major restructuring	-195	195	-	-1,554	1,554	-
Result from legacy remediation & major litigations	-33	33	-	-21	21	-
EBITDA	964	221	1,185	883	125	1,008
Depreciation, amortization & impairments [1]	-462	82	-380	-1,998	1,562	-435
EBIT	502	303	805	-1,114	1,687	573
Net cost of borrowings	-48	-	-48	-57	-	-57
Coupons on perpetual hybrid bonds	-	-41	-41	-	-47	-47
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-8	-8	-	-10	-10
Cost of discounting provisions	-12	-10	-21	-17	-4	-20
Result from equity instruments measured at fair value through other comprehensive income	2	-	2	1	-	1
Profit / (loss) for the period before taxes	444	245	689	-1,187	1,627	440
Income taxes	-98	-56	-154	-203	104	-99
Profit / (loss) for the period from continuing operations	346	189	535	-1,389	1,731	342
Profit / (loss) for the period from discontinued operations	-	1	1	117	-95	21
Profit / (loss) for the period	346	190	536	-1,273	1,636	363
attributable to Solvay shareholders	326	190	517	-1,290	1,636	345
attributable to non-controlling interests	20	-1	19	18	-	18
Basic earnings per share (in €)	3.16	1.84	4.99	-12.51	15.85	3.35
of which from continuing operations	3.16	1.84	4.99	-13.64	16.77	3.14
Diluted earnings per share (in €)	3.15	1.83	4.98	-12.50	15.85	3.34
of which from continuing operations	3.15	1.83	4.98	-13.63	16.77	3.14

EBITDA on an IFRS basis totaled €964 million, versus €1,185 million on an underlying basis. The difference of €221 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €0 million in *"Earnings from associates & joint ventures"* for Solvay's share in the financial charges of the Rusvinyl joint venture which were offset by the foreign exchange gains on the €-denominated debt of the joint venture, the Russian ruble strengthening by 5% vs EUR over the period. These elements are reclassified in *"Net financial charges"*.
- €188 million to adjust for the *"Result from portfolio management and major restructuring"*, excluding depreciation, amortization and impairment elements, mainly related to the new restructuring plan launched in Q1 2021 (€148 million) and to post-closing adjustments resulting from M&A warranties.
- €33 million to adjust for the *"Result from legacy remediation and major litigations"*, primarily indemnities for environmental remediation.

EBIT on an IFRS basis totaled €502 million, versus €805 million on an underlying basis. The difference of €303 million is explained by the above-mentioned €221 million adjustments at the EBITDA level and €82 million of *"Depreciation, amortization & impairments"*. The latter consist of:

- €75 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in *"Research & development costs"* for €1 million, and in *"Other operating gains & losses"* for €74 million.
- €7 million to adjust for the impact of impairments reported in *"Result from portfolio management and major restructuring"* resulting primarily from the impairment of non-performing assets

Net financial charges on an IFRS basis were €-58 million versus €-116 million on an underlying basis. The €-58 million adjustment made to IFRS net financial charges consists of:

- €-41 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-8 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €-10 million for the net impact of decreasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-98 million, versus €-154 million on an underlying basis. The €-56 million adjustment mainly relates to the adjustments of the earnings before taxes described above.

Profit / (loss) attributable to Solvay shareholders was €326 million on an IFRS basis and €517 million on an underlying basis. The delta of €190 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and minor adjustments for discontinued operations. There was a €-1 million impact from non-controlling interests.

Condensed consolidated financial statements^[1]

Consolidated income statement

(in € million)	IFRS			
	Q2 2021	Q2 2020	H1 2021	H1 2020
Sales	2,690	2,339	5,294	5,026
of which revenues from non-core activities	233	164	465	377
of which net sales	2,456	2,175	4,829	4,649
Cost of goods sold	-1,941	-1,805	-3,811	-3,748
Gross margin	748	534	1,483	1,278
Commercial costs	-70	-77	-140	-163
Administrative costs	-223	-200	-443	-444
Research & development costs	-72	-73	-165	-151
Other operating gains & losses	-31	-47	-67	-83
Earnings from associates & joint ventures	33	19	63	23
Result from portfolio management & major restructuring [2]	-34	-1,496	-195	-1,554
Result from legacy remediation & major litigations	-19	-9	-33	-21
EBIT	333	-1,347	502	-1,114
Cost of borrowings	-26	-29	-54	-58
Interest on loans & short term deposits	2	2	4	5
Other gains & losses on net indebtedness	1	-3	1	-3
Cost of discounting provisions	-7	-16	-12	-17
Result from equity instruments measured at fair value through other comprehensive income	2	1	2	1
Profit / (loss) for the period before taxes	305	-1,393	444	-1,187
Income taxes	-72	-155	-98	-203
Profit / (loss) for the period from continuing operations	233	-1,548	346	-1,389
attributable to Solvay shareholders	222	-1,555	326	-1,407
attributable to non-controlling interests	11	7	20	18
Profit / (loss) for the period from discontinued operations	-	15	-	117
Profit / (loss) for the period	233	-1,533	346	-1,273
attributable to Solvay shareholders	222	-1,540	326	-1,290
attributable to non-controlling interests	11	7	20	18
Weighted average of number of outstanding shares, basic	103,575,552	103,073,974	103,425,920	103,193,910
Weighted average of number of outstanding shares, diluted	103,891,967	103,073,974	103,671,794	103,221,352
Basic earnings per share (in €)	2.15	-14.94	3.16	-12.51
of which from continuing operations	2.15	-15.08	3.16	-13.64
Diluted earnings per share (in €)	2.14	-14.94	3.15	-12.50
of which from continuing operations	2.14	-15.08	3.15	-13.63

Consolidated statement of comprehensive income

(in € million)	IFRS			
	Q2 2021	Q2 2020	H1 2021	H1 2020
Profit / (loss) for the period	233	-1,533	346	-1,273
Gains and losses on hedging instruments in a cash flow hedge	25	9	15	-39
Currency translation differences from subsidiaries & joint operations	-25	-116	218	-117
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	12	10	23	-62
Recyclable components	12	-96	257	-218
Gains and losses on equity instruments measured at fair value through other comprehensive income	16	-3	19	-2
Remeasurement of the net defined benefit liability [3]	151	-201	424	-166
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	-	-2	-	-
Non-recyclable components	167	-205	442	-168
Income tax relating to components of other comprehensive income	-20	22	-66	16
Other comprehensive income, net of related tax effects	159	-280	633	-370
Total comprehensive income	392	-1,813	979	-1,643
attributed to Solvay share	382	-1,817	956	-1,660
attributed to non-controlling interests	10	4	23	17

[1] Reviewed for H1 2021 and H1 2020 figures.

[2] H1 2021 Result from portfolio management & major restructuring mainly relates to the €148 million provision in relation with the new strategic transformation announced in February, resulting in a net reduction of approximately 500 roles. In H1 2020, it mainly related to the €1.5 billion impairment largely attributable to goodwill at Composite Materials (€0.8 billion) and Technology Solutions (€0.3 billion). An additional impairment was recorded on Oil & Gas and some specific assets within Special Chem. It also included a restructuring charge of €85 million.

[3] The remeasurement of the net defined benefit liability of €424 million in H1 2021 was mainly due to increase of discount rates applicable to post-employment provisions in the Euro-zone, the UK and US, reinforced by the return of plan assets.

Consolidated statement of cash flows

(in € million)	IFRS			
	Q2 2021	Q2 2020	H1 2021	H1 2020
Profit / (loss) for the period	233	-1,533	346	-1,273
Adjustments to profit / (loss) for the period	339	1,967	783	2,290
Depreciation, amortization & impairments	217	1,745	462	1,998
Earnings from associates & joint ventures	-33	-19	-63	-23
Additions & reversals on provisions	49	35	234	148
Other non-operating and non-cash items [1]	6	8	-5	-304
Net financial charges	28	45	57	73
Income tax expenses	72	153	98	399
Changes in working capital	-130	104	-197	-32
Uses of provisions	-75	-66	-138	-142
Voluntary pension contributions			-102	-460
Dividends received from associates & joint ventures	29	14	47	16
Income taxes paid (excluding income taxes paid on sale of investments)	-67	-34	-106	-7
Cash flow from operating activities	330	452	633	393
Acquisition (-) of subsidiaries	-20	-	-22	-9
Acquisition (-) of investments - Other	-2	-2	-3	-26
Loans to associates and non-consolidated companies	-4	-3	3	3
Sale (+) of subsidiaries and investments	26	12	103	1,304
Acquisition (-) of tangible and intangible assets (capex)	-116	-106	-193	-274
of which tangible assets	-96	-87	-159	-233
of which capital expenditures required by share sale agreement	-	-	-	-14
of which intangible assets	-20	-19	-34	-41
Sale (+) of tangible & intangible assets	3	2	13	6
Dividends from financial assets measured at fair value through other comprehensive income	2	1	2	1
Changes in non-current financial assets	-8	-3	-15	-11
Cash flow from investing activities	-119	-99	-112	995
Sale (acquisition) of treasury shares	4	-	41	-26
Increase in borrowings	13	278	174	527
Repayment of borrowings [2]	-24	-293	-28	-1,139
Changes in other current financial assets [3]	-29	-11	-39	-33
Payment of lease liabilities	-26	-26	-48	-54
Net interests paid	-28	-30	-34	-39
Coupons paid on perpetual hybrid bonds	-29	-55	-48	-68
Dividends paid	-238	-231	-393	-388
of which to Solvay shareholders	-233	-229	-388	-384
of which to non-controlling interests	-5	-2	-5	-4
Other [4]	67	87	56	25
Cash flow from financing activities	-290	-281	-320	-1,194
of which increase/decrease of borrowings related to environmental remediation	-	1	-	6
Net change in cash and cash equivalents	-79	71	200	195
Currency translation differences	8	4	6	-41
Opening cash balance [5]	1,287	889	1,009	809
Closing cash balance	1,216	963	1,216	963

[1] Other non-operating and non-cash items of €304 million in H1 2020 mainly relates to Polyamide capital gain before taxes and provisions

[2] Repayment of borrowings of €1,139 million in H1 2020 mainly relates to the reimbursement of commercial paper after the cash proceeds on Polyamide disposal.

[3] Includes €30 million relating to a non-current deposit considered to be part of cash management and not as cash flow from investing activities. Refer to the non-current other financial instruments on the statement of financial position.

[4] Other cash flow from financing activities of €56 million in H1 2021 mainly includes the payment for the purchase of the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture, following the exercise of the Solvay call option (€52 million) and cash inflows related to margin calls (€111 million).

[5] of which €7 million cash in assets held for sale at the end of 2020.

Statement of cash flow from discontinued operations

(in € million)	IFRS			
	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash flow from operating activities	-11	-	-11	15
Cash flow from investing activities	-	-	-	-33
Cash flow from financing activities	-	-	-	5
Net change in cash and cash equivalents	-11	-	-11	-13

The cash flow from investing activities of discontinued operations in H1 2021 excludes the proceeds received on the divestment of Polyamide. The sale of Polyamide was completed on January 31, 2020.

Consolidated statement of financial position

	2021	2020
	June 30	December 31
(in € million)		
Intangible assets	2,095	2,141
Goodwill	3,310	3,265
Property, plant and equipment	4,717	4,717
Right-of-use assets	392	405
Equity instruments measured at fair value through other comprehensive income	90	66
Investments in associates & joint ventures	540	495
Other investments	43	42
Deferred tax assets	761	788
Loans & other assets [1]	640	390
Other financial instruments	30	-
Non-current assets	12,619	12,308
Inventories	1,443	1,241
Trade receivables	1,521	1,264
Income tax receivables	130	109
Other financial instruments	137	119
Other receivables [1]	870	519
Cash & cash equivalents	1,216	1,002
Assets held for sale	-	229
Current assets	5,317	4,484
Total assets	17,936	16,792
Share capital	1,588	1,588
Issue premiums	1,170	1,170
Other reserves	5,159	4,439
Non-controlling interests	123	106
Total equity	8,040	7,304
Provisions for employee benefits	1,728	2,209
Other provisions	815	689
Deferred tax liabilities	532	487
Financial debt	3,246	3,233
Other liabilities [1]	290	95
Non-current liabilities	6,611	6,713
Other provisions	224	190
Financial debt [2]	558	287
Trade payables	1,474	1,197
Income tax payables	133	113
Dividends payables	5	159
Other liabilities [1]	891	720
Liabilities associated with assets held for sale	-	110
Current liabilities	3,285	2,775
Total equity & liabilities	17,936	16,792

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

[2] The current financial debt (€558 million at the end of June 2021) is composed of short term financing (which include €91 million of short term portion of leases). The increase compared to the end of 2020 is due to the temporary drawdown of €150 million on a new credit line and for €111 million to margin calls (see note 4 in the cash flow statement)

Consolidated statement of changes in equity

	Revaluation reserve (fair value)											
	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value through other comprehensive income	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
<i>(in € million)</i>												
Balance on December 31, 2019	1,588	1,170	-274	1,789	6,462	-454	10	-20	-756	6,757	110	9,625
Profit / (loss) for the period	-	-	-	-	-1,290	-	-	-	-	-1,290	18	-1,273
Items of other comprehensive income	-	-	-	-	-	-179	-1	-28	-162	-370	2	-371
Comprehensive income	-	-	-	-	-1,290	-179	-1	-28	-162	-1,660	17	-1,643
Cost of stock options	-	-	-	-	3	-	-	-	-	3	-	3
Dividends	-	-	-	-	-232	-	-	-	-	-232	-3	-235
Coupons of perpetual hybrid bonds	-	-	-	-	-68	-	-	-	-	-68	-	-68
Sale (acquisition) of treasury shares	-	-	-26	-	-	-	-	-	-	-26	-	-26
Other	-	-	-	-	-7	-	-	-	6	-1	-	-1
Balance on June 30, 2020	1,588	1,170	-300	1,789	4,868	-633	9	-48	-913	4,772	124	7,654
Balance on December 31, 2020	1,588	1,170	-286	1,786	4,985	-1,153	12	14	-919	4,439	106	7,304
Profit / (loss) for the period	-	-	-	-	326	-	-	-	-	326	20	346
Items of other comprehensive income	-	-	-	-	-	239	15	10	366	630	3	633
Comprehensive income	-	-	-	-	326	239	15	10	366	956	23	979
Cost of stock options	-	-	-	-	4	-	-	-	-	4	-	4
Dividends	-	-	-	-	-233	-	-	-	-	-233	-6	-239
Coupons of perpetual hybrid bonds	-	-	-	-	-48	-	-	-	-	-48	-	-48
Sale (acquisition) of treasury shares	-	-	41	-	-	-	-	-	-	41	-	41
Other	-	-	-	-	-11	-	-	-	12	-	-	-
Balance on June 30, 2021	1,588	1,170	-245	1,786	5,022	-914	27	24	-541	5,159	123	8,040

H1 2021 Equity increased by €239 million after currency translation differences mainly due to the USD revaluation against EUR in the semester.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2021.

On January 18, 2021 Solvay sent a Call option Notice to the European Bank for Reconstruction and Development (EBRD) to purchase the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture. The option price of €52 million was booked as an Other current liability at the end of 2020 and has been paid in Q1 2021.

An additional voluntary contribution of €102 million was made in January 2021 to the Belgian pension plans.

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

Portfolio management

During Q1, 2021, the assets and liabilities related to the following businesses previously classified as "held for sale" were divested:

- the Peroxides sodium chlorate business line and related assets in Povoia (Portugal),
- the various fluorine chemicals assets in Onsan, South Korea, part of Special Chem,
- the Peroxides sodium percarbonate business line and related assets in Bad Hönningen (Germany),
- the Barium Strontium business and the joint venture with Chemical Products Corporation (CPC) and
- the Process Materials business (part of Composites)

On May 3, 2021, Solvay announced that it has completed the sale of the amphoteric surfactants activities, which includes the three main production sites supporting the amphoteric product lines located in University Park, Illinois (USA), Genthin (Germany), Halifax (United Kingdom), and a tolling arrangement in Turkey.

These divestments lead to a decrease in sales of €80 million in H1 2021 compared to H1 2020. There was no material capital gain/loss on these divestments.

As a consequence, there were no remaining assets held for sale at the end of June 2021.

Contingent Asset

Following a legal proceeding started in 2012, the Arbitration Court of Geneva issued on June 22, 2021 a decision award in favor of Solvay, ordering Edison S.p.A. to pay approximately €91 million for the losses and damages incurred up to the end of 2016 in relation to the environmental issues of the Spinetta Marengo and Bussi sites, previously owned and operated by Edison (Ausimont) SpA. A further phase of the arbitration proceeding or an amicable settlement will define the compensation for the additional losses and damages from 2017 onwards, as well as the interests applicable to the amount awarded and the costs of litigation. No income was recognized in Q2 in relation to the award, pending the enforcement procedures of the arbitration.

COVID-19 impact

The total net impact of COVID-19 on H1 2021 EBITDA was not considered to be material to the Group as the short-term mitigation actions related to labor costs (including furloughs) and indirect spend were substantially completed at December 31, 2020. The Group will continue to monitor any future evolution of the sanitary crisis.

COVID-19 began to impact the group in Q2 2020 with an estimated EBITDA impact of €-220 million (after mitigation actions related to labor costs (including furloughs) and indirect spend). In addition, in Q2 2020, the impact of COVID-19 indicated that some assets could be impaired. The review confirmed that there was an impairment which impacted Composite Materials (€0.8 billion), Technology Solutions (€0.3 billion), and the Oil & Gas (€160 million) GBUs as well as other small assets (€189 million). For additional information see the 2020 annual report.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "Interim Financial Reporting" using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2020. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020. The critical accounting judgments and key sources of estimation uncertainty included in the 2020 annual report remain

applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2020 annual report.

During H1 2021, Amendments to IFRS 9, IFRS 7 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 became effective for the Group and its adoption did not have an impact on the consolidated financial statements during the period. Going forward the Group's management will continue to monitor the market evolution resulting from the decisions taken by each of the relevant authorities of such benchmarks, however, based on the current understanding IBOR Reform Phase 2 is not expected to have more than an insignificant impact on the Group's consolidated financial statements.

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

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRS IC) issued a financial agenda decision on IAS 19 *Employee Benefits* which included updates regarding the periods of service to which an entity attributes benefit for a particular defined benefit plan. Solvay is currently analyzing the potential impact this may have on the post-retirement plans of the Group. If any, this would be a decrease of the defined benefit obligation.

3. Segment information

Solvay is organized in the following operating segments:

- **Materials** offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO₂ and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Chemicals** host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **Solutions** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novacare, Technology Solutions, Aroma and Special Chem focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO₂ emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q2 2021	Q2 2020	H1 2021	H1 2020
Net sales	2,456	2,175	4,829	4,649
Materials	711	681	1,400	1,470
Chemicals	820	658	1,610	1,458
Solutions	925	834	1,815	1,717
Corporate & Business Services	1	2	4	3
Underlying EBITDA	602	439	1,185	1,008
Materials	220	170	426	398
Chemicals	249	167	489	405
Solutions	171	133	344	287
Corporate & Business Services	-38	-31	-74	-83
Underlying depreciation, amortization & impairments	-179	-237	-380	-435
Underlying EBIT	424	202	805	573
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	-37	-49	-75	-100
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	-1	4	-	-13
Result from portfolio management & major restructuring	-34	-1,496	-195	-1,554
Result from legacy remediation & major litigations	-19	-9	-33	-21
EBIT	333	-1,347	502	-1,114
Net financial charges	-28	-45	-58	-72
Profit / (loss) for the period before taxes	305	-1,393	444	-1,187
Income taxes	-72	-155	-98	-203
Profit / (loss) for the period from continuing operations	233	-1,548	346	-1,389
Profit / (loss) for the period from discontinued operations	-	15	-	117
Profit / (loss) for the period	233	-1,533	346	-1,273
attributable to non-controlling interests	11	7	20	18
attributable to Solvay shareholders	222	-1,540	326	-1,290

The non-cash PPA impacts can be found in the reconciliation table on pages 12 and 14.

4. Financial Instruments

Valuation techniques

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

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of June 30, 2021, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2020.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value hierarchy and valuation method of those instruments as of June 30, 2021, remained the same as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2020. The evolutions in fair value can be observed from the statement of financial position and are mainly due to the evolution in energy prices.

5. Events after the reporting period

On July 1, Solvay announced the closing of the acquisition, from Bayer, of a seed coating business, with facilities in Méréville, France, and tolling operations in the U.S. and Brazil. This is a natural extension to Solvay's own AgRHO® family of sustainable seed boosting solutions (part of Novicare) and supports the drive toward more bio-based, sustainable technologies. A preliminary payment of €19 million has been made in June 2021, subject to customary post-closing adjustments.

6. Declaration by responsible persons

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

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

7. Auditor's report

Report on the review of the condensed consolidated interim financial information of Solvay SA/NV for the six-month period ended 30 June 2021

In the context of our appointment as the company's statutory auditor, we report to you on the condensed consolidated interim financial information. This condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 6.

Report on the consolidated interim financial information

We have reviewed the condensed consolidated interim financial information of Solvay SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated condensed statement of financial position shows total assets of 17 936 million EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 326 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review of the condensed consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of Solvay SA/NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 28 July 2021

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL

Represented by

Michel Denayer

Corine Magnin

Glossary

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

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

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

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

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

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:

- $\text{Recurring cash flow} = \text{Underlying EBITDA} + (\text{Dividends from associates and joint ventures} - \text{Underlying Earnings from associates and joint ventures}) + \text{Recurring capex} + \text{Recurring income taxes}$;
- $\text{Invested capital} = \text{Replacement value of goodwill \& fixed assets} + \text{Net working capital} + \text{Carrying amount of associates and joint ventures}$;
- 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 $(\text{Underlying EBIT} - \text{Underlying Earnings from associates and joint ventures})$;

CTA: Currency Translation Adjustment

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

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

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

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

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

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

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

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

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

GBU: Global business unit.

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

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

Leverage ratio: Net debt / underlying EBITDA of last 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 and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

PA: Polyamide, polymer type.

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

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

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

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

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

Result from legacy remediation and major litigations: It includes:

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

Results from portfolio management and major restructuring: It includes:

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

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

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

SBTi: Science-based target initiative

SOP: Stock Option Plan.

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

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

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

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

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

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Safe harbor

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About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 23,000 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €9.0 billion in 2020. Solvay is listed on Euronext Brussels (SOLB) and Paris and in the United States, where its shares (SOLVY) are traded through a Level I ADR program. Learn more at www.solvay.com.

About Solvay Investor Relations

[Results' documentation](#)

[G.R.O.W. Strategy](#)

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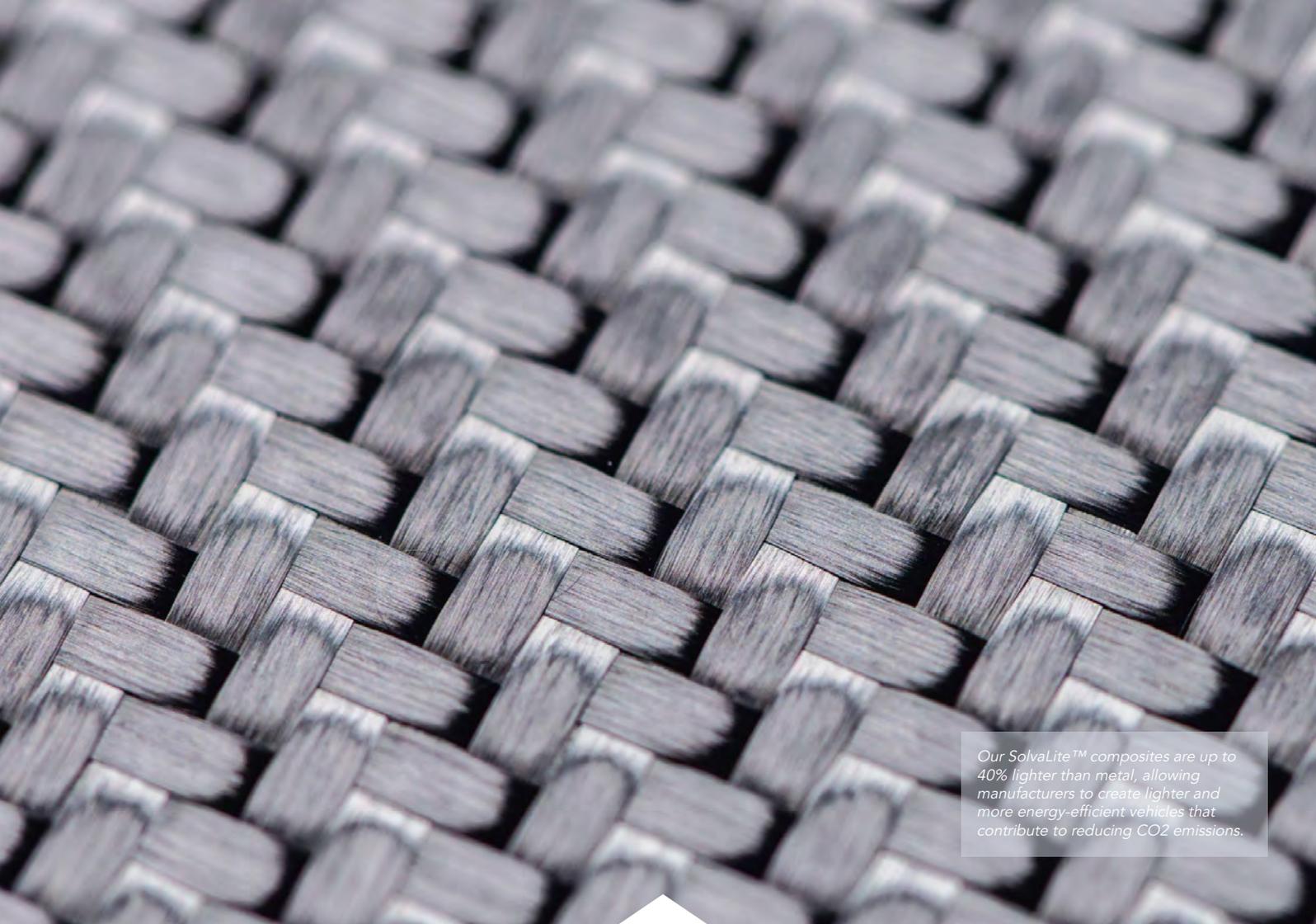
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Our SolvaLite™ composites are up to 40% lighter than metal, allowing manufacturers to create lighter and more energy-efficient vehicles that contribute to reducing CO2 emissions.

www.solvay.com/en/investors

Progress beyond

