Solvay Finance (America), LLC

Financial Statements as of and for the
Years Ended December 31, 2022 and 2021, and
Independent Auditors’ Report

SOLVAY FINANCE (AMERICA), LLC

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Report of Independent Auditors

To the Board of Directors of Solvay Finance (America), LLC:

Opinion

We have audited the financial statements of Solvay Finance (America), LLC (the "Company"), which comprise the statement of financial position as of December 31, 2022, and the related statements of comprehensive income, changes in member's equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of Other Auditors on 2021 Financial Statements

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

April 28, 2023

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(USD in thousands)

	2022	2021
FINANCE REVENUE (Note 6)	$ 127,746	$ 58,606
FINANCE EXPENSE (Note 6)	(95,751)	(48,610)
COMMERCIAL AND ADMINISTRATIVE COSTS	(1,664)	(727)
OTHER OPERATING INCOME (Note 5)	8,830	9,788
INCOME BEFORE INCOME TAXES	39,161	19,057
INCOME TAX EXPENSE (Note 7)	(8,547)	(4,087)
NET INCOME FOR THE YEAR	$ 30,614	$ 14,970
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 30,614	$ 14,970
INCOME ATTRIBUTABLE TO:		
Owners of the Company	$ 30,614	$ 14,970
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	$ 30,614	$ 14,970

See notes to financial statements.

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021
(USD in thousands)

	2022	2021
ASSETS		
NONCURRENT ASSETS:		
Financial receivable from affiliate (Note 9)	$ 800,000	$ 800,000
Deferred tax assets (Note 7)	-	228
Total noncurrent assets	800,000	800,228
CURRENT ASSETS:		
Financial receivables from affiliates (Note 9)	2,830,957	2,750,134
Trade receivables - net of allowance (Note 8)	447,828	415,328
Cash and cash equivalents	850	2,291
Total current assets	3,279,635	3,167,753
TOTAL	$ 4,079,635	$ 3,967,981
MEMBER'S EQUITY AND LIABILITIES		
MEMBER'S EQUITY:		
Member's capital	$ 282,029	$ 282,029
Retained earnings	146,290	115,676
Total member's equity	428,319	397,705
NONCURRENT LIABILITIES:		
Long-term financial debt (Note 8)	798,186	797,951
	798,186	797,951
CURRENT LIABILITIES:		
Trade payables (Note 8)	14,939	25,711
Deferred tax liabilities (Note 7)	298	-
Current taxes payable to affiliate	21,779	13,758
Financial debt to affiliates (Note 9)	2,812,724	2,728,446
Other payables (Note 8)	3,390	4,410
Total current liabilities	2,853,130	2,772,325
TOTAL	$ 4,079,635	$ 3,967,981

See notes to financial statements.

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2022 AND 2021
(USD in thousands)

	Member's Capital	Retained Earnings	Total Equity
BALANCE - December 31, 2020	$ 282,029	$ 100,706	$ 382,735
Total comprehensive income for the year	-	14,970	14,970
BALANCE - December 31, 2021	282,029	115,676	397,705
Total comprehensive income for the year	-	30,614	30,614
BALANCE - December 31, 2022	282,029	146,290	428,319

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(USD in thousands)

	2022	2021
OPERATING ACTIVITIES:		
Net income for the year	$ 30,614	$ 14,970
Adjustments for:		
Amortization of debt financing fees (Note 6)	235	644
Income tax expense (Note 7)	8,547	4,087
	39,396	19,701
Movements in working capital:		
Increase in trade receivables	(32,500)	(167,912)
(Decrease) increase in trade, other and affiliate payables	(11,792)	18,193
Net cash used in operating activities	(4,896)	(130,018)
INVESTING ACTIVITIES:		
Increase in net financial receivables from affiliates (Note 9)	(80,823)	(205,466)
Net cash used in investing activities	(80,823)	(205,466)
FINANCING ACTIVITIES:		
Proceeds from borrowings with affiliates, net (Note 9)	84,278	337,187
Net cash provided by financing activities	84,278	337,187
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,441)	1,703
CASH AND CASH EQUIVALENTS—Beginning of the year	2,291	588
CASH AND CASH EQUIVALENTS—End of the year	$ 850	$ 2,291

See notes to financial statements.

1. COMPANY INFORMATION

Solvay Finance (America), LLC (the "Company"), a Delaware limited liability company, is a wholly owned subsidiary of Solvay America, Inc. (the "Parent Company"), which is owned by Solvay SA, a Belgian corporation. The Company's principal place of business is 504 Carnegie Center, Princeton, NJ 08540.

The Company provides cash and credit management and financing for the Parent Company, its subsidiaries, and related affiliates. Proceeds obtained from financings are loaned to the Parent Company, its subsidiaries, and affiliates on an as-needed basis, with interest being charged at the London InterBank Offered Rate (LIBOR), plus a certain percentage.

Effective February 1, 2017, the Company launched the Cash Accounting Management Simplification (CAMS) project, where the Company assumes all receivables in United States Dollars, Canadian Dollars, European Euros and Mexican Pesos without recourse, on behalf of CAMS Affiliates that are trading with North America/Latin American customers.

The Company manages its funding structure to safeguard its ability to continue as a going concern and meet its objectives discussed above. The capital structure of the Company consists of equity and net debt. The Solvay SA Treasury Department reviews the Company's the capital structure on an ongoing basis.

Key Events

Covid-19

The impact of Covid-19 has been an evolving situation since early 2020. In March 2020, the World Health Organization declared the spread of coronavirus disease 2019 ("COVID-19") a worldwide pandemic. The pandemic has negatively impacted the global economy and caused significant volatility in the financial markets. As of and for the year ended December 31, 2022, the pandemic did not have a material adverse impact on the Company's financial condition, results of operations, or cash flows. The Company engages in transactions only with financial institutions with a good credit rating. The Company monitors and manages exposures to financial institutions with approved counterparty credit limits and credit risk parameters in order to mitigate the risk of default. There is no significant concentration of credit risk for the Company because the receivables' credit risk is spread over a large number of customers and markets. Please see (note 10) for additional information regarding liquidity risk.

2. ADOPTION OF NEW AND REVISED STANDARDS

The Company's financial statements for the years ended December 31, 2022 and 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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Early Adoption of Standards and Interpretations

The Company has elected not to adopt any standards or interpretations in advance of their effective application dates.

Standards and Interpretations applicable for the first time in 2022 or later

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The application of the amendment, which was effective on January 1, 2022, did not have more than an insignificant impact on the Company’s financial statements.

***Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* providing a more general approach**

The classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities withan uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022, however, their effective date has been delayed to January 1, 2024 or later. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require reclassification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation—The financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. The financial statements are presented in U.S. dollars (Thousands USD).

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

The Company’s fair value measurements, if any, are level 2 inputs.

Use of Estimates—The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The main estimates and judgments used in the financial statements of the Company relate to bad debt provisions and income taxes.

Statement of Compliance—The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Income Taxes—Solvay Finance (America), LLC was part of a Section 351(a) tax-free reorganization as of December 3, 2015 in which the shares of Solvay America Inc. were sold to Solvay Holding Inc. for $2 billion. As a result of that reorganization Solvay Finance (America), LLC was part of two separate filing groups in 2015.

Through December 3, 2015, Solvay Finance (America), LLC was included in the consolidated federal income tax return for the affiliated group of which the Parent Company is the common parent ("the Solvay America, Inc. Group"). For state income tax purposes, Solvay Finance (America), LLC is included in all unitary filings made by members of the Solvay America, Inc. Group. Starting on December 4, 2015, Solvay Finance (America), LLC is included in the consolidated federal income tax return for the affiliated group ("the Solvay Holding Inc. Group"). For state income tax purposes, Solvay Finance (America), LLC is included in all unitary filings made by the members of the Solvay Holding Inc. Group.

Effective January 1, 2010, Solvay Finance (America) LLC made an election under the "check-the-box" rules, under which it will be taxed as a corporation beginning on the effective date.

Current Income Tax—Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred Income Tax—Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income taxes are recognized for all deductible temporary differences, carryforward of unused tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

IFRS 9, *Financial Instruments*

General

Financial assets and liabilities are first recognized when the Company becomes a party to the contractual provisions of the instrument. Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization, using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call, and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Financial assets

Trade receivables are initially measured at their transaction price if they do not contain a significant financing component, which is the case for substantially all trade receivables. Other financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. A financial asset is classified as current when the cash flows expected to flow from the instrument mature within one year. All recognized financial assets will subsequently be measured at either amortized cost or fair value under IFRS 9, *Financial Instruments*.
Specifically*:*

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;

- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option;

- The interest rate applied to affiliate loans is based on interbank rates for the currency involved (daily average of the one-week rate for every business day of the relevant month), decreased by a fixed spread of 10 basis points. In any case, the all-in interest rate should not be below 0%.

- All other debt instruments are measured at FVTPL.

Financial liabilities

Financial liabilities are initially measured at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Subsequently, they are measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;

- Financial guarantee contracts. After initial recognition, guarantees are subsequently measured at the higher of the expected losses and the amount initially recognized.

Impairment of Financial Assets—IFRS 9 requires the Company to recognize expected credit losses on all of its trade receivables: the Company applies the simplified approach and recognizes lifetime expected losses on all trade receivables, using the provision matrix in order to calculate the lifetime expected credit losses for trade receivables as required by IFRS 9, using historical information on defaults adjusted for the forward looking information. Impacts related to debt securities, loans, financial guarantees, and loan commitments provided to third parties, as well as cash and cash equivalents, are immaterial.

Cash and Cash Equivalents—Cash and cash equivalents in the balance sheets comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Foreign Currency Transactions—The financial statements are presented in USD, which is the Company's functional and reporting currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the Company's functional currency are retranslated into the functional currency at the rate of exchange on the balance sheet date. All differences are taken to profit or loss. As a majority of the transactions of the Company are in USD the foreign currency risk and exposure is not material to the Company. If this risk were to become material in the future, the Company will enter into a variety of derivative financial instruments (forward, future, option, collars and swap contracts) to manage its exposure to foreign exchange rate risk.

4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and Assumptions—The key assumptions concerning the future and uncertainty in estimations at the balance sheet date may impose a risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Trade Receivables and Allowance for Doubtful Trade Accounts Receivable—Trade receivables are initially recognized at fair value and subsequently measured at amortized cost. Fair value represents the invoiced amounts, less adjustments for credit risk and estimated revenue deductions, such as rebates, chargebacks, and cash discounts. Doubtful trade receivable provisions are established based upon the difference between the recognized value and the estimated net collectible amount with the estimated loss recognized in the Statements of Comprehensive Income within commercial and administrative costs. When a trade receivable becomes uncollectible, it is written off against the doubtful trade receivables provision.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is subject to the Company's established credit policy, procedures, and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits for each customer are established based on this assessment.

Outstanding customer receivables are regularly monitored at the business unit level. The Company does not require collateral from its customers.

The requirement for a potential impairment is analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables balance.

Deferred Tax Assets—Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in Note 7.

5. OTHER OPERATING INCOME

Other operating income is as follows (in thousands):

	2022	2021
Factoring Commissions	$ 8,449	$ 9,004
Foreign currency gains	381	787
Other miscellaneous losses	-	(3)
Other operating income	$ 8,830	$ 9,788

CAMS involves purchasing current receivables at their nominal values before their due dates, arising from supply of goods or services to customers. Amounts due from the purchased receivables are recognized as trade receivables in the Company's Statements of Financial Position.

The Company collects a commission for the purchase of receivables and for managing the payables, comprising of an arm's length fee received for processing the ceded receivables and payables. The aforementioned fees are determined based upon the following factors: expected loss, return on equity risk, time value of money, foreign exchange hedging and service fees. Commissions are recognized as other operating income in the Statements of Comprehensive Income.

Factoring commissions used in the computation increased in 2022 and 2021 due to an increased rate (USD-LIBOR Market) which is a consequence of the impact inflation had due to the pandemic crisis (Covid-19) on the market. Recovery from the Covid-19 impact has increased business activity resulting in an increase of sales invoicing, which resulted in an increase with regards to the purchasing of receivables as well as managing the payables.

6. FINANCE REVENUE AND EXPENSE

(In thousands)	**2022**	**2021**
Finance revenue with related parties	$ 127,746	$ 58,606
Cost of borrowings with related parties	$ (48,910)	$ (1,234)
Cost of borrowings with banks	(35,950)	(35,749)
Credit line expense	(2,656)	(2,981)
Amortization of debt financing fees	(235)	(644)
Guarantee fees payable to related parties	(8,000)	(8,002)
Finance expense	$ (95,751)	$ (48,610)

Finance revenue in 2022 and 2021 consists of interest income from affiliates. Finance revenues and the cost of borrowing with related parties increased mainly due to the increasing market rate (LIBOR USD) due to the pandemic crisis. The increase in the cost of borrowing with related parties is also due to the increasing market rate (LIBOR USD) due to the increase of the credit internal spread applied by Solvay of compared to 2021 when the spread was significantly lower due to Covid-19 circumstances.

Guarantee Fees – On December 1, 2017 the Company entered into an agreement with Solvay SA (the Ultimate Parent), to guarantee the two series of USD – Denominated senior unsecured notes with a principal amount of $800 million. The note is due to the guarantor on December 3, 2025 and guarantee fees are assessed at an annual rate of 1.0%.

Interest receivable at December 31, 2022 and 2021 were in the amounts of $0 and $0, respectively.

Interest payable at December 31, 2022 and 2021 were in the amounts of $2.836M and $2.836M, respectively.

7. INCOME TAXES

Current tax expense represents taxes paid or payable in respect of taxable income for the year, as well as any adjustments to taxes paid or payable (recovered or recoverable) related to previous years. Current tax benefit represents tax refunds or receivable in respect of taxable loss for the year, as well as any adjustments to taxes received or refunds (recovered or recoverable) related to previous years.

Deferred tax expense represents tax that will be owed (or recovered) in future years, but which has already been recognized during the year, and that corresponds to the variation in the deferred tax items recorded in the Statements of Financial Position.

The income tax expense is composed of the following (in thousands):

	2022	2021
Current tax expense related to current year	$ (8,021)	$ (4,096)
Deferred income tax (expense) benefit	(526)	9
Total	$ (8,547)	$ (4,087)

Reconciliation of Income Tax Expense—The effective tax rate has been reconciled with the theoretical tax rate obtained by applying the nominal tax rate prevailing in the United States to the pretax income (in thousands).

	2022	2021
Income before income tax	$ 39,161	$ 19,920
Income tax expense of the Company computed on the basis of the United States federal rate of 21%	(8,224)	(4,002)
Tax effect of permanent tax items	(266)	(87)
Tax effect of rate changes	(2)	1
Tax effect of other items	(55)	1
Income tax expense	$ (8,547)	$ (4,087)

Deferred Taxes on the Statements of Financial Position—Deferred tax assets and liabilities are recorded in the Statements of Financial Position in respect of temporary differences arising from the fact that tax authorities apply different rules when assessing assets and liabilities than those used for financial purposes. Variations occurring during the year in the deferred taxes recorded in the Statements of Financial Position are taken into profit and loss.

Deferred taxes are calculated based on the prevailing tax rate, or where they have been changed, at the enacted rate that is expected to apply at the time of recording the taxes payable (or recoverable) in the statutory accounts.

Deferred tax assets are written down to the extent that it appears unlikely, in the light of expected future tax situations, that they will in the future generate either a reduction in the tax base or tax credits.

The deferred taxes recorded in the Statements of Financial Position fall into the following categories:

(In thousands)	**Deferred Tax (Liabilities) Assets**	
	2022	**2021**
Unrealized foreign exchange (loss) gain	$ (338)	$ 62
Bad debt reserve	40	166
Total	$ (298)	$ 228

Deferred income taxes arise from temporary differences in the valuation of certain assets and liabilities as determined for financial reporting purposes and federal income tax purposes.

8. NET INDEBTEDNESS

Financial Debt

Bonds Receivable—To secure a reduction in property taxes for Solvay Specialty Polymers USA, L.L.C., an affiliate of the Parent Company, the Company and the affiliate entered into a tax agreement with Richmond County, Georgia. Pursuant to such agreement, the development authority obtained the title to certain real and personal property of the affiliate in exchange for bonds issued to the Company on a noncash basis, which are to be settled with internal noncash book entries between the affiliate and the Company. The affiliate has the option to repurchase this property at the end of the lease for a nominal fee. As the Company served as an intermediary for the affiliate in a noncash transaction where the affiliate in substance loaned itself funds, the agreement was netted in the balance sheets of the Company as an affiliate receivable for the bond amount and an affiliate payable for $31.3 million as of December 31, 2022 and December 31, 2021, respectively.

Long-Term Financial Debt— In December 2015, the Company issued two series of USD-denominated senior unsecured redeemable notes (the Notes) guaranteed by Solvay SA (the Ultimate Parent), with a combined principal amount of $1.6 billion, to finance part of Solvay Holding Inc.'s acquisition of Cytec Industries Inc. The series were issued in the principal amount of $800 million, each, with contractual maturity date of December 3, 2020 (2020 Notes) and December 3, 2025 (2025 Notes), bearing fixed coupon rate of 3.40% and 4.45%, respectively, payable semi-annually. The Notes were redeemable in whole (but not in part) at the option of the Company, without a penalty, one month and three months prior to respective contractual maturity of the 2020 Notes and 2025 Notes at their principal amount inclusive of accrued and unpaid interest to the date of optional redemption. The Notes issuance costs of $9.62 million were recorded as a reduction to the issue amount of the notes payable and are amortized into expense over the life of the notes. The 2020 Notes were prepaid in September 2019 which resulted in an early repayment fee of $13.6 million and acceleration in the amortization of issuance costs basis in the amount of $1.1 million. As of December 31, 2022, the remaining balance of the 2025 Note was $798 million.

Borrowings and Credit Lines

Commercial Paper—The Company has a $500.0 million commercial paper program, which is backed by lines of credit. These are unsecured lines of credit subject to certain bank terms and conditions. A fee is paid to the banks for these lines of credit, and interest rates are based on a premium over LIBOR. The Company had no borrowings outstanding under these lines of credit at December 31, 2022 and 2021. The Company did not issue commercial paper in 2022 or 2021.

The Company also has access to revolving credit facilities established by Solvay SA, which approximate $3.1 billion at the end of 2022 and $3.3 billion at the end of 2021 and are expected to continue to be available in 2023. Borrowings under these credit lines are not subject to financial covenants. There were no borrowings by the Company outstanding as of December 31, 2022 and 2021.

A commercial line of credit has been entered into by Solvay America, Inc. and is available to the Company in the amount $100 million with JPMorgan Chase. Solvay Finance America has entered into commercial lines of credit in the amount of $100 million with Credit Agricole, $91 million with KBC Bank N.V. and $50 million with MUFG Bank Ltd. These are all unsecured lines of credit subject to the usual bank terms and conditions. A fee is paid to the banks for the used portion of credit based on negotiated rates. The Company has not utilized any of these lines.

During 2022 and 2021, the Company recorded commitment fees in finance expense of $2.7 million and $3.0 million, respectively, for unsecured lines of credit.

Trade and Other Payables—

The Trade payables balance of $14.9 million at December 31, 2022 and $25.7 million at December 31, 2021 are all related to third parties.

The Other payables balance of $3.4 million at December 31, 2022, includes $2.8 million of interest payable to a third party note holder. The Other payables balance of $4.4 million at December 31, 2021, includes $2.8 million of interest payable to a third party note holder.

9. RELATED-PARTY TRANSACTIONS

The Statement of Comprehensive Income activity primarily consists of related-party transactions except for finance expense related to borrowings with banks.

Financial Debt to Affiliates-The current financial debt to affiliates balance of $2.8 billion at December 31, 2022, includes $1.1 billion due to Solvay Chemicals, Inc., which makes up 41.6% of the total, $352.7 million due to Cytec Global Holdings, Inc., which accounts for 12.8% and $327.0 million due to Solvay Specialty Polymers USA, LLC, which accounts for 11.9%.

The current financial debt to affiliates balance of $2.7 billion at December 31, 2021, includes $1.2 billion due to Solvay Chemicals, Inc., which makes up 46.1% of the total, $396.8 million due to Solvay Specialty Polymers USA, LLC, which accounts for 14.5% and $332.2 million due to Cytec Global Holdings, Inc. which accounts for 12.1%.

The loans bear interest on a floating rate based on LIBOR.

Financial Receivables from Affiliates-

The current financial receivables from affiliates balance of $2.8 billion at December 31, 2022 includes $1.4 billion due from Solvay America Inc., which accounts for 50.9%, $671.3 million due from Solvay USA Inc., which accounts for 23.2.%, and $291.5 million due from Solvay Holding Inc., which accounts for 10.3%.

The current financial receivables from affiliates balance of $2.7 billion at December 31, 2021 includes $1.4 billion due from Solvay America Inc., which accounts for 50.3%, $620.1 million due from Solvay USA Inc., which accounts for 22.4%, and $376.8 million due from Solvay Holding Inc., which accounts for 13.6%.

The interest rate on these loans is a floating rate based on LIBOR. The remainder of the balance in 2022 and 2021 is due from various entities in the North American Free Trade Agreement (NAFTA) area to finance their operations.

During 2015, the Company loaned $1.6 billion dollars to Solvay Holding Inc. to partially fund the acquisition of Cytec Industries Inc. In September 2019, $800 million of the $1.6 billion intercompany loan with Solvay Holding Inc. was settled. The remaining balance of the loan is included in Noncurrent Financial Receivables from Affiliates at December 31, 2022 and 2021. The interest rate on this loan is 4.53%. The intercompany loan payment was anticipated, but without indemnity.

Key Management Personnel— The Company does not have any employees, but pays the Parent Company for the services of four staff. This includes all direct pay and bonus pay stock option grants, perquisites, and Company contributions for health and welfare benefits, retirement benefits, and government mandated benefits. Such expense is included in ‘Commercial and Administrative Costs’.

10. RISKS

Credit Risk—Related parties factor their accounts receivable to the Company. These receivables may be accepted either with or without recourse and payment is guaranteed by the Company to the related parties for those receivables accepted without recourse. The credit terms for the factored receivables follow the terms established by each party with its customers.

The Company recognizes expected credit losses on all of its trade receivables: it applies the simplified approach and recognizes lifetime expected losses on all trade receivables, using a provision matrix in order to calculate the lifetime expected credit losses for trade receivables, using historical information on defaults adjusted for the forward-looking information.

The Company's trade receivable portfolio net of expected credit losses totaled $447.8 million and $415.3 million as of December 31, 2022 and 2021, respectively. All of the receivables as of December 31, 2022 and 2021 were accepted without recourse. As of December 31, 2022 and 2021, the Company's allowances for doubtful customers were $1.8 million and $1.6 million, respectively. The Company believes the allowances are adequate to cover any losses arising from these factored receivables based on our assessment of the aging of the receivable balances and any specific knowledge relating to the collectability of the receivable balances.

The Company's trade receivable balance at December 31, 2022 of $447.8 million is comprised of $443.5 million to third parties and $4.3 million to affiliates.

	2022 Total	Net of Allowance	Not past due	Less than 30 days past due	Between 30 & 60 days past due	Between 60 & 90 days past due	More than 90 days past due
Trade Receivables	443.5	1.8	425.1	15.0	1.3	0.3	-

The Company's expected credit risk with regards to the above receivables is not material to the overall financial statements.

The Company's trade receivable balance at December 31, 2021 of $415.3 million is comprised of $406.5 million to third parties and $9.0 million to affiliates.

	2021 Total	Net of Allowance	Not past due	Less than 30 days past due	Between 30 & 60 days past due	Between 60 & 90 days past due	More than 90 days past due
Trade Receivables	406.3	1.6	377.7	18.5	6.5	2.0	-

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

Liquidity Risk—The cash of the Company is pooled every day in Solvay Finance Ireland, an affiliated entity. The Company is financed by Solvay SA – Treasury Department, in charge of the financing of the whole Solvay SA group. The Company in turn finances the group's entities in the North American Free Trade Agreement area.

Interest Rate Risk—The Company is financed by the Solvay SA group through Solvay SA – Treasury Department and finances the Solvay entities of the NAFTA area. Interest rates that apply are determined at the group level each month considering costs arising from:

- Loans from the financial companies to financial relays (fixed + variable spread),
- Loans from the financial relays to the operational entities (fixed + variable spread).

To ensure that costs are covered at the level of financial relays, the fixed spread is higher in the latter case. Interest rate sensitivity is immaterial for the Company in 2022 and 2021.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for adjustments to or disclosures in its financial statements through April 28, 2023, the date the financial statements were authorized for issuance by the Company's Board of Directors, and has concluded that no subsequent events existed that warrant disclosure in the notes to the financial statements.