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SPECIAL REPORT OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH ARTICLE 12:61 OF THE CODE OF COMPANIES AND ASSSOCIATIONS

This report has been drawn up in accordance with Article 12:61 of the Code of Companies and Associations ("<u>CCA</u>") with respect to the proposal for a transaction treated as a demerger by acquisition (the "<u>Partial Demerger</u>"), whereby the assets and liabilities related to the so-called "Specialty" activities of Solvay SA/NV ("<u>Solvay</u>" or the "<u>Company</u>") would be demerged and contributed to Syensqo SA/NV, a limited liability company (*société anonyme / naamloze vennootschap*) organized under the laws of Belgium, with its registered office at rue de la Fusée 98, 1130 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0798.896.453 (RPM Brussels) ("<u>Syensqo</u>"). The Partial Demerger, is described in the joint partial demerger proposal attached hereto as <u>Schedule 1</u> (the "<u>Partial Demerger Proposal</u>").

In this report, the board of directors of the Company (the "<u>Board</u>") reports on the status of the assets and liabilities of the companies involved in the Partial Demerger and, from a legal and economic point of view, sets out the justification, the conditions, modalities and consequences of the Partial Demerger, the valuation methods used to calculate the proposed exchange ratio, any difficulties that may have arisen and the proposed exchange ratio.

This report should be read together with the special report of the auditor of the Company on the Partial Demerger Proposal issued in accordance with Article 12:62 of the CCA.

1. <u>Description of the proposed transaction</u>

1.1. As described in the Partial Demerger Proposal, the proposed transaction is a transaction treated as a demerger (*i.e.*, a division) within the meaning of Article 12:8 of the CCA and Article 159 of Directive (EU) 2017/1132 of the European Parliament and of the Council of June 14, 2017 relating to certain aspects of company law, as amended, pursuant to which, subject to obtaining the required approval of Solvay and Syensqo's shareholders and the authorizations set forth in the Partial Demerger Proposal, (i) part of the assets and liabilities of Solvay (as described in Section 11 of the Partial Demerger Proposal) would be contributed to Syensqo without Solvay ceasing to exist, and (ii) in exchange for such contribution, Syensqo would issue and allocate Syensqo ordinary shares directly to Solvay's shareholders, with the Solvay shareholders receiving one Syensqo ordinary share for each Solvay share held by them on the Effective Date (as defined below), in accordance with the Partial Demerger Proposal. This exchange ratio is fixed and will not be subject to any adjustment prior to the completion of the Partial Demerger.

1.2. The Partial Demerger would relate to Solvay's so-called "Specialty" activities (together, the "<u>Specialty Perimeter</u>"), consisting of:

(i) the following businesses currently included in the Materials segment:

- Specialty Polymers, which offers a wide range of high-performance polymers;

- Composite Materials, which designs and manufactures high-performance carbon fiber composites and adhesives; and

(ii) the following businesses currently grouped in the Solutions segment, including:

- Novecare, which deploys a portfolio of increasingly natural ingredients, including guar derivatives, fatty acids and more conventional surfactants, amines and solvents;

- Aroma Performance, the world's largest integrated producer of natural and synthetic vanillin for the flavors and fragrance industries;

- Technology Solutions, which has a global positioning in phosphine-based chemistry for specialty mining reagents and also produces UV stabilization solutions for polymers; and

- Oil and Gas Solutions, which provides a wide product portfolio for the oil and gas sector, as well as sodium hypophosphite (notably for metal plating) and a technological process that gives durable flame-retardant properties to cotton-based textiles.

(iii) research and development activities relating to the businesses described under points 1.2 and (ii) above; and

(iv) administrative, accounting, tax, legal, intellectual property management, human resources support services, procurement and other centralized services, as well as treasury and intra-group financing services provided by Solvay to the legal entities carrying on the businesses described under points 1.2 and (ii) above.

1.3. Following the Partial Demerger, Solvay would retain the shares and other interests it holds in companies engaged in (or themselves holding shares or other interests in) the so-called "Essential" activities, which include the mono-technology businesses such as Soda Ash & Derivatives, Peroxides, Silica and Coatis, which are currently grouped in the Chemicals segment, as well as the Special Chem business belonging to the Solutions segment (together the "Essential Perimeter").

1.4. The Partial Demerger is governed by the provisions of Book XII, Title II, Chapter III, Section I of the CCA.

2. Description of the assets and liabilities of the companies participating in the Partial Demerger

(a) Solvay

2.1. The below table presents the assets of the Company as at June 30, 2023, as shown in the statutory balance sheet of the Company as at June 30, 2023:

EUR	*Solvay – statutory balance sheet as at June 30, 2023*
Fixed assets	**13,784,453,470.61**
Intangible assets	104,343,463.31
Fixed tangible assets	121,688,962.61
Financial assets	13,558,421,044.69
Current assets	**2,941,066,979.93**
Long-term receivables	292,797.10
Inventory and ongoing orders	440,648.81
Short-term receivables	2,095,813,139.51
Short-term investments	434,435,584.19
Cash and cash equivalent	377,968,575.11
Deferred / prepaid assets	32,116,235.21
Total assets	**16,725,520,450.54**

The below table presents the liabilities and equity of the Company as at June 30, 2023, as shown in the statutory balance sheet of the Company as at June 30, 2023:

EUR	*Solvay - statutory balance sheet as at June 30, 2023*
Equity	**9,780,058,511.87**
Capital	1,588,146,240.00
Share premium	1,200,432,580.38
Reserves	1,982,255,418.15
Retained earnings	5,009,224,273.34
Provisions and deferred tax	**236,618,279.48**
Provisions for risks and charges	236,618,279.48
Deferred tax	0.00
Debts	**6,708,843,659.19**
Long-term debt	1,921,349,651.53
Short-term debt	4,730,704,655.55
Deferred / prepaid liabilities	56,789,352.11
Total liabilities and equity	**16,725,520,450.54**

(b) Syensqo

2.2. The below table presents the assets of Syensqo as at August 31, 2023, as shown in the interim statement of assets and liabilities of Syensqo as at August 31, 2023 prepared for the purpose of Syensqo's conversion into a limited liability company, in accordance with Article 14:3 of the CCA:

EUR	*Syensqo – statutory balance sheet as at August 31, 2023*
Fixed assets	**0**
Intangible assets	0
Fixed tangible assets	0
Financial assets	0
Current assets	**1.00**
Long-term receivables	0
Inventory and ongoing orders	0
Short-term receivables	0
Short-term investments	0
Cash and cash equivalent	1.00
Deferred / prepaid assets	0
Total assets	**1.00**

The below table presents the liabilities and equity of Syensqo as at August 31, 2023, as shown in the interim statement of assets and liabilities of Syensqo as at August 31, 2023 prepared the purpose of Syensqo's conversion into a limited liability company, in accordance with Article 14:3 of the CCA:

EUR	*Syensqo – statutory balance sheet as at August 31, 2023*
Equity	**1.00**
Contribution	1.00
Share premium	0
Reserves	0
Retained (loss) earnings	0
Provisions and deferred tax	**0**
Provisions for risks and charges	0
Deferred tax	0
Debts	**0**
Long-term debt	0
Short-term debt	0
Deferred / prepaid liabilities	0
Total liabilities and equity	**1.00**

2.3. On October 16, 2023, Synesqo converted from a private limited company (*société à responsabilité limitée*/*besloten vennootschap*) into a limited liability company (*société anonmye*/*naamloze vennootschap*). In this context, Syensqo's own funds were increased from EUR 1.00 to EUR 61,500.00 before the conversion and, pursuant to the conversion, were converted into a share capital of EUR 61,500.00.

The table below presents the assets of Syensqo as at October 16, 2023, following the conversion of Syensqo into a limited liability company:

EUR	*Syensqo – statutory balance sheet as at October 16, 2023*
Fixed assets	**0**
Intangible assets	0
Fixed tangible assets	0
Financial assets	0
Current assets	**61,500.00**
Long-term receivables	0
Inventory and ongoing orders	0
Short-term receivables	0
Short-term investments	0
Cash and cash equivalent	61,500.00
Deferred / prepaid assets	0
Total assets	**61,500.00**

The table below presents the liabilities and equity of Syensqo as at October 16, 2023, following the conversion of Syensqo into a limited liability company:

EUR	*Syensqo – statutory balance sheet as at October 16, 2023*
Equity	**61,500.00**
Capital	61,500.00
Share premium	0
Reserves	0
Retained (loss) earnings	0
Provisions and deferred tax	**0**
Provisions for risks and charges	0
Deferred tax	0
Debts	**0**
Long-term debt	0
Short-term debt	0
Deferred / prepaid liabilities	0
Total liabilities and equity	**61,500.00**

3. Legal and economic justification for the Partial Demerger

(a) Reasons for the Partial Demerger

3.1. Since 2019, Solvay has worked to accelerate the reinvention of the Solvay group and amplify the impact it has in the world. In spite of the highly volatile environment in which Solvay has been operating over the past four years, marked by the global pandemic, increased inflation, supply chain disruption and international tensions, it believes it has achieved outstanding financial results and advanced on its sustainability commitments faster than planned. It invested substantial amounts to support sustainable growth and advance toward carbon neutrality, while continuing to develop a diversity, equity and inclusion (DEI) mindset. With these solid foundations in place, the Board believes it can give both new companies the strong start they need to develop their potential.

3.2. Two distinct groups of businesses emerged as Solvay delivered its G.R.O.W. strategy and business optimizations: the products relating to the so-called “Essential” activities and those relating to the so-called "Specialty" activities. While both have bold ambitions and significant potential, they have different—sometimes competing—needs, different operating requirements and different investment demands.

3.3. The purpose of the Partial Demerger is to transfer the Specialty Perimeter from Solvay to Syensqo, while the Essential Perimeter will be retained by Solvay. Once completed, the Partial Demerger would create two leading groups in their respective sectors, which will have the strategic and financial flexibility to develop their own business models, markets, investments and priorities vis-à-vis their different stakeholders.

3.4. In particular, the Partial Demerger would address the following economic incentives:

- different operational needs, whereby the Essential Perimeter's management would be able to focus on its leading mono-technology businesses, cash flow growth and sustainability, while Syensqo's management will be able to dedicate its efforts to achieving above-market growth, develop innovative, high value-added solutions, and sustainability;

- to implement a differentiated operating model in each perimeter to better meet customer expectations;

- to adopt a specific financing structure for each of the two perimeters, enabling them to meet their respective financing and distribution constraints;

- to manage the allocation priorities of the capital invested according to the respective businesses of the two perimeters;

- to drive sustainability initiatives;

- to attract and retain the most suitable talent for distinct activities; and

- to present each company to investors with greater clarity and visibility in order to attract a long-term investor base suited to each company.

3.5. For the above reasons, the Board believes that the Partial Demerger is in the interest of the Company.

(b) <u>Conditions and modalities of the Partial Demerger</u>

3.6. The Partial Demerger is subject to the approval of the extraordinary general meetings of the Company and Syensqo, and, if approved, will become effective at midnight, Brussels time, on the morning of the first day following the date of the last of the extraordinary general meetings (the "<u>Effective Date</u>"). In accordance with the Partial Demerger Proposal, the extraordinary general meetings of Solvay and Syensqo will be held once the following authorizations have been obtained:

(i) the approvals required from the Financial Services and Markets Authority (*Autorité des services et marchés financiers*) (the "<u>FSMA</u>") with regard to Syensqo's prospectus relating to the admission to trading of Syensqo's ordinary shares on the regulated markets of Euronext in Brussels and Paris, it being specified that the FSMA will also have notified such prospectus to the French *Autorité des marchés financiers* and the European Securities and Markets Authority pursuant to Article 25 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 ; and

(ii) the approval by Euronext Brussels SA/NV and Euronext Paris S.A. of the admission to trading of Syensqo's ordinary shares on the regulated markets of Euronext in Brussels and in Paris, respectively.

3.7. From an accounting perspective the Partial Demerger will be recorded with retroactive effect to July 1, 2023 (the "Accounting Retroactive Effect Date"). Consequently, from an accounting perspective, (i) Syensqo will be deemed to have had the use of all the assets demerged as part of the Partial Demerger as of the Accounting Retroactive Effect Date; (ii) all transactions carried out by Solvay from the Accounting Retroactive Effect Date onwards relating to the assets and liabilities of Solvay comprising the Specialty Perimeter will be deemed to have been carried out on behalf of Syensqo and (iii) all profits and losses relating to such transactions over the period since the Accounting Retroactive Effect Date will be deemed to have been realized by Syensqo.

3.8. The shares to be issued by Syensqo in exchange for the contribution of the assets and liabilities of Solvay comprising the Specialty Perimeter will be ordinary shares, fully paid-up and without nominal value.

3.9. The ordinary shares issued by Syensqo will represent the only class of outstanding shares of Syensqo immediately after the Partial Demerger. They will carry the right to participate in profits from the Effective Date. This right will be subject to the provisions of the CCA and will not be subject to any special terms and conditions. In view of the accounting retroactivity of the Partial Demerger, for the financial year during which the Effective Date occurs, these shares will carry the right to receive all dividends for the period comprised between the Accounting Retroactive Effect Date and the end of that financial year, including for the period between the Accounting Retroactive Effect Date and the Effective Date.

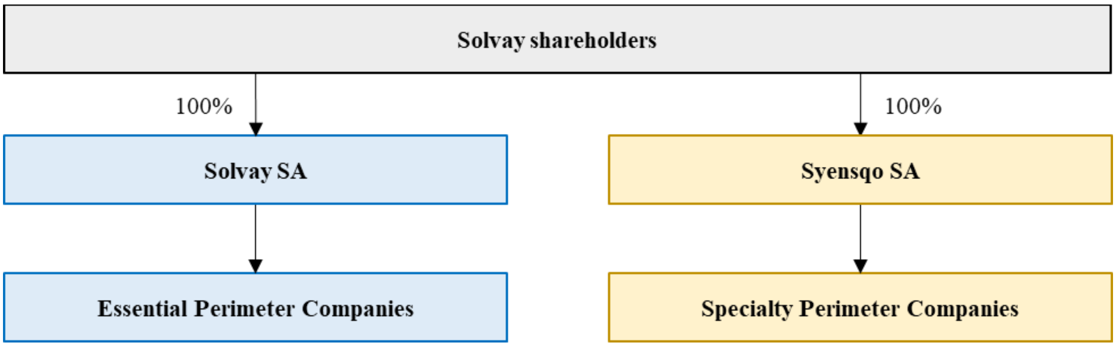
3.10. Syensqo will apply for the admission of all of its shares to trading on the regulated markets of Euronext Brussels and Euronext Paris, on which the shares of the Company are currently listed. The admission to trading on Euronext Brussels and Euronext Paris is expected to occur prior to the Partial Demerger, while the first day of trading on Euronext Brussels and Euronext Paris is expected to be on the first business day following the Effective Date (the "First Trading Day"), subject to the approval by the competent authorities.

3.11. No cash surplus or any assets other than Syensqo shares will be paid or distributed to the shareholders of the Company.

(c) Consequences of the Partial Demerger

3.12. On the Effective Date, (i) the assets and liabilities of Solvay comprising the Specialty Perimeter (as described in Section 11 of the Partial Demerger Proposal) will be transferred to Syensqo without Solvay ceasing to exist, and (ii) in exchange for such contribution, Syensqo will issue and allocate Syensqo ordinary shares directly to the Solvay shareholders, with the Solvay shareholders receiving one (1) Syensqo ordinary share for each Solvay share held by them on the Effective date (as described in paragraphs 3.16 and following below).

3.13. As a result thereof, on the Effective Date, Syensqo and Solvay will become two independent companies with mirroring shareholding structures. The simplified structure of the Solvay group and the Syensqo group immediately after the Partial Demerger is expected to be as follows:



(d) <u>Methods used to determine the exchange ratio</u>

3.14. Syensqo has a share capital of EUR 61,500.00 represented by one (1) share, held by the Company as sole shareholder, and no other assets and liabilities. Syensqo's sole share can therefore be valued at EUR 61,500.00.

3.15. The assets and liabilities to be contributed to Syensqo pursuant to the Partial Demerger have been valued at their book value. As set forth in Sections 11.2 to 11.4 of the Partial Demerger Proposal, based on the statutory balance sheet of the Company as at June 30, 2023, the net book value of these transferred assets and liabilities would be EUR 8,501,966,112.63, which is the difference between (i) the book value of the assets to be contributed to Syensqo pursuant to the Partial Demerger, *i.e.*, EUR 12,102,235,640.96, and (ii) the book value of the provisions, deferred taxes and indebtedness to be contributed to Syensqo pursuant to the Partial Demerger, *i.e.*, EUR 3,600,269,528.33.

(e) <u>Proposed exchange ratio</u>

3.16. As this transaction constitutes a partial demerger whereby the assets and liabilities of the Specialty Perimeter, as described in Section 11 of the Partial Demerger Proposal, would be contributed to Syensqo without Solvay ceasing to exist, the existing Solvay shares will not be exchanged. Instead, Syensqo will issue and allocate for each existing Solvay share (except for those held by Solvay itself, by Syensqo itself, or by a person acting in its own name but on behalf of Solvay or Syensqo (together, the "<u>Excluded Solvay Shares</u>")) a number of Syensqo ordinary shares determined in accordance with the exchange ratio.

3.17. It is proposed to determine the exchange ratio, *i.e.*, the number of Syensqo ordinary shares to be issued and allocated for each Solvay share, on a 1:1 basis, meaning that Solvay shareholders would receive one (1) ordinary share in Syensqo for each Solvay share they own on the Effective Date. Assuming there are no Excluded Solvay Shares, this means that Syensqo will issue and allocate 105.876.416 new ordinary shares pursuant to the Partial Demerger.

3.18. The Board notes that the proposed exchange ratio will result in the Company being diluted as a result of the Partial Demerger, as appears from the difference between (i) the value of the single Syensqo share held by the Company as of the date hereof (EUR 61,500.00) and (ii) the value of each Syensqo share following completion of the Partial Demerger based on the net book value of the assets and liabilities to be contributed to Syensqo pursuant to the Partial Demerger (EUR 80.30), presented in the table below:

	Pre-Partial Demerger	*Post-Partial Demerger*
Net book value of Syensqo	EUR 61,500.00	EUR 8,502,027,612.63
Number of Syensqo shares (assuming there are no Excluded Solvay Shares)	1 share	105,876,417 shares
Value of one (1) Syensqo share based on the net book value of Syensqo	**EUR 61,500.00**	**EUR 80.30**

3.19. Nonetheless, the Board deems the proposed exchange ratio appropriate based on the following considerations, among others:

- Syensqo was incorporated by the Company on February 27, 2023 as a direct, wholly-owned subsidiary thereof for purposes of the preparatory works relating to the Partial Demerger, and does not have other assets or liabilities than its own share capital. Considering the value of the assets and liabilities to be contributed to Syensqo relative to the current share capital of Syensqo, the Partial Demerger of the Company is substantially similar to a partial demerger by incorporation of a new company.

- The Partial Demerger of the Company will dilute the Company in the share capital of Syensqo (as exposed in paragraph 3.18 above), but this dilution will have no adverse impact on the Company's shareholders who will benefit from a corresponding relution of their respective shareholdings in Syensqo.

- A 1:1 exchange ratio will ensure that there are no entitlement to fractions (*rompus*) of Syensqo shares or to any cash surplus (*soulte*) in the context of the Partial Demerger.

- The single Syensqo share held by the Company will be sold on the market on the First Trading Day or shortly thereafter.

(f) <u>Relative weight given to the methods used to determine the exchange ratio</u>

3.20. In view of the peculiarity of the Partial Demerger, whereby each shareholder receives one (1) Syensqo share for one (1) Solvay share, and for the reasons described under paragraph 3.19, a discussion of the relative weight given to the methods used to determine the exchange ratio is not relevant.

(g) <u>Difficulties encountered</u>

3.21. No particular difficulties were encountered when determining the exchange ratio.

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Done in Brussels, on October 20, 2023

SOLVAY SA/NV

By: /s/ Nicolas Boël
Name: Mr. Nicolas Boël
Title: Chairman of the Board of Directors

By: /s/ Ilham Kadri
Name: Dr. Ilham Kadri
Title: Chief Executive Officer and Director

SCHEDULE 1
PARTIAL DEMERGER PROPOSAL