SOLVAY

First quarter 2024 results
Financial report

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Forenote

In addition to IFRS accounts, Solvay also presents alternative performance indicators ("underlying") to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, financial position or cash flows. Generally, these indicators are 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 7 are on an underlying basis, unless otherwise stated.

Underlying business review
Highlights

- **Net sales** for Q1 2024 at €1,201 million were down -11.9% organically versus Q1 2023, with positive volume impact, for the first time in seven quarters, in both Basic and Performance Chemicals segments. Prices decreased, mostly reflecting the lower energy and raw material costs.
- **Underlying EBITDA** of €265 million for the first quarter was -13.6% lower organically compared to a high Q1 2023, with negative Net Pricing partially offset by positive volume impact and lower fixed costs. The EBITDA margin remained solid at 22.1%, and improved sequentially.
- First **cost savings** initiatives are already bearing fruit, with €19 million achieved in Q1 2024.
- **Underlying net profit** from continuing operations was €119 million in Q1 2024 vs. €187 million in Q1 2023.
- **Free Cash Flow**[1] was strong at €123 million in Q1 2024, from resilient EBITDA combined with discipline on working capital, costs and capex.
- **ROCE** was 19.8% in Q1 2024.
- **Successful inaugural €1.5 billion bond issuance** to refinance the bridge facility set up at the end of 2023, in relation to the partial demerger, bringing additional strength and stability to the balance sheet.
- Underlying Net Debt at €1.6 billion, implying a **leverage ratio of 1.4x**.
- **2024 Outlook**: Organic growth of the underlying EBITDA of -10% to -20% compared to restated 2023; Free Cash Flow greater than €260 million.

Underlying (in € million) (The 2023 amounts are restated)	Q1 2024	Q1 2023	% yoy	% organic
Net sales	1,201	1,355	-11.3%	-11.9%
EBITDA	265	365	-27.2%	-13.6%
EBITDA margin	22.1%	26.9%	-	-
FCF [1]	123	-130	n.m.	-
ROCE	19.8%	N/A	n.m.	-

Philippe Kehren, Solvay CEO

"I'm proud of our performance in the first quarter, despite challenging macroeconomic conditions, as we focused on what is under our control: capex, costs and cash. Certain areas of our business have shown promising momentum compared to the trough from late 2023, but we cannot call it a recovery yet. We are rapidly deploying cost-saving initiatives that have already started to deliver. Looking ahead, we maintain confidence in meeting our targets for 2024. Our simplified portfolio, clear operating model and strong focus on cash are great assets to position Solvay for sustained success in the years to come."

[1] Free cash flow (FCF) is the free cash to Solvay shareholders from continuing operations.

Financial performance

In December 2023, the separation of Solvay SA (EssentialCo) and Specialty Businesses was effected by means of a partial demerger. The Specialty Businesses, renamed to Syensqo SA, became a public company, independent of Solvay. Consequently, in order to reflect the separation, Solvay's measures of performance were restated and the Specialty Businesses were classified as discontinued operations.

Following the announced transfer of the eH2O2 activities from Special Chem to Peroxides on January 1, 2024, the sales of Special Chem and Peroxides and the EBITDA of Basic Chemicals and Performance Chemicals have been restated in prior periods.

Additional information on the impacts of the change in Alternative Performance Metric (APM) applied since January 1, 2024 for Peroxidos do Brasil, is available in the Restatements paragraph in the financial report. Providing fully detailed 2023 impact from the application of the change has proven to be impracticable and is thus reflected in this press release within the scope changes.

Key figures

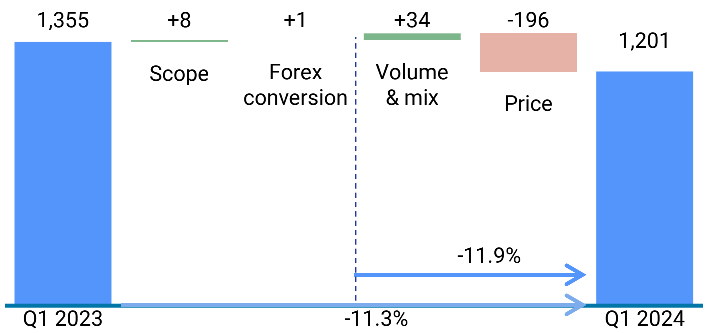
Underlying key figures *(in € million)*	Q1 2024	Q1 2023	% yoy
Net sales	**1,201**	**1,355**	**-11.3%**
EBITDA	**265**	**365**	**-27.2%**
EBITDA margin	*22.1%*	*26.9%*	-4.8pp
EBIT	**184**	**285**	**-35.4%**
Net financial charges	-31	-36	+12.6%
Income tax expenses	-33	-62	+46.8%
Tax rate	*22.1%*	*26.0%*	-3.8pp
Profit from continuing operations	**119**	**187**	**-36.0%**
Profit from discontinued operations	1	276	n.m.
(Profit) / loss attributable to non-controlling interests	-3	-3	+6.2%
Profit / (loss) attributable to Solvay shareholders	117	460	-74.5%
Basic earnings per share (in €)	1.12	4.42	-74.8%
of which from continuing operations	**1.11**	**1.78**	**-37.8%**
Capex in continuing operations	**59**	**68**	**-13.0%**
FCF to Solvay shareholders from continuing operations	**123**	**-130**	**n.m.**
Net financial debt	1,587		
Underlying leverage ratio	**1.4**		
ROCE (continuing operations)	**19.8%**		

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations

Group performance

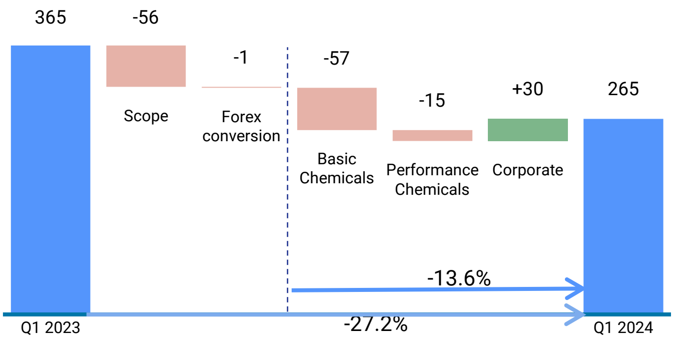
Net sales

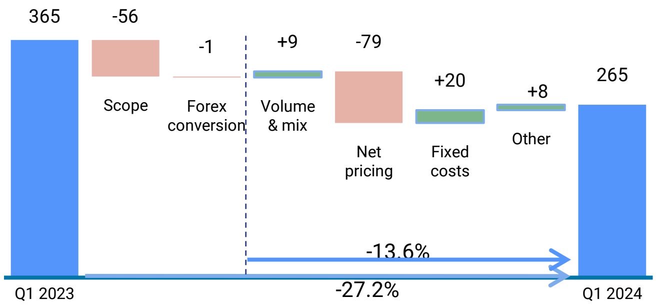
Underlying net sales of €1,201 million for the first quarter of 2024 were -11.3% lower versus the first quarter of 2023 (-11.9% organically, with a limited scope and conversion impact of +0.6%), mainly due to lower prices (-14.5%). Volumes were slightly up (+2.5%), reflecting a slight uptick in demand in both segments.



Underlying EBITDA

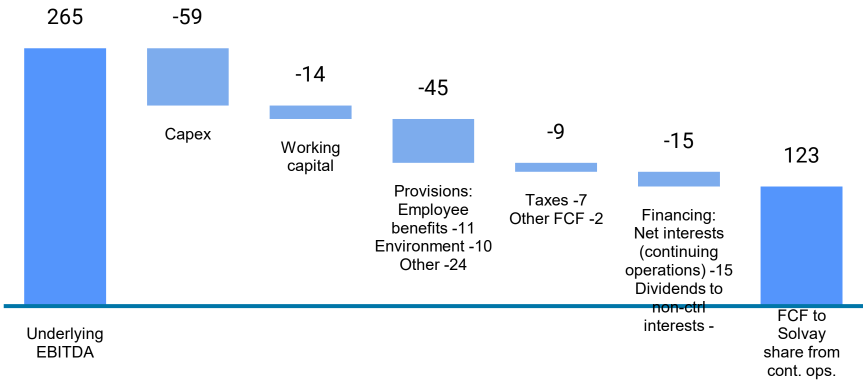
Underlying EBITDA of €265 million in Q1 2024 was down -27.2% (-13.6% organically), including a negative scope and conversion impact (-15.8%) from the exit of the thermal insulation and energy third parties businesses, and the change in APM in relation with Peroxidos do Brasil. Volumes impact was slightly favorable (+2.5%). As expected, prices in soda ash weighted on the EBITDA in Q1 while Silica had benefited in Q1 2023 from favorable net pricing due to phasing in formula indexations which did not repeat in 2024. The other businesses were very resilient. As a consequence, Net pricing was negative (-21.7%). Cost savings initiatives supported both variable and fixed costs, with €19 million savings in Q1 2024. Fixed costs contributed positively to the EBITDA variation (+5.4%) with savings more than offsetting inflation. Overall, the EBITDA margin decreased by -4.8pp to +22.1%.





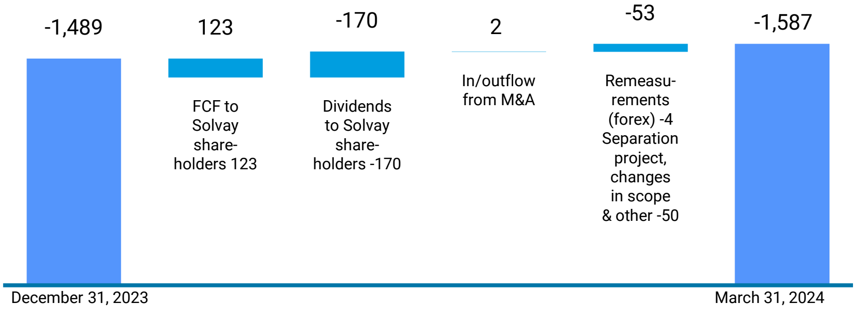
Free cash flow

Free cash flow to Solvay shareholders from continuing operations amounted to €123 million in Q1 2024 thanks to the resilient EBITDA performance combined with limited cash outs on Capex and working capital variations, reflecting the agility of the operating model in a lower demand environment. This compares to €-130 million of FCF in Q1 2023 due to a high point of working capital.



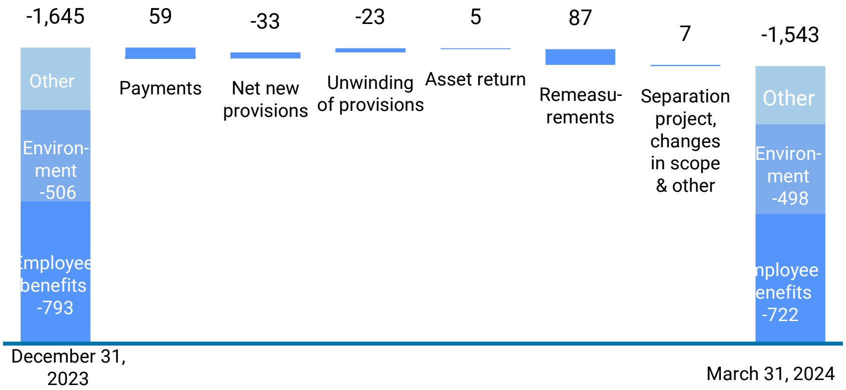
Underlying net debt

Underlying net financial debt was €1.6 billion at the end of Q1 2024, increasing by €0.1 billion compared to the end of 2023, mainly from the positive free cash flow of €123 million covering the majority of the cash out of €170 million interim dividend payment and some remaining separation project costs. At the end of March, Solvay successfully issued a €750 million 4-year bond and a €750 million 7.5-year bond, to refinance the bridge facility set up at the end of 2023 in relation to the partial demerger.



Provisions

Provisions amounted to €1.5 billion at the end of March 2024, representing a €0.1 billion decrease compared to €1.6 billion at the end of 2023.



2024 Outlook

In the first quarter of 2024, while Solvay benefitted from slight volume pick-up in some of its businesses, management has maintained a strong focus on costs and cash. Looking ahead, the company is confident that it can keep its fixed costs under control. Despite green shoots in some segments in Q1, soft demand combined with a volatile macro and geopolitical environment lead Solvay to remain prudent. As a consequence the view on the rest of the year is relatively unchanged at this stage.

Solvay confirms, for full year 2024, its guidance of organic growth of the underlying EBITDA by -10% to -20% (translating into a range of €925 million to €1,040 million at a 1.10 EUR/USD exchange rate) and its guidance of Free Cash Flow to Solvay shareholders to be greater than €260 million.

Performance by segment

Net sales Q1

(in € million)	Q1 2023	Scope	Forex conversion	Volume & mix	Price	Q1 2024
Solvay	1,355	8	1	34	-196	1,201
Basic Chemicals	795	45	-3	22	-144	715
Performance Chemicals	559	-37	3	11	-52	484
Corporate	1	-	-	2	-	3

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations

Basic Chemicals

Basic Chemicals sales in Q1 2024 were lower by -10.0% (-14.6% organically) compared to Q1 2023, with positive impacts from scope and change in APM (+5.6%) and slightly higher volumes (+2.8%), offset by the decreasing prices (-18.1%) mainly from the continued normalization of energy prices.

Soda Ash & Derivatives sales were lower by -17.6% (-18.0% organically) for the quarter, entirely from lower prices. Soda ash volumes were essentially flat as increasing deliveries to the seaborne market offset the lower demand in container glass applications in European and North American markets, while bicarbonate volumes were slightly positive year on year, driven by the food and pharma markets.

Peroxides sales increased by +12.8% yoy mainly from the consolidation of the Peroxidos do Brasil sales, as previously announced. Organically, sales decreased by -5.8%, with lower pricing linked to the lower energy cost environment partly offset by some recovery in volumes in most end markets, especially in Europe.

The segment EBITDA was down -19.0% (-22.1% organically) following lower Net pricing and despite slightly positive volume impact and stable fixed costs. The EBITDA margin reached 28.2%, decreasing by -3.1pp.

Performance Chemicals

Performance Chemicals sales in Q1 2024 were down -13.4% (-7.9% organically) compared to Q1 2023, with negative scope impact (-6.6%), slightly higher volumes (+1.9%) and lower prices (-9.4%).

Silica sales for the quarter were lower by -10.9% (-11.6% organically) from lower prices due to formula indexations, while volumes were higher in both the tire and in the consumer and industrial goods markets.

Coatis sales were down by -9.4% (-12.1% organically) from slightly lower volumes year on year but improving sequentially especially on solvents.

Special Chem sales were lower yoy by -18.4% from the exit of the thermal insulation activities. Organically, sales were broadly flat (-0.6%), with higher volumes both in Rare earth additives for autocatalysis and healthcare end markets and for Fluorine automotive applications, offsetting lower volumes in Fluorine other end markets and in Rare earth electronics.

The segment EBITDA for the quarter was down -31.4% (-15.9% organically), with essentially stable volumes and fixed costs but with a decreasing Net pricing year on year compared to a high Q1 2023 positively impacted by lower energy costs and delay in formula indexations. The EBITDA margin decreased by -4.3pp at 16.5%.

Corporate

For Q1 2024, EBITDA was €-16 million, €-15 million lower compared to Q1 2023 from the exit of the energy third party supply activities. Organically, EBITDA variation was positive €+30 million, with inflation costs largely offset by the positive impact of structural savings from a leaner organization combined with the conjectural positive impact of some hiring delays, contained spend on discretionary expenses and lower variable remuneration accruals.

Key figures by segments

(in € million)	Q1 2024	Q1 2023	% yoy	% organic
Net sales	1,201	1,355	-11.3%	*-11.9%*
Basic Chemicals	715	795	-10.0%	*-14.6%*
Soda Ash & Derivatives	493	598	-17.6%	*-18.0%*
Peroxides	222	197	+12.8%	*-5.8%*
Performance Chemicals	484	559	-13.4%	*-7.9%*
Silica	145	163	-10.9%	*-11.6%*
Coatis	155	172	-9.4%	*-12.1%*
Special Chem	183	224	-18.4%	*-0.6%*
Corporate	3	1	n.m.	
EBITDA	265	365	-27.2%	*-13.6%*
Basic Chemicals	202	249	-19.0%	*-22.1%*
Performance Chemicals	80	117	-31.4%	*-15.9%*
Corporate	-16	-1	n.m.	*n.m*
EBITDA margin	*22.1%*	*26.9%*	-4.8pp	-
Basic Chemicals	*28.2%*	*31.3%*	-3.1pp	-
Performance Chemicals	*16.5%*	*20.9%*	-4.3pp	-

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

Key IFRS figures

Q1 key figures	IFRS			Underlying		
(in € million)	Q1 2024	Q1 2023	% yoy	Q1 2024	Q1 2023	% yoy
Net sales	1,166	1,355	-14.0%	1,201	1,355	-11.3%
EBITDA	246	90	n.m.	265	365	-27.2%
EBITDA margin				*22.1%*	*26.9%*	*-4.8pp*
EBIT	159	6	n.m.	184	285	-35.4%
Net financial charges	-24	-19	-26.8%	-31	-36	+12.6%
Income tax expenses	-26	-42	+36.3%	-33	-62	+46.8%
Tax rate				*22.1%*	*26.0%*	*-3.8pp*
Profit from continuing operations	109	-54	n.m.	119	187	-36.0%
Profit from discontinued operations	-	303	n.m.	1	276	n.m.
(Profit) / loss attributable to non-controlling interests	-3	-3	-2.8%	-3	-3	+6.2%
Profit / (loss) attributable to Solvay shareholders	107	246	-56.7%	117	460	-74.5%
Basic earnings per share (in €)	1.02	2.37	-57.2%	1.12	4.42	-74.8%
of which from continuing operations	1.02	-0.53	n.m.	1.11	1.78	-37.8%
Capex in continuing operations				59	68	-13.2%
FCF to Solvay shareholders from continuing operations				123	-130	n.m.
Net financial debt				1,587		
Underlying leverage ratio				1.4		
ROCE (continuing operations)				*19.8%*		

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

Supplementary information

Restatements

In December 2023, the separation of Solvay SA/NV (EssentialCo) and Specialty Businesses was effected by means of a partial demerger. The Specialty Businesses, renamed to Syensqo SA/NV, became a public company, independent of Solvay. Consequently, in order to reflect the separation, Solvay's measures of performance were restated and the Specialty Businesses were classified as discontinued operations. In the tables below, the figures related to 2023 financial performance (that includes Q1 2023 figures) were restated to reflect the continuing business only.

On April 15, 2024, Solvay published quarterly information for 2023, taking into account some changes in scope, and the application in the Consolidated Income Statement of a change in APM for Peroxidos do Brasil, which is accounted for under the "equity method" in IFRS, and proportionally in the APM. The following table presents the details of these adjustments.

Segments - underlying	Q1 2023			
(in € million) - unaudited	Historical	APM change	Scope changes	New base
Net sales	1,355	41	-42	1,353
Basic Chemicals	769	41	21	830
Soda Ash & Derivatives	598		0	598
Peroxides	171	41	21	233
Performance Chemicals	585		-63	522
Silica	163		0	163
Coatis	172		0	172
Special Chem	251		-63	187
Corporate	1		0	1
EBITDA	365	7	-61	310
Basic Chemicals	243	7	5	255
Performance Chemicals	123		-28	95
Corporate	-1		-39	-40
EBITDA margin	*26.9%*			*22.9%*
Basic Chemicals	*31.6%*			*30.7%*
Performance Chemicals	*21.0%*			*18.3%*

Solvay will apply the change in APM beyond the Consolidated Income Statement in the 2024 H1 Financial Report. In Q1 2024, had the change in APM been applied, it would have represented €4 million of FCF, and €1 million of Capex.

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which are presented 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 comparable on a consistent basis. Definitions of the different metrics presented here are included in the glossary at the end of this financial report.

Underlying tax rate		Underlying	
(in € million)		Q1 2024	Q1 2023
Profit / (loss) for the period before taxes	a	153	249
Earnings from associates & joint ventures	b	3	9
Income taxes	c	-33	-62
Underlying tax rate	e = -c/(a-b)	**22.1%**	**26.0%**

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

Free cash flow (FCF)			
(in € million)		Q1 2024	Q1 2023
Cash flow from operating activities	a	141	321
of which voluntary pension contributions	b		
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	c	-55	-29
Cash flow from investing activities	d	-40	227
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	e	-2	-
Acquisition (-) of subsidiaries	f	-	-2
Acquisition (-) of investments - Other	g	-8	-7
Loans to associates and non-consolidated companies	h	1	-19
Sale (+) of subsidiaries and investments	i	11	432
Payment of lease liabilities	j	-16	-30
FCF	k = a-b-c+d-e-f-g-h-i+j	**139**	**140**
FCF from discontinued operations	l	-	257
FCF from continuing operations	m = k-l	**139**	**-117**
Net interests received/(paid) from continuing operations	n	-15	12
Net interests received/(paid) from discontinued operations	o	-	-2
Coupons paid on perpetual hybrid bonds	p	-	-25
FCF to Solvay shareholders	q = k+n+o+p	**123**	**125**
FCF to Solvay shareholders from continuing operations	r = m+n+p	**123**	**-130**

Net working capital		2024	2023
(in € million)		March 31	December 31
Inventories	a	636	642
Trade receivables	b	789	840
Other current receivables	c	391	463
Trade payables	d	-784	-850
Other current liabilities	e	-576	-585
Net working capital	f = a+b+c+d+e	**457**	**510**
Quarterly total sales	g	1,334	1,341
Annualized quarterly total sales	h = 4*g	5,335	5,365
Net working capital / quarterly total sales	i = f / h	**8.6%**	**9.5%**

Capital expenditure (capex)

(in € million)		Q1 2024	Q1 2023
Acquisition (-) of tangible assets	a	-43	-160
Acquisition (-) of intangible assets	b	-2	-22
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	c	2	-
Payment of lease liabilities	d	-16	-30
Capex	e = a+b+c+d	**-59**	**-212**
Capex in discontinued operations		-	-144
Capex in continuing operations	f	**-59**	**-68**
Underlying EBITDA	g	**265**	**365**
Cash conversion (continuing operations)	h = (g+f)/g	**77.8%**	**81.4%**

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

Net financial debt

(in € million)		2024 March 31	2023 December 31
Non-current financial debt	a	-1,986	-1,981
Current financial debt	b	-321	-211
IFRS gross debt	c = a+b	-2,308	-2,192
Underlying gross debt	d = c+h	-2,308	-2,192
Other financial instruments (current + non-current)	e	178	118
Cash & cash equivalents	f	543	584
Total cash and cash equivalents	g = e+f	721	703
IFRS net debt	i = c+g	**-1,587**	**-1,489**
Perpetual hybrid bonds	h		
Underlying net debt	j = i+h	**-1,587**	**-1,489**
Underlying EBITDA (LTM)	k	1,147	1,246
Underlying leverage ratio	l = -j/k	**1.4**	**1.2**

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

ROCE

(in € million)		Q1 2024 As calcu-lated
EBIT (LTM)	a	826
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-7
Numerator	c = a+b	**819**
WC industrial	d	642
WC Other	e	-146
Property, plant and equipment	f	2,138
Intangible assets	g	207
Right-of-use assets	h	271
Investments in associates & joint ventures	i	229
Other investments	j	32
Goodwill	k	769
Denominator	l = d+e+f+g+h+i+j+k	**4,142**
ROCE	*m = c/l*	***19.8%***

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

Reconciliation of underlying income statement indicators

In addition to IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Solvay's economic performance. These figures adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds classified as equity under IFRS but treated as debt in the underlying statements, and for other elements to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

Q1 consolidated income statement	Q1 2024			Q1 2023		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**1,298**	36	**1,334**	**1,752**	-	**1,752**
of which revenues from non-core activities	132	-	132	398	-	398
of which net sales	1,166	36	1,201	1,355	-	1,355
Cost of goods sold	-1,007	-27	-1,034	-1,322	-	-1,322
Gross margin	**290**	9	**300**	**430**	-	**430**
Commercial costs	-22	-1	-23	-25	-	-25
Administrative costs	-80	-	-80	-119	18	-100
Research & development costs	-8	-	-8	-10	1	-9
Other operating gains & losses	-11	4	-7	-22	2	-20
Earnings from associates & joint ventures	13	-11	3	16	-7	9
Result from portfolio management & major restructuring	-15	15	-	-261	261	-
Result from legacy remediation & major litigations	-8	8	-	-5	5	-
EBITDA	**246**	19	**265**	**90**	275	**365**
Depreciation, amortization & impairments	-87	6	-81	-84	4	-80
EBIT	**159**	25	**184**	**6**	279	**285**
Net cost of borrowings	-14	-6	-20	-8	3	-5
Coupons on perpetual hybrid bonds	-	-	-	-	-20	-20
Cost of discounting provisions	-3	-9	-12	-11	-	-11
Result from equity instruments measured at fair value	-7	7	-	-	-	-
Profit / (loss) for the period before taxes	**136**	17	**153**	**-12**	261	**249**
Income taxes	-26	-7	-33	-42	-21	-62
Profit / (loss) for the period from continuing operations	**109**	10	**119**	**-54**	241	**187**
Profit / (loss) for the period from discontinued operations	-	1	1	303	-27	276
Profit / (loss) for the period	**109**	11	**120**	**249**	213	**462**
attributable to Solvay share	107	11	117	246	213	460
attributable to non-controlling interests	3	-	3	3	-	3
Basic earnings per share (in €)	1.02	0.10	1.12	2.37	2.05	4.42
of which from continuing operations	1.02	0.09	1.11	-0.53	2.32	1.78
of which from discontinued operations	-	0.01	0.01	2.91	-0.26	2.64
Diluted earnings per share (in €)	1.01	0.10	1.10	2.35	2.03	4.38
of which from continuing operations	1.01	0.09	1.10	-0.53	2.29	1.76
of which from discontinued operations	-	0.01	0.01	2.87	-0.26	2.61

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

EBITDA on an IFRS basis totaled €246 million, versus €265 million on an underlying basis. The difference of €19 million is mainly explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €9 million to adjust for the "Result from portfolio management and major restructuring" (excluding depreciation, amortization and impairment elements), mainly including costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €8 million to adjust for the "Result from legacy remediation and major litigations", mainly due to legacy environmental provisions and legal fees for major litigations.
- €6 million to adjust for the change from equity accounting to proportional consolidation under the modified APM for Peroxidos do Brasil.

EBIT on an IFRS basis totaled €159 million, versus €184 million on an underlying basis. The difference of €25 million is explained by the above-mentioned €19 million adjustments at the EBITDA level and €6 million of "Depreciation, amortization & impairments". The latter consist of €6 million to adjust for the impact of impairment of other non-performing assets in "Results from portfolio management and major restructuring"

Net financial charges on an IFRS basis were €-24 million versus €-31 million on an underlying basis. The €-8 million adjustment made to IFRS net financial charges mainly consists of:

- €-9 million related to the impact of an increase in discount rates on environmental provisions
- €-7 million related to the reevaluation of Long-term incentive liabilities due to the inclusion of Syensqo shares.
- €+7 million related to the re-measurement of the Syensqo shares at fair value.

Income taxes on an IFRS basis were €-26 million, versus €-33 million on an underlying basis. The €-7 million adjustment mainly relates to the adjustments of the earnings before taxes described above and valuation allowances on deferred tax assets related to prior periods.

Profit / (loss) attributable to Solvay shareholders was €107 million on an IFRS basis and €117 million on an underlying basis. The delta of €11 million reflects the above-mentioned adjustments to EBIT, net financial charges, and income taxes.

Condensed consolidated interim financial statements [1]

Consolidated income statement	IFRS	
(in € million)	Q1 2024	Q1 2023
Sales	1,298	1,752
of which revenues from non-core activities [2]	132	398
of which net sales	1,166	1,355
Cost of goods sold	-1,007	-1,322
Gross margin	290	430
Commercial costs	-22	-25
Administrative costs [3]	-80	-119
Research & development costs	-8	-10
Other operating gains & losses	-11	-22
Earnings from associates & joint ventures	13	16
Result from portfolio management & major restructuring [4]	-15	-261
Result from legacy remediation & major litigations	-8	-5
EBIT	159	6
Cost of borrowings [5]	-27	-13
Interest on loans & short term deposits	4	8
Other gains & losses on net indebtedness	10	-3
Cost of discounting provisions	-3	-11
Result from equity instruments measured at fair value	-7	-
Profit / (loss) for the period before taxes	136	-12
Income taxes [6]	-26	-42
Profit / (loss) for the period from continuing operations	109	-54
attributable to Solvay share	107	-55
attributable to non-controlling interests	3	1
Profit / (loss) for the period from discontinued operations [7]	-	303
Profit / (loss) for the period	109	249
attributable to Solvay share	107	246
attributable to non-controlling interests	3	3
Weighted average of number of outstanding shares, basic	105,111,693	103,861,801
Weighted average of number of outstanding shares, diluted	106,196,992	105,004,460
Basic earnings per share (in €)	1.02	2.37
of which from continuing operations	1.02	-0.53
of which from discontinued operations	-	2.91
Diluted earnings per share (in €)	1.01	2.35
of which from continuing operations	1.01	-0.53
of which from discontinued operations	-	2.87

(in € million)	Q1 2024	Q1 2023
Profit / (loss) for the period	109	249
Gains and losses on hedging instruments in a cash flow hedge [8]	*-68*	*-19*
Currency translation differences from subsidiaries & joint operations [9]	*13*	*-82*
Share of other comprehensive income of associates and joint ventures [10]	*-1*	*165*
Recyclable components	-56	64
Remeasurement of the net defined benefit liability [11]	*109*	*-10*
Non-recyclable components	109	-10
Income tax relating to recyclable and non-recyclable components	-6	11
Other comprehensive income/(loss), net of related tax effects	47	65
Total comprehensive income/(loss)	156	314
attributable to Solvay share	154	311
attributable to non-controlling interests	2	3

[1] Unaudited. Comparative figures relating to the income statement have been restated in accordance with IFRS 5.
[2] This revenue primarily comprises commodity and utility third party transactions, non-core licensing transactions, and other revenue, considered not to correspond to Solvay's core business (mainly in France and Italy). The decrease compared to 2023 is mainly related to phasing out the Energy business (€240 million) and the rest from the decrease of utilities price.
[3] The decrease in the administrative costs in Q1 2024 compared to Q1 2023, is mainly due to a reduction in corporate costs (€19 million) and applied costs saving, and lower variable remuneration provision based on relative performance (€8 million).
[4] The Q1 2024 Result from portfolio management & major restructuring mainly includes restructuring costs related to €8 million within the Basic Chemicals segment and €3 million in the context of the Group's separation plan. See the restructuring provision section of note 1. The prior year includes a capital loss of €174 million mainly related to the recycling of historical currency translation balances on the sale of the Group's 50% stake in the RusVinyl joint venture.
[5] The cost of borrowings is higher in Q1 2024 compared to the prior year mainly due to the higher average interest rate resulting from the liability management process of the Power of 2 project.
[6] The income tax in Q1 2023 was largely impacted by €174 million loss without a tax impact being a consequence of RusVinyl disinvestment.
[7] Relates to the Specialty Business being treated as a discontinued operation as a result of the Partial Demerger on December 9, 2023.
[8] In Q1 2024, the gains and losses on hedging instruments mainly resulted from the decrease in the energy (EUA's) price (€-90) million, and the fair value change of Flexiswaps (€+22 million).
[9] In Q1 2024, the currency translation differences are mainly due to the USD devaluation against EUR. The Currency translation differences from subsidiaries and joint operation in Q1 2023 are mainly due to the USD devaluation against EUR (including the impact of the Syensqo entity)
[10] The share of other comprehensive income of associates and joint ventures in Q1 2023 mainly results from the recycling of the accumulated currency translation adjustments related to the sale of the RusVinyl Equity investment.
[11] The remeasurement of the net defined benefit liability in Q1 2024 is mainly due to the increase of discount rate applicable to post-employment provisions in the Euro-zone, UK and US for €82 million, and the return on plan assets €31 million, partially offset by the increase of the inflation rate applicable to post-employment provisions in UK for €-3 million. The remeasurement of the net defined benefit liability of €-10 million in Q1 2023 was mainly due to the decrease of discount rates applicable to post-employment provisions in the Euro-zone and US, partially offset by the return on plan assets.

The consolidated interim statement of cash flows includes both continuing and discontinued operations for the period ended Q1, 2023. However, below this statement, a summary of cash flows that relate to discontinued operations is disclosed.

Consolidated statement of cash flows	IFRS	
(in € million)	Q1 2024	Q1 2023
Profit / (loss) for the period	109	249
Adjustments to profit / (loss) for the period	148	670
Depreciation, amortization & impairments	87	235
Earnings from associates & joint ventures	-13	-21
Additions and reversal of employee benefits and other provisions [1]	33	134
Other non-operating and non-cash items [2]	-8	176
Net financial charges	23	31
Income tax expenses	26	115
Changes in working capital	-48	-462
Payments related to employee benefits and use of provisions	-59	-69
Dividends received from associates & joint ventures	5	4
Income taxes paid (excluding income taxes paid on sale of investments)	-14	-71
Cash flow from operating activities	**141**	**321**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow [3]	-55	-29
Acquisition (-) of subsidiaries	-	-2
Acquisition (-) of investments - Other	-8	-7
Loans to associates and non-consolidated companies	1	-19
Sale (+) of subsidiaries and investments [4]	11	432
Acquisition (-) of tangible and intangible assets (capex)	-45	-182
of which property, plant and equipment	-43	-160
of which intangible assets	-2	-22
of which capital expenditures required for the Partial Demerger and excluded from Free Cash Flow	-2	-
Sale (+) of property, plant and equipment & intangible assets	-	3
Changes in non-current financial assets	1	-
Cash flow from investing activities	**-40**	**227**
Acquisition (-) / sale (+) of treasury shares	3	11
Increase in borrowings [5]	167	51
Repayment of borrowings	-46	-49
Changes in other financial assets	10	9
Payment of lease liabilities	-16	-30
Net interests received/(paid)	-15	10
Coupons paid on perpetual hybrid bonds	-	-25
Dividends paid	-170	-160
of which to Solvay shareholders	-170	-160
Other [6]	-72	-35
Cash flow from financing activities	**-141**	**-217**
Net change in cash and cash equivalents	-39	330
Currency translation differences	-2	-1
Opening cash balance	584	932
Closing cash balance	**543**	**1,261**

[1] Additions & reversals of provisions for Q1 2024 mainly include €12 million related to the Peroxides restructuring provision, €11 million related to a project overrun, €6 million related to environmental provision.
[2] Other non-operating and non-cash items in Q1 2024 mainly relates to the €10 million gain on the Shandong Huatai Interox Chemical Company (Shandong) shares (50%) re-measured at fair value due to the step acquisition (see Portfolio Management section of Note 1). Other non-operating and non-cash items in Q1 2023 mainly relates to the €174 million capital loss on the sale of the Group's 50% stake in the RusVinyl joint venture.
[3] The amount in Q1 2024 comprises mainly of external costs (€-34 million), restructuring (€-14 million) and tax payments (€-7 million) recognized in the context of the Group's separation plan.
[4] Sale of subsidiaries and investments in Q1 2023 mainly related to the cash proceeds received of €432 million on the sale of the Group's 50% stake in the RusVinyl JV.
[5] The increase in borrowings for Q1 2024 is mainly related to the drawing of €150 million on a credit facility during the quarter.
[6] In Q1 2024, the Other cash flow from financing activities mainly related to excess margin calls ("in the money" instruments) of €71 million. (Q1 2023: €31 million, "in the money" instruments).

Statement of cash flow from discontinued operations	IFRS	IFRS
(in € million)	Q1 2024	Q1 2023
Cash flow from operating activities	-	386
Cash flow from investing activities	-	-139
Cash flow from financing activities	-	-39
Net change in cash and cash equivalents	**-**	**208**

Consolidated statement of financial position *(in € million)*	2024 March 31	2023 December 31
Intangible assets [1]	226	201
Goodwill [2]	782	764
Property, plant and equipment	2,121	2,144
Right-of-use assets	283	267
Equity instruments measured at fair value	78	88
Investments in associates & joint ventures	225	230
Other investments	32	33
Deferred tax assets	299	317
Loans & other assets [3]	301	266
Non-current assets	4,347	4,309
Inventories	636	642
Trade receivables	789	840
Income tax receivables	58	66
Dividends receivables	-	-
Other financial instruments [4]	178	118
Other receivables [5]	391	463
Cash & cash equivalents	543	584
Current assets	2,595	2,714
Total assets	6,942	7,022
Share capital	237	237
Share premiums	174	174
Other reserves	1,012	853
Non-controlling interests	60	42
Total equity	1,482	1,305
Provisions for employee benefits	722	793
Other provisions	547	550
Deferred tax liabilities	128	131
Financial debt	1,986	1,981
Other liabilities	46	70
Non-current liabilities	3,429	3,525
Other provisions	275	302
Financial debt [6]	321	211
Trade payables	784	850
Income tax payables	70	68
Dividends payables [7]	5	175
Other liabilities	576	585
Current liabilities	2,031	2,192
Total equity & liabilities	6,942	7,022

[1] The increase in intangible assets over the prior year largely relates to the purchase of reference quotas (€15 million) from Syensqo as a part of the Group's separation.
[2] The increase in goodwill is mainly due to a business combination with Shandong, which occurred in stages (step acquisition). See the portfolio management section of Note 1.
[3] The increase in loans and other assets is mainly due to the plan assets surplus (€37 million) of one of the Group's IAS 19 plans.
[4] The increase in other financial instruments is mainly due to the increase of the Energy Margin call of €71 million.
[5] The decrease in other receivables is mainly due to the insurances reimbursement (€-32 million) collected and a reduction of the €-15 million prepayment of reference quotas as the transaction settled in Q1, 2024.
[6] The increase in financial debt is mainly due to the drawing of €150 million over Q1 2024 on the credit facility and the full reimbursement of a borrowing for €-45 million.
[7] The decrease in dividends payables is due to the payment of the interim dividends in January 2024 for €170 million.

Consolidated statement of changes in equity

(in € million)	Attributable to the holders of the parent											
	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2022	**1,588**	**1,170**	**-225**	**1,786**	**6,854**	**-318**	**4**	**76**	**-332**	**7,846**	**61**	**10,664**
Profit / (loss) for the period	-				246					246	3	249
Items of other comprehensive income	-	-	-	-	-	84	-	-15	-3	65	-	65
Comprehensive income	**-**				**246**	**84**	**-**	**-15**	**-3**	**311**	**3**	**314**
Cost of share-based payment plans	-				3					3		3
Coupons of perpetual hybrid bonds	-				-25					-25		-25
Sale (acquisition) of treasury shares	-		11							11		11
Balance on March 31, 2023	**1,588**	**1,170**	**-213**	**1,786**	**7,078**	**-235**	**4**	**60**	**-335**	**8,146**	**63**	**10,967**
Balance on December 31, 2023	**237**	**174**	**-15**	**-**	**1,683**	**-253**	**-**	**-103**	**-459**	**853**	**42**	**1,305**
Profit / (loss) for the period	-				107					107	3	109
Items of other comprehensive income	-	-	-	-	-	12	-	-49	84	47	-	47
Comprehensive income	**-**				**107**	**12**	**-**	**-49**	**84**	**154**	**2**	**156**
Cost of share-based payment plans	-				2					2		2
Sale (acquisition) of treasury shares	-		3							3		3
Other	-	-	-	-	-	-	-	-	-	-	16	16
Balance on March 31, 2024	237	174	-12	-	1,792	-241	-	-152	-375	1,012	60	1,482

Notes to the condensed consolidated interim financial statements

1. General information and significant events

Solvay SA/NV is a public limited liability company governed by Belgian law and listed on Euronext Brussels and Euronext Paris. The Board of Directors authorized these condensed consolidated interim financial statements for issue on May 6, 2024.

Partial Demerger in December 2023

Solvay SA/NV's shareholders at the extraordinary general meeting held on December 8, 2023 approved the partial demerger of the specialty businesses, which effected the separation of the Group into two public groups. The Specialty Businesses is presented as discontinued operations. Consequently, the Q1 2023 consolidated income statement has been restated in accordance with IFRS 5. In the consolidated statement of cash flows, the cash-flows were not restated and present both continuing and discontinued operations in the primary statement. For 2023 financial year, the cash flows from discontinued operations are included for the period until March 31, 2023. However, below the statement, Solvay separately presented the consolidated cash flows from discontinued operations.

Restructuring provision

In the first quarter, Solvay recorded €12 million restructuring charges mainly related to €8 million charge within the Basic Chemicals segment in order to reduce and optimize its industrial footprint at few sites within the European region and €3 million in the context of the Group's separation plan.

Bonds issuance

On March 26, 2024, Solvay completed the placement of its inaugural bond transaction, which represented an important milestone after the partial demerger of its Specialty Businesses in December 2023. The bonds were settled on April 3, 2024. More information is provided in Note 7, Events after the reporting period.

Portfolio management

In March 2024 the Group increased its ownership in its Shandong equity accounted investment by 10% for €4 million, which resulted in Solvay obtaining control over the legal entity. The acquisition was accounted for as a business combination achieved in stages and resulted in a €10 million gain on the deconsolidation of the equity investment and €18 million in goodwill and €3 million in intangible assets based on the fair value of the entity upon consolidation. The Group will finalize the purchase price allocation in the coming months.

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, 2023. 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, 2023. The consolidated financial statements for 2023 were published in April 2024.

The critical accounting judgments and key sources of estimation uncertainty included in the 2023 annual report remain applicable with the exception of those mentioned below. Relevant updates on specific topics are included in these notes and should be read together with the 2023 annual report.

Below are the standards, interpretations and amendments that became effective as of January 1, 2024, and which are relevant to the Group.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments have no material impact on the Group's interim condensed consolidated interim financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

These amendments provide a more general approach to 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 with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The clarification confirmed our classification of the bridge facility as long term at March 31, 2024.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim condensed consolidated financial statements. These amendments are not yet endorsed for use in the European Union

3. Discontinued Operations

The profit from discontinued operations included in the consolidated income statement for Q1 2023 is analyzed as follows:

In € million	Q1 2023
Sales	**1,856**
of which revenue from non-core activities	44
of which net sales	1,812
Cost of goods sold	-1,193
Gross margin	**663**
Commercial costs	-63
Administrative costs	-130
Research and development costs	-87
Other operating gains and (losses)	-45
Earnings from associates and joint ventures	4
Results from portfolio management and major restructuring	-29
Results from legacy remediation and major litigations	74
EBIT	**387**
Cost of borrowings	-12
Interest on loans and short term deposits	3
Other gains and (losses) on net indebtedness	2
Cost of discounting provisions	-5
Result from equity instruments measured at fair value	1
Profit/(loss) for the year before taxes	**376**
Income taxes	-73
Profit for the year from discontinued operations	**303**

4. Segment information

General

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

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

The financial performance of the Group's reportable segments has no material seasonal effects.

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

The 2023 results were restated to align with the new reportable segments. The restatement included the "eH2O2" (electronic-grade hydrogen peroxide - net sales of €109 million, underlying EBITDA of €34 million in 2023) business that transferred from GBU Special Chem to GBU Peroxides on January 1, 2024.

Reconciliation of segment, underlying and IFRS data

Reconciliation of segment, underlying and IFRS data

(in € million)	Q1 2024	Q1 2023
Underlying net sales	1,201	1,355
Basic Chemicals	715	795
Performance Chemicals	484	559
Corporate	3	1
Underlying EBITDA	265	365
Basic Chemicals	202	249
Performance Chemicals	80	117
Corporate	-16	-1
Underlying depreciation, amortization & impairments	-81	-80
Underlying EBIT	184	285
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	-12	-21
Earnings from associates & joint ventures	11	7
Result from portfolio management & major restructuring	-15	-261
Result from legacy remediation & major litigations	-8	-5
EBIT	159	6
Net financial charges	-24	-19
Profit / (loss) for the period before taxes	136	-12
Income taxes	-26	-42
Profit / (loss) for the period from continuing operations	109	-54
Profit / (loss) for the period from discontinued operations	-	303
Profit / (loss) for the period	109	249
attributable to non-controlling interests	3	3
attributable to Solvay share	107	246

Note: the 2023 figures are restated for IFRS 5 Discontinued Operations.

See a reconciliation of underlying income statement indicators on page 12.

5. Financial Instruments

Valuation techniques
Compared to December 31, 2023, 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 March 31, 2024, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2023.

Financial instruments measured at fair value
For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of March 31, 2024, the fair value of those instruments classified in Other Receivables decreased by €23 million and Other Liabilities increased by €28 million when compared to December 31, 2023. The main driver of the variations is the fluctuation in electricity and gas prices during the period.

Working capital programs
In Q1 2024, the Group utilized several working capital programs, which consisted of the extension of trade payable terms or through the factoring of Trade receivables. The working capital programs impacted the Group's cash flows by approximately €40 million in the period.

6. Impact of the International Tax Reform – Pillar 2

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, notably in Belgium where the ultimate parent entity is located. The legislation is effective for the Group's financial year beginning January 1, 2024. Solvay SA/NV is closely monitoring the laws, which the various jurisdictions are adopting following the Organization for Economic Co-operation and Development ('OECD') and EU-initiatives regarding the Pillar Two Global Minimum Tax of 15% and the potential impact thereof.

Solvay has performed the Q1 2024 Transitional CbCR Safe Harbour (TCSH) calculations based on March 31, 2024 figures and the Pillar 2 entity classification, under the reasonable assumption that Solvay will benefit from the CbCR qualification ('Qualified CbCR') for eligibility under the Pillar 2 Safe Harbour. Solvay assessed that it cannot apply the safe harbor approach for two countries. Based on this assessment and considering the resulting immaterial tax impact at the end of March 31, 2024, no Pillar II provision has been recognized.

7. Events after the reporting period

Bonds settlement

The 4-year €750 million bond maturing on April 3, 2028, and the 7.5-year €750 million bond maturing on October 3, 2031, have coupons of 3.875% and 4.250% respectively. Both bonds were rated BBB- by S&P, matching Solvay's long-term credit rating. The bonds were settled on April 3, 2024, with the trading on the Euro MTF market of the Luxembourg Stock Exchange, which began on the same day. The proceeds from the bonds' issue, apart from the general corporate purposes, were used for the refinancing of the €1.5 billion bridge facility set up at the end of 2023 in relation to the partial demerger.

8. Declaration by responsible persons

Philippe Kehren, Chief Executive Officer, and Alexandre Blum, Chief Financial Officer, of the Solvay Group, declare that to the best of their knowledge:

- The condensed consolidated interim 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 2024, and their impact on the condensed consolidated interim financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2023 Annual Integrated Report, taking into account the current economic and financial environment.

Glossary

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

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses)) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses, unrealized foreign exchange gains or losses on debt and contribution to IFRS equity earnings of equity investments disposed of in the period,
- Results from equity instruments measured at fair value, and re-measurement of the long term incentive plans related to Syensqo Group shares and the related hedging instruments.
- Gains and losses, related to the management of the CO2 hedges not accounted for as Cash Flow Hedge, deferred in adjustments until the maturity of the economic hedge
- Tax effects related to the items listed above and tax expense or income of prior years
- The impact of the Group's share of significant equity investments in the consolidated financial statements beginning in Q1 2024.

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

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

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

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

CGU: Cash-generating unit

CTA: Currency Translation Adjustment

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

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

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

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

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

Extra-financial indicators: Indicators used that measure the sustainability performance of the company in complement to financial indicators. For more information, we refer to the last available annual report available on www.solvay.com

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

Free cash flow to Solvay shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.
Free cash flow conversion: Calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and underlying EBITDA of the last rolling 12 months.
GBU: Global business unit.
HPPO: Hydrogen peroxide propylene oxide, 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.
Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes (related to small M&A not leading to restatements) and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.
pp: Unit of percentage points, used to express the evolution of ratios.
PPA: Purchase Price Allocation (PPA) accounting impacts related to acquisitions.
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.
Result from legacy remediation and major litigations: It includes:

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

Results from portfolio management and major restructuring: It includes:

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

It excludes non-cash accounting impact from amortization and depreciation resulting from the purchase price allocation (PPA) from acquisitions.
Revenue from non-core activities: Revenues primarily comprising commodity and utility trading transactions and other revenue, considered to not correspond to Solvay's know-how and core business.
ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.
Underlying: Underlying results are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined above. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

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

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

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

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Safe harbor

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About Solvay

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

Useful links

- Financial calendar
- Results' documentation
- Capital Market days
- Share information
- Credit information
- ESG information
- Annual report
- Webcasts, podcasts and presentations

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