



SYENSQO

Financial Report

First Quarter 2024



Regulated information

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Forenote

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

UNDERLYING BUSINESS REVIEW

Underlying (€ million)	Q1 2024	Q1 2023	YoY reported	YoY organic	Q4 2023	QoQ reported
Net sales	1,624	1,813	-10.4%	-8.3%	1,577	3.0%
EBITDA	363	473	-23.4%	-20.4%	294	23.3%
EBITDA margin	22.3%	26.1%	-380 bps	-	18.7%	370 bps
Operating cash flow	244	412	-40.9%	-	n.a.	-
Cash conversion (LTM) (1)	88.7%	n.a.	-	-	n.a.	-
Free cash flow (2)	157	255	-38.1%	-	n.a.	-
ROCE (LTM)	9.6%	n.a.	-	-	n.a.	-

Q1 2024 Highlights

- **Net sales** of €1.6 billion increased by 3% sequentially with improved volume momentum, most notably in Novecare and Specialty Polymers. On a year-on year basis, net sales decreased by 8% organically versus a record Q1 2023, driven by lower volumes (2%) and decrease in prices (6%), most notably in the Consumer & Resources segment and Specialty Polymers.
- **Underlying EBITDA** of €363 million increased by 23% sequentially, in-line with prior outlook
- **EBITDA margin** of 22.3% increased by approximately 370 basis points sequentially, driven by gross margin improvements in all businesses, most notably in Composite Materials, Specialty Polymers and Novecare, reflecting the quality of our offering and strong control of operations and pricing
- **Underlying net profit** of €156 million
- **Operating cash flow** of €244 million, resulting in **cash conversion**¹ of 89%; **Free cash flow**² of €157 million
- **Balance sheet: net debt** reduced to €1.5 billion (versus €1.6 billion at the end of 2023) and **leverage ratio** of 1.0x

Dr. Ilham Kadri, CEO

"In addition to meeting our outlook for the first quarter, I am encouraged by the improved momentum we have seen since the start of the year. We saw strong margin expansion, with sequential improvements in volumes and net sales in both Materials and Consumer & Resources.. However, it is still too early to call it a trend, and we therefore reiterate our full year outlook.

"Our first five months as Syensqo have seen us ensure a smooth transition for our customers, while further sharpening our innovation and commercial priorities, fully aligned with their needs and the unique value we offer. In addition we announced new and ambitious partnerships, launched new disruptive technologies to advance our leadership positions in aerospace, electric vehicles and specialty coatings, as well as making a bolt-on investment in high value dermocosmetics to enhance our portfolio in the consumer market".

¹ Cash conversion: ((Underlying EBITDA +/- Changes in working capital - Sustainance Capex) / Underlying EBITDA)

² Free cash flow to Syensqo shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds, dividends to non-controlling interests and capital injections and capital reimbursements from/to non-controlling interests

2024 Outlook

While our first quarter 2024 results benefited from improved volume momentum, supporting the strong sequential increase in underlying EBITDA, the pace of a broader macroeconomic recovery remains unclear. As a result, we reiterate our previous full year 2024 outlook ranges as follows:

- **Underlying EBITDA** to be in the range of €1.4 billion and €1.55 billion;
- **Capital expenditures** to be in the range of €600–€650 million;
- **Underlying Free Cash Flow** in the range of €400 million and €500 million, excluding the previously announced \$180 million PFAS payment to the New Jersey Department of Environmental Protection, which was made in April 2024

As demonstrated by our performance in the first quarter of 2024, we confirm that we saw the inflection in our quarterly underlying EBITDA performance in the fourth quarter of 2023. We expect this positive momentum in underlying EBITDA to continue in the second quarter of 2024, aligned with current consensus expectations.

As previously indicated, second quarter net debt will include cash outflows related to the PFAS settlement as well as €172 million related to the dividend payment on May 31, 2024, subject to shareholder approval at the Annual General Meeting on May 23, 2024.

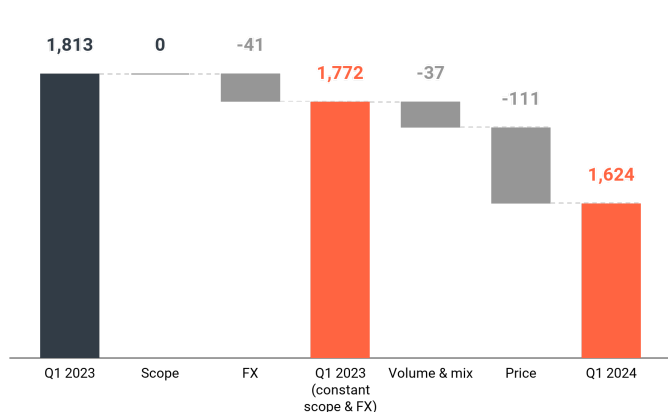
Financial Review

Summary Income Statement

Underlying (€ million)	Q1 2024	Q1 2023	% change
Net sales	1,624	1,813	-10.4%
Gross profit	583	663	-12.0%
Gross profit margin	35.9%	36.6%	-70 bps
EBITDA	363	473	-23.4%
EBITDA margin	22.3%	26.1%	-380 bps
EBIT	252	356	-29.4%
Net financial charges	-35	-35	-1.8%
Income tax expenses	-60	-63	4.6%
Profit / (loss) attributable to Syensqo shareholders	156	258	-39.6%
Basic EPS	1.48	2.43	-39.2%

Net sales of €1,624 million in the first quarter of 2024 declined by 10% on a reported basis, or 8% organically, versus a record performance in the first quarter of 2023. The year-on-year decline in net sales was primarily driven by lower pricing, particularly in the Consumer & Resources segment and Specialty Polymers, and to a lesser extent by lower volumes in Specialty Polymers and Consumer & Resources segment. This was partially offset by strong growth in Composite Materials.

Net sales bridge (€ million)



On a sequential basis, net sales increased by 3% on a reported basis, versus the fourth quarter of 2023, primarily driven by higher sales in the Consumer & Resources Segment, and to a lesser extent in Specialty Polymers.

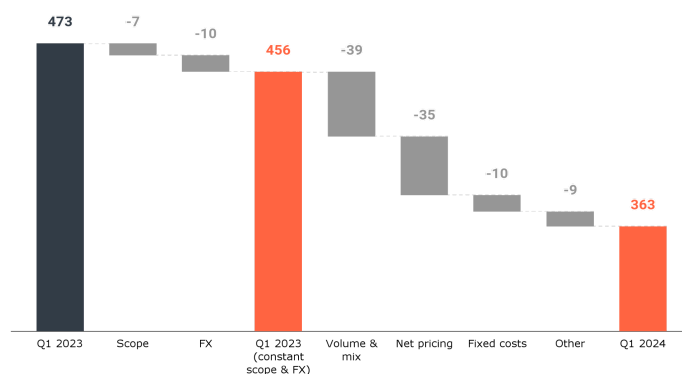
Gross profit of €583 million in the first quarter of 2024 declined by 12% on a reported basis, versus the first quarter of 2023, primarily driven by lower year-on-year net sales.

On a year-on-year basis, gross margin of 35.9% in the first quarter of 2024 decreased by approximately 70 basis points. This compares to the full year 2023 gross margin of 34.8%, reflecting the specialty nature of our business, and a higher mix of high margin Materials net sales.

Underlying EBITDA of €363 million in the first quarter of 2024 declined by 23% on a reported basis, or 20% organically, versus a record performance in the first quarter of 2023,

driven by lower volumes and, as expected, lower net pricing. In addition, the year-on-year underlying EBITDA performance was negatively impacted by approximately €10 million of dissynergies related to the partial demerger from Solvay.

Underlying EBITDA bridge (€ million)



On a sequential basis, underlying EBITDA in the first quarter of 2024 increased by 23% on a reported basis, versus the fourth quarter of 2023. This was primarily driven by higher underlying EBITDA in the Materials segment and, to a lesser extent, in the Consumer & Resources segment. This was partially offset by higher sequential Corporate & Business services expenses.

Underlying EBITDA margin of 22.3% in the first quarter of 2024 decreased by approximately 380 basis points versus the first quarter of 2023, driven by lower Consumer & Resources EBITDA margin and, to a lesser extent, lower Materials EBITDA margin.

On a sequential basis, underlying EBITDA margin increased by approximately 370 basis points versus the fourth quarter of 2023, driven by higher EBITDA margin in both the Materials and Consumer & Resources segments as well as favorable mix.

Summary Cash Flow and Net Debt

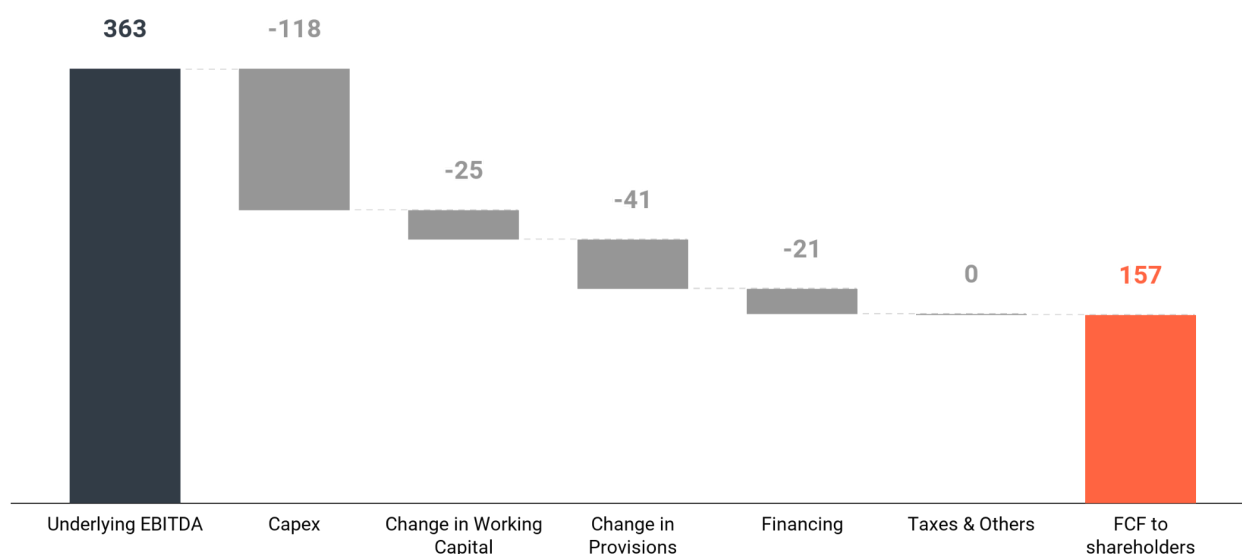
Cash flow from operating activities amounted to €244 million in the first quarter of 2024, including a €25 million cash outflow from movements in working capital and a €41 million cash outflow from movements in provisions, primarily due to cost related to environmental provisions.

Cash conversion is defined as (underlying EBITDA +/- changes in working capital - Sustenance Capital Expenditure) / (underlying EBITDA) totalled 89% on a rolling 12-month basis.

Free cash flow to shareholders totalled €157 million in the first quarter of 2024, including €118 million of capital expenditures comprised of €46 million of sustenance capital expenditure, €72 million of growth capital expenditure as well as €32 million of proceeds received from the preliminary settlement of environmental liability insurance policy claims related to PFAS liabilities.

Including a €46 million cash outflow from financing activities, **cash and cash equivalents** totalled €1,247 million at the end of the first quarter of 2024, an increase of €98 million versus the closing cash balance as of 31st December, 2023.

Free cash flow bridge (€ million)



Underlying net financial debt amounted to €1,495 million at the end of the first quarter of 2024, versus €1,584 million at the end of 2023, resulting in a stable leverage ratio of 1.0x and a gearing ratio of 17.0%.

Underlying (€ million)	Q1 2024	End of 2023	Change
Gross debt	2,814	2,813	0.0%
Net debt	1,495	1,584	-5.6%
Leverage ratio	1.0x	1.0x	-
Gearing ratio	17.0%	18.2%	-120 bps

Provisions decreased by €168 million in Q1 2024 to €908 million, primarily due to reclassification of PFAS settlement with NJDEP (\$180m) classified at the end of March as other current liabilities, following the Court approval on March 1st 2024.

(in € millions)	December 31, 2023	Paym-ents	Net new provisions	Unwinding of provisions	Asset return	Remea-surements	Changes in scope & other	March 31, 2024	YoY change
Employee benefits	-373	6	-8	-26	21	19	-	-361	12
Environment	-500	29	-8	-5	-	2	161	-321	179
Restructuring and other provisions	-202	7	-34	-	-	-1	6	-225	-23
Total	-1,076	41	-50	-31	21	19	167	-908	168

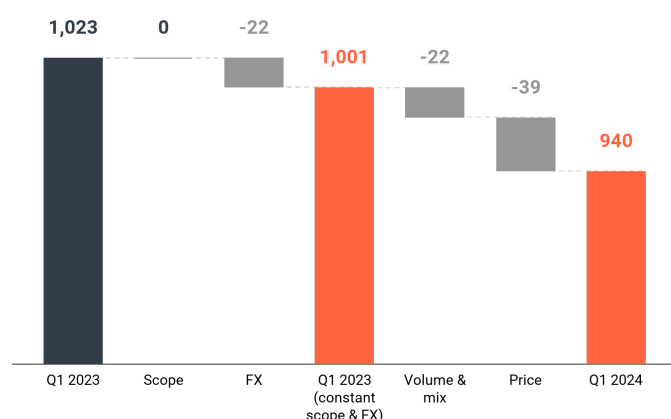
Performance by segments

Materials (58% of Group net sales, 86% of Group underlying EBITDA)

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	940	1,023	-8.1%	-6.0%	927	1.4%
Specialty Polymers	652	773	-15.7%	-13.4%	637	2.3%
Composite Materials	288	249	15.6%	16.3%	290	-0.8%
EBITDA	311	362	-14.0%	-13.2%	261	19.2%
EBITDA margin	33.1%	35.4%	-230 bps	-	28.1%	500 bps

Net sales of €940 million in the first quarter of 2024 declined by 8% on a reported basis, or 6% organically, versus the first quarter of 2023. On a reported basis, the 8% year-on-year decline was driven by the combination of lower volumes and pricing in Specialty Polymers, as well as unfavorable foreign exchange movements. This was partially offset by strong net sales growth in Composite Materials, primarily driven by higher volumes.

Materials net sales bridge (€ million)



Compared to the fourth quarter of 2023, Materials net sales increased by 1% in the first quarter of 2024 on a reported basis, driven by higher net sales in Specialty Polymers. Composite Materials net sales were approximately flat sequentially, versus a strong fourth quarter comparable.

Specialty Polymers net sales of €652 million in the first quarter of 2024 declined by 16% on a reported basis, or 13% organically, versus a record first quarter 2023 driven by lower volumes and prices. Lower year-on-year volumes were primarily driven by the Electronics and Healthcare end markets as well as sales through distributors, partially offset by volume growth in Automotive, most notably in EV batteries.

Lower year-on-year prices were primarily driven by Healthcare and Batteries.

Composite Materials net sales of €288 million in the first quarter of 2024 increased by 16% on both a reported and organic basis, versus the first quarter of 2023, driven by volume growth and, to a lesser extent, by higher prices. The year-on-year increase in volumes was driven by sustained growth in both commercial aircraft as well as space and defense applications.

Underlying segment EBITDA of €311 million in the first quarter of 2024 declined by 14% on a reported basis, or 13% organically, versus a strong first quarter of 2023 due to lower underlying EBITDA in Specialty Polymers, primarily driven by lower volumes and net pricing, most notably in Healthcare, as well as higher operating expenses. This was partially offset by higher underlying EBITDA in Composite Materials, driven by higher volumes and positive net pricing.

On a sequential basis, underlying segment EBITDA increased by 19% in the first quarter of 2024 on a reported basis, versus the fourth quarter of 2023. This was primarily driven by higher underlying EBITDA in Specialty Polymers, and to a lesser extent in Composite Materials.

Underlying EBITDA margin of 33.1% in the first quarter of 2024 decreased by 230 basis points versus the first quarter of 2023. The lower underlying EBITDA margin was driven by an unfavorable sales mix given the stronger year-on-year growth in Composite Materials relative to Specialty Polymers.

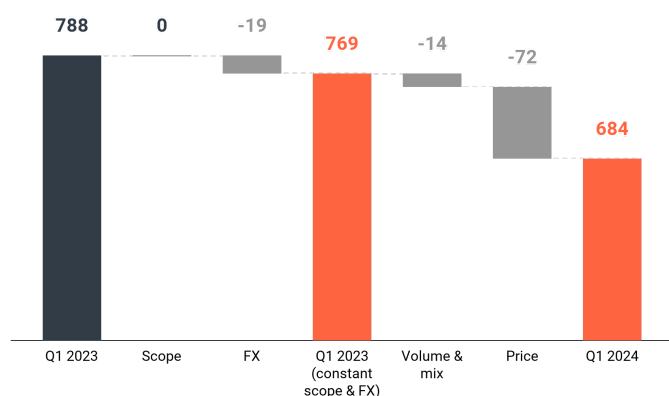
On a sequential basis, underlying EBITDA margin increased by approximately 500 basis points in the first quarter of 2024, driven by margin improvements in both Composite Materials and Specialty Polymers.

Consumer & Resources (42% of Group net sales, 29% of Group underlying EBITDA)

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	684	788	-13.2%	-11.1%	650	5.3%
Novecare	348	386	-9.9%	-8.4%	318	9.4%
Technology Solutions	153	182	-15.6%	-14.2%	171	-10.5%
Aroma Performance	82	99	-17.6%	-15.2%	78	5.4%
Oil & Gas	101	121	-16.8%	-11.7%	83	21.8%
EBITDA	106	151	-29.8%	-26.9%	79	33.4%
EBITDA margin	15.5%	19.2%	-370 bps	-	12.2%	330 bps

Net sales of €684 million in the first quarter of 2024 declined by 13% on a reported basis, or 11% organically versus the first quarter of 2023. On a reported basis, the 13% year-on-year decline was primarily driven by lower pricing, most notably in Novecare and Aroma Performance as well as unfavorable foreign exchange movements. Volumes declined moderately as growth in the Consumer and Construction end markets was offset by lower volumes in Resources & Environment as well as Agro, Feed & Food.

Consumer & Resources net sales bridge (€ million)



Compared to the fourth quarter of 2023, Consumer & Resources net sales increased by 5% in the first quarter of 2024 on a reported basis, primarily driven by higher net sales in Novecare and Oil & Gas, partially offset by lower net sales in Technology Solutions.

Novecare net sales of €348 million in the first quarter of 2024 declined by 10% on a reported basis, or 8% organically versus the first quarter of 2023, driven by lower pricing, partially offset by higher volumes. Lower pricing was across all major markets, particularly in Agro. This was partially offset by volume growth in all major end markets except Agro.

Technology Solutions net sales of €153 million in the first quarter of 2024 declined by 16% on a reported basis, or 14% organically, versus a strong first quarter of 2023 driven by lower volumes from mining and phosphorus specialties.

Aroma Performance net sales of €82 million in the first quarter of 2024 declined by 18% on a reported basis, or 15% organically, versus the first quarter of 2023, impacted by strong price competition in the food, flavor & fragrance markets. Year-on-year volumes were approximately flat.

During the first quarter of 2024, additional measures were implemented to adapt the fixed cost structure to support the competitiveness and financial performance of the business, including plans to mothball certain of its production lines in Baton Rouge (United States) and Saint Fons (France).

Oil & Gas net sales of €101 million in the first quarter of 2024 declined by 17% on a reported basis, or 12% organically, versus the first quarter of 2023, driven by lower drilling activity in the United States, lower natural gas demand as well as higher competitive pressure.

Underlying segment EBITDA of €106 million in the first quarter of 2024 declined by 30% on a reported basis, or 27% organically, versus the first quarter of 2023. This was primarily due to lower net pricing, primarily in Agro and Home & Personal Care and, to a lesser extent, lower volumes, primarily in Agro, mining and phosphorus specialties.

On a sequential basis, underlying segment EBITDA increased by 34% in the first quarter of 2024 on a reported basis, versus the fourth quarter of 2023. This was primarily due to higher underlying EBITDA in Novecare, most notably in Construction and Industrial applications, and, to a lesser extent, in Oil & Gas driven by an improved demand environment.

Underlying EBITDA margin of 15.5% declined by 370 basis points versus the first quarter of 2023, primarily due to lower contributions from Aroma Performance, Technology Solutions and Oil & Gas.

On a sequential basis, underlying EBITDA margin increased by approximately 330 basis points, driven by higher margins in all business units, most notably in Novecare.

Corporate & Business Services

Underlying (€ million)	Q1 2024	Q1 2023	% YoY	% organic	Q4 2023	% QoQ
Net sales	-	2	n.m.	n.m.	-	n.m.
EBITDA	-55	-40	-37.3%	-	-46	-20.0%

Corporate and Business services reported a cost of €55 million to Syensqo's EBITDA in the first quarter of 2024, a year-on-year increase of €15 million versus the first quarter of 2023, primarily driven by planned dissynergies related to the partial demerger as well as higher spend on growth platforms.

Key IFRS figures

Q1 key figures (in € million)	IFRS			Underlying		
	Q1 2024	Q1 2023	% yoy	Q1 2024	Q1 2023	% yoy
Net sales	1,624	1,813	-10.4%	1,624	1,813	-10.4%
EBITDA	317	537	-40.9%	363	473	-23.4%
<i>EBITDA margin</i>	19.5%	29.6%	-10.1pp	22.3%	26.1%	-3.8pp
EBIT	173	386	-55.3%	252	356	-29.4%
Net financial charges	-22	-34	35.4%	-35	-35	-1.8%
Income tax expenses	-50	-67	24.4%	-60	-63	4.6%
<i>Tax rate</i>				28.2%	19.8%	8.5pp
(Profit) / loss attributable to non-controlling interests	-1	-1	-45.0%	-1	-1	-44.3%
Profit / (loss) attributable to Syensqo shareholders	100	285	-65.0%	156	258	-39.6%
Basic earnings per share (in €)	0.95	2.69	-64.8%	1.48	2.43	-39.2%
Capex				118	144	-18.1%
FCF to Syensqo shareholders				157	255	-38.1%
Net financial debt				1,495		
<i>Underlying leverage ratio</i>				<i>1.0</i>		

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

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

Underlying tax rate (in € million)		Underlying	
		Q1 2024	Q1 2023
Profit / (loss) for the period before taxes	a	216	322
Earnings from associates & joint ventures	b	4	4
Income taxes	c	-60	-63
Underlying tax rate	d = -c/(a-b)	28.2%	19.8%

Free cash flow (FCF) (in € million)		Q1 2024	Q1 2023
Cash flow from operating activities	a	244	412
of which cash flow related to the Partial Demerger and portfolio management and excluded from Free Cash flow	b	-46	-1
Cash flow from investing activities	c	-99	-161
of which change in internal bank accounts with remaining Solvay Group	d	-	-10
Acquisition (-) of subsidiaries	e	-	-2
Acquisition (-) of investments - Other	f	-1	-6
Loans to associates and non-consolidated companies and related parties	g	-	-11
Sale (+) of subsidiaries and investments	h	1	-1
Corporate costs after taxes	i	-	-14
Payment of lease liabilities	j	-12	-13
FCF	k = a-b+c-d-e-f-g-h+i+j	179	256
Net interests received/(paid)	l	-9	-1
Coupons paid on perpetual hybrid bonds	m	-12	-
FCF to Syensqo shareholders	n = k+l+m	157	255
FCF to Syensqo shareholders from continuing operations (LTM)	o	351	n.a.
Dividends paid to non-controlling interests from continuing operations (LTM)	p	-8	-
Underlying EBITDA (LTM)	q	1,508	1,936
FCF conversion ratio (LTM)	r = (o-p)/q	23.8%	n.a.

Net working capital		2024	2023
(in € million)		March 31	December 31
Inventories	a	1,309	1,244
Trade receivables	b	1,025	907
Other current receivables	c	415	384
Trade payables	d	-1,039	-918
Other current liabilities	e	-658	-417
Net working capital	f = a+b+c+d+e	1,053	1,200
Quarterly total sales	g	1,721	1,601
Annualized quarterly total sales	h = 4*g	6,884	6,404
Net working capital / quarterly total sales	i = f / h	15.3%	18.7%

Capital expenditure (capex)

(in € million)		Q1 2024	Q1 2023
Acquisition (-) of tangible assets	a	-78	-115
Acquisition (-) of intangible assets	b	-28	-17
Payment of lease liabilities	c	-12	-13
Capex	d = a+b+c	-118	-144
Capex (LTM)		-822	
of which sustenance capital expenditure (LTM)	e	-338	
of which growth capital expenditure (LTM)		-484	
Change in Working Capital (LTM)	f	167	
Underlying EBITDA (LTM)	g	1,508	
Cash conversion (LTM)	h = (e+f+g)/g	88.7%	n.a

Net financial debt		2024	2023
(in € million)		March 31	December 31
Non-current financial debt	a	-2,181	-2,159
Current financial debt	b	-133	-154
IFRS gross debt	c = a+b	-2,314	-2,313
Underlying gross debt	d = c+h	-2,814	-2,813
Other financial instruments (current + non-current)	e	71	78
Cash & cash equivalents	f	1,247	1,150
Total cash and cash equivalents	g = e+f	1,318	1,228
IFRS net debt	i = c+g	-995	-1,084
Perpetual hybrid bonds	h	-500	-500
Underlying net debt	j = i+h	-1,495	-1,584
Underlying EBITDA (LTM)	k	1,508	1,618
Underlying leverage ratio	l = -j/k	1.0	1.0

ROCE		Q1 2024	FY 2023
(in € million)		As calculated	As calculated
EBIT (LTM)	a	1,029	1,134
Accounting impact from Novation of energy hedges and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-133	-134
Numerator	c = a+b	895	1,000
WC industrial	d	1,397	1,443
WC Other	e	-205	-146
Property, plant and equipment	f	3,338	3,243
Intangible assets	g	1,723	1,785
Right-of-use assets	h	194	199
Investments in associates & joint ventures	i	208	208
Other investments	j	10	8
Goodwill	k	2,618	2,648
Denominator	l = d+e+f+g+h+i+j+k	9,283	9,388
ROCE	m = c/l	9.6%	10.6%

Q1 2023 ROCE not calculated due to the partial demerger

Reconciliation of underlying income statement indicators

In addition to IFRS accounts, Syensqo also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Syensqo'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 (in € million)	Q1 2024			Q1 2023		
	IFRS	Adjustm ents	Underly ing	IFRS	Adjustm ents	Underly ing
Sales	1,721	-	1,721	1,897	-	1,897
of which revenues from non-core activities	97	-	97	85	-	85
of which net sales	1,624	-	1,624	1,813	-	1,813
Cost of goods sold	-1,138	-	-1,138	-1,235	-	-1,235
Gross profit	583	-	583	663	-	663
Commercial costs	-74	-	-74	-63	-	-63
Administrative costs	-162	-	-162	-132	-18	-150
Research & development costs	-79	-	-79	-87	-	-87
Other operating gains & losses	-69	49	-20	-44	34	-10
Earnings from associates & joint ventures	4	-	4	4	-	4
Result from portfolio management & major restructuring	-14	14	-	-29	29	-
Result from legacy remediation & major litigations	-16	16	-	74	-74	-
EBITDA	317	46	363	537	-64	473
Depreciation, amortization & impairments	-145	33	-111	-151	34	-117
EBIT	173	79	252	386	-30	356
Net cost of borrowings	-20	-1	-21	-30	-	-30
Coupons on perpetual hybrid bonds	-	-3	-3	-	-	-
Cost of discounting provisions	-	-11	-11	-5	-	-5
Result from equity instruments measured at fair value	-2	2	-	1	-1	-
Profit / (loss) for the period before taxes	151	66	216	352	-31	322
Income taxes	-50	-10	-60	-67	4	-63
Profit / (loss) for the period	100	56	156	286	-27	259
attributable to Syensqo share	100	56	156	285	-27	258
attributable to non-controlling interests	1	-	1	1	-	1
Basic earnings per share (in €)	0.95	0.53	1.48	2.69	-0.25	2.43
Diluted earnings per share (in €)	0.94	0.53	1.47	2.69	-0.25	2.43

EBITDA on an IFRS basis totaled €317 million, versus €363 million on an underlying basis. The difference of €46 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €14 million to adjust for the *"Result from portfolio management and major restructuring"* (excluding depreciation, amortization and impairment elements), mainly including costs incurred for the restructuring of the Aroma Performance GBU.
- €16 million to adjust for the *"Result from legacy remediation and major litigations"*, mainly due to adjustment for Legacy remediation and litigations related to accruals to environmental provisions and legal expenses.
- €15 million to exclude net losses related to energy hedges, to reflect the related economic hedge (after the gain from novation recorded in 2023), included in *Other operating gains & losses*;

EBIT on an IFRS basis totaled €173 million, versus €252 million on an underlying basis. The difference of €79 million is explained by the above-mentioned €46 million adjustments at the EBITDA level and €33 million of *"Depreciation, amortization & impairments"*. The latter consist of €33 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting

of amortization charges on intangible assets, which are adjusted in *"Other operating gains & losses"*.

Net financial charges on an IFRS basis were €-22 million versus €-35 million on an underlying basis. The adjustments made to IFRS net financial charges mainly consists of:

- €-3 million for the reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results,
- €-11 million related to the impact of increasing discount rates on environmental provisions

Income taxes on an IFRS basis were €-50 million, versus €-60 million on an underlying basis. The €-10 million adjustment mainly relates to the adjustments of the earnings before taxes described above.

Profit / (loss) attributable to Syensqo shareholders was €100 million on an IFRS basis and €156 million on an underlying basis. The delta of €56 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ^[1]

Consolidated income statement

(in € million)

	IFRS	
	Q1 2024	Q1 2023
Sales	1,721	1,897
of which revenues from non-core activities	97	85
of which net sales [2]	1,624	1,813
Cost of goods sold	-1,138	-1,235
Gross profit	583	663
Commercial costs	-74	-63
Administrative costs	-162	-132
Research & development costs	-79	-87
Other operating gains & losses [3]	-69	-44
Earnings from associates & joint ventures	4	4
Result from portfolio management & major restructuring [4]	-14	-29
Result from legacy remediation & major litigations [5]	-16	74
EBIT	173	386
Cost of borrowings [6]	-29	-50
Interest on loans & short term deposits	7	20
Other gains & losses on net indebtedness	2	-
Cost of discounting provisions	-	-5
Result from equity instruments measured at fair value	-2	1
Profit / (loss) for the period before taxes	151	352
Income taxes	-50	-67
Profit / (loss) for the period	100	286
attributable to Syensqo share	100	285
attributable to non-controlling interests	1	1
Weighted average of number of outstanding shares, basic [7]	105,223,612	105,876,417
Weighted average of number of outstanding shares, diluted [7]	105,753,978	105,876,417
Basic earnings per share (in €)	0.95	2.69
Diluted earnings per share (in €)	0.94	2.69

Consolidated statement of comprehensive income

(in € million)

	IFRS	
	Q1 2024	Q1 2023
Profit / (loss) for the period	100	286
Gains and losses on hedging instruments in a cash flow hedge	7	2
Currency translation differences from subsidiaries & joint operations [8]	80	-77
Share of other comprehensive income of associates and joint ventures	3	-2
Recyclable components	90	-77
Gains and losses on equity instruments measured at fair value through other comprehensive income	-1	-
Remeasurement of the net defined benefit liability	-5	13
Non-recyclable components	-6	13
Income tax relating to recyclable and non-recyclable components	-6	3
Other comprehensive income/(loss), net of related tax effects	79	-61
Total comprehensive income/(loss)	179	225
attributable to Syensqo share	178	224
attributable to non-controlling interests	1	1

[1] Subject to a limited review by the auditors for Q1 2024 only.

[2] As more detailed in the Business review, Net sales of €1,624 million in Q1 2024 declined by 10% on a reported basis, or 8% organically, versus Q1 2023, driven by 2% lower volumes and 6% decrease in prices, most notably in Consumer & Resources.

[3] Other operating gains and losses in Q1 2024 includes €15 million net losses related to energy hedges, "excluded from Underlying EBITDA" to reflect the related economic hedge (after the gain from novation recorded in FY 2023 prior to the Partial Demerger).

[4] The Result from portfolio management & major restructuring in Q1 2024 mainly relate to the restructuring provision for the Aroma Performance business (€13 million), whereas the Q1 2023 costs mainly relate to the restructuring provisions that were recognized as a consequence of the preparation for the Partial Demerger.

[5] The Q1 2023 Results from legacy remediation & major litigation mainly relates to the €92 million final settlement of litigation in relation to Syensqo's claims of environmental breaches by Edison. The Q1 2024 amount mainly relates to the periodic updates of the Group's environmental liabilities and other litigation costs.

[6] The cost of borrowings in each of the reporting periods presented is not comparable due to the capital structure in the Q1 2023 combined financial statements being different from the capital structure after the completion of the Partial Demerger.

[7] During the prior reporting period presented, Syensqo was not constituted as a Group under a unique holding company and therefore its shares were not publicly traded. For the purposes of disclosing a comparative earnings per share figure and in compliance with IAS 33 Earnings per share, management has based the calculation for both basic and diluted earnings per share on the number of shares in issue at the date of the Partial Demerger (105,876,417).

[8] The Q1 2024 currency translation differences are mainly due to the USD fluctuations against the EUR. In Q1 2023, there was a devaluation of the USD/EUR exchange rate which resulted in a loss recognized in that quarter.

Consolidated statement of cash flows

(in € million)

IFRS

	Q1 2024	Q1 2023
Profit / (loss) for the period	100	286
Adjustments to profit / (loss) for the period	253	295
Depreciation, amortization & impairments	145	151
Earnings from associates & joint ventures	-4	-4
Additions & reversals of provisions	50	45
Other non-operating and non-cash items	-9	3
Net financial charges	22	34
Income tax expenses	50	67
Changes in working capital	-40	-98
Uses of provisions	-47	-26
Income taxes paid (excluding income taxes paid on sale of investments)	-22	-45
Cash flow from operating activities	244	412
of which cash flow related to the Partial Demerger and portfolio management and excluded from Free Cash flow [4]	-46	-1
Acquisition (-) of subsidiaries	-	-2
Acquisition (-) of investments - Other	-1	-6
Loans to associates and non-consolidated companies and related parties	-	-11
of which Solvay Group	-	-11
Sale (+) of subsidiaries and investments	1	-1
Acquisition (-) of tangible and intangible assets	-106	-131
of which property, plant and equipment	-78	-115
of which intangible assets	-28	-17
Sale (+) of property, plant and equipment & intangible assets	7	-
Change in Internal Bank Accounts with remaining Solvay Group [1]		-10
Cash flow from investing activities	-99	-161
Acquisition (-) / sale (+) of treasury shares	-1	-
Increase in borrowings [2]	-	101
of which Solvay Group		92
Repayment of borrowings [3]	-18	-1,339
of which Solvay Group		-1,321
Changes in other financial assets	6	-5
Payment of lease liabilities	-12	-13
Net interests received/(paid)	-9	-1
Coupons paid on perpetual hybrid bonds	-12	
Dividends received from Solvay Group [1]	-	1,028
Other transactions with Solvay Group [1]	-	-4
Other	-	-5
Cash flow from financing activities	-46	-238
Net change in cash and cash equivalents	98	13
Currency translation differences	-1	-4
Opening cash balance	1,150	244
Closing cash balance	1,247	254

[1] Refer to note 5 Transactions with the Solvay Group on page 25.

[2] Increase in borrowings in Q1 2023 mainly relates to structured borrowings and loans with the remaining Solvay Group to finance the day to day operations of the Syensqo Group entities prior to the Partial Demerger. These financing instruments were fully settled at the Partial Demerger. In Q1 2024, the Syensqo Group did not have any new borrowings.

[3] The change in Repayment of borrowings in Q1 2023 compared to Q1 2024 is due to the restructuring of the financing with the remaining Solvay Group for the preparation of the Partial Demerger. In the US, an entity within the remaining Solvay Group paid a dividend to the Syensqo Group of US\$1.1 billion and this reduced for the same amount the internal bank account liability that the Syensqo Group had with that entity belonging to the remaining Solvay Group. The remaining amount mainly relates to the settlement of other liabilities with the remaining Solvay Group prior to the Partial Demerger.

[4] The €46 million cash flow is mainly due to the payments of consulting fees and taxes related to the Partial Demerger.

Consolidated statement of financial position

(in € million)

	2024	2023
	March 31	December 31
Intangible assets	1,670	1,659
Goodwill	2,595	2,560
Property, plant and equipment	3,558	3,494
Right-of-use assets	195	188
Equity instruments measured at fair value	91	94
Investments in associates & joint ventures	215	207
Other investments	13	19
Deferred tax assets	630	661
Loans & other assets	171	196
Other financial instruments	30	30
Non-current assets	9,169	9,108
Inventories	1,309	1,244
Trade receivables	1,025	907
Income tax receivables	22	52
Dividends receivables	-	1
Other financial instruments	41	48
Other receivables	415	384
Cash & cash equivalents	1,247	1,150
Current assets	4,060	3,786
Total assets	13,228	12,894
Share capital	1,352	1,352
Share premiums	1,022	1,022
Other reserves	5,365	5,193
Non-controlling interests	43	42
Total equity	7,781	7,608
Provisions for employee benefits	361	373
Other provisions [1]	394	405
Deferred tax liabilities	380	428
Financial debt [2]	2,181	2,159
Other liabilities [1]	70	76
Non-current liabilities	3,385	3,442
Other provisions [1]	153	297
Financial debt [2]	133	154
Trade payables	1,039	918
Income tax payables	80	58
Other liabilities [1]	658	417
Current liabilities	2,062	1,844
Total equity & liabilities	13,228	12,894

[1] On March 1, 2024, the settlement with NJDEP, memorialized in a Judicial Consent Order, obtained the court approval and became final and binding. The Group expects to make a cash payment of approximately US\$180 million related to the settlement during Q2 2024, with the balance paid over a 30-year period. As such, the liability became certain resulting in a decrease in Other provisions and increase in Other liabilities.

[2] Refer to note 6 for further details.

Equity attributable to equity holders of the parent

(in € million)	Revaluation reserve (fair value)											
	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Invested equity attributable to Syensqo / Retained earnings	Currency translation differences	Equity instruments measured at fair value	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-control ling interests	Total equity
Balance on December 31, 2022					5,002	-130	4	3	44	4,922	24	4,946
Profit / (loss) for the period	-	-	-	-	285	-	-	-	-	285	1	286
Items of other comprehensive income	-	-	-	-	-	-79	-	2	16	-61	-	-61
Comprehensive income	-	-	-	-	285	-79	-	2	16	224	1	225
Transactions with Solvay Group					1,021					1,021	-	1,021
Other	-	-	-	-	-	-	-	-	-	-	-	-
Balance on March 31, 2023					6,307	-209	4	5	60	6,167	25	6,192
Balance on December 31, 2023	1,352	1,022	-59	494	5,079	-302	8	-39	12	5,193	42	7,608
Profit / (loss) for the period	-	-	-	-	100	-	-	-	-	100	1	100
Items of other comprehensive income	-	-	-	-	-	83	-8	13	-9	78	-	79
Comprehensive income	-	-	-	-	100	83	-8	13	-9	178	1	179
Cost of share-based payment plans	-	-	-	-	5	-	-	-	-	5	-	5
Coupons of perpetual hybrid bonds	-	-	-	-	-12	-	-	-	-	-12	-	-12
Sale (acquisition) of treasury shares	-	-	-1	-	-	-	-	-	-	-1	-	-1
Other	-	-	-	-	3	-	-	-	-	3	-	3
Balance on March 31, 2024	1,352	1,022	-60	494	5,174	-219	-1	-26	3	5,365	43	7,781

Prior to the Partial Demerger, Syensqo did not constitute a group with a parent company in accordance with IFRS 10 Consolidated Financial Statements. Therefore, share capital, share premium, treasury shares and retained earnings for the year ended December 31, 2022 and period ended March 31, 2023 were presented as Invested equity attributable to Syensqo. Prior to the Partial Demerger, cumulated exchange differences in currency translation of foreign operations were measured at their carrying amount included in the Solvay Group's consolidated financial statements for Dedicated Entities and pro rata the net assets transferred to Syensqo for the Mixed Entities. The changes in equity that result from transactions deemed to be immediately settled through equity and as such treated as contributions from or distributions to shareholders are included in the line "Transactions with Solvay Group", in the statements of changes in equity. Those contributions from or distributions to shareholders relate to carve-out specific considerations, such as the allocation of costs for shared services, impact of tax results recalculated on separate tax return basis, restructuring charges and employee benefit charges and from the execution of the liability management program.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and significant events

Syensqo is a public limited liability company governed by Belgian law and listed on Euronext Brussels and Euronext Paris. These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 15, 2024.

Environmental liabilities

On June 28, 2023, Solvay Specialty Polymers USA, LLC ("Solvay Specialty Polymers"), a subsidiary of Syensqo SA, and the New Jersey Department of Environmental Protection ("NJDEP") announced an agreement resolving certain PFAS related claims in New Jersey.

Under the terms of the agreement, Solvay Specialty Polymers will pay US\$75 million to NJDEP for Natural Resource Damages (NRDs) and US\$100 million to fund NJDEP PFAS remediation projects in areas of New Jersey near the Reporting Entity's West Deptford site. The settlement includes commitments for Solvay Specialty Polymers to complete remediation activities that began in 2013, including testing water and soil near the West Deptford site. Solvay Specialty Polymers has agreed to establish a remedial funding source in the amount of US\$214 million to fund those activities. The agreement, structured as a Judicial Consent Order, was presented to the US Court for review and approval following a public comment period. The Court Approval was obtained on March 1, 2024 and became final and binding. This agreement is not an admission of liability.

As a result of this settlement, Solvay Specialty Polymers increased its current provision by around US\$250 million (€229 million) in 2023, with US\$180 million paid in April 2024. The balance will be spent over a 30-year period.

The environmental provision recorded is based on the net present value of the cash flow forecast needed, for current and future years, to settle the remediation obligations. This provision represents the estimated cash out and does not reflect expected recoveries from third-party contributors nor does it reflect the potential insurance proceeds, the combination of which could significantly reduce the resultant costs.

The Group submitted certain claims from its environmental liability insurance and received confirmation in December 2023 that Solvay Specialty Polymers would receive €32 million as a preliminary settlement of these insurance policy claims. This was recognized in Other Receivables at December 31, 2023 and cash received in February 2024. Other insurance proceeds and recovery from third-party contributors are still under discussion.

This liability was recorded in "Other non-current provisions" in the consolidated statement of financial position, with a portion also included in Other current liabilities (US\$180 million after obtaining the court approval on March 1, 2024). The Legacy remediation costs are considered Adjustments to our IFRS results.

Restructuring provisions

In February 2024, the Group announced its plans to mothball certain of its production lines in Baton Rouge (United States) and Saint Fons (Aroma Performance in France). The estimated costs are €13 million.

U.S. Tax Matters Agreement

In connection with the Partial Demerger, Syensqo and Solvay entered into a U.S. Tax Matters Agreement (the "U.S. TMA") intended to (among other things) preserve the tax-free treatment of the Partial Demerger and of the separation of the U.S. Specialty Businesses and the U.S. Essential Businesses (the "U.S. Spin-Off") for U.S. federal income tax purposes.

Under the U.S. TMA, Syensqo and Solvay are prohibited from taking actions that are reasonably expected to cause the Partial Demerger or U.S. Spin-Off (or certain associated transactions) to fail to qualify for their intended U.S. tax treatment, or that could jeopardize the conclusions of, or that are inconsistent with, the IRS ruling or the tax opinion discussed above.

Additionally, the parties are generally prohibited (subject to certain exceptions in the U.S. TMA), for the two-year period following completion of the Partial Demerger, from engaging in certain acquisitions, mergers, liquidations, sales, and redemption transactions with respect to their respective stock and assets that could jeopardize the tax-free status of the Partial Demerger or the U.S. Spin-Off for U.S. federal income tax purposes.

Neither Solvay's nor Syensqo's obligations under the U.S. TMA are limited in amount or subject to any cap.

As of March 31, 2024, Syensqo was not aware of any breach or alleged breach by it of its obligations under the U.S. TMA, and had not received any notice from Solvay relating to a breach or alleged breach thereof.

2. Accounting policies

Syensqo has prepared its interim condensed consolidated financial statements on a quarterly basis, in accordance with IAS 34 Interim Financial Reporting using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 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.

In 2023, prior to the Partial Demerger, a Legal Reorganization occurred by: (i) transferring assets, liabilities and activities from legal entities that previously undertook both Specialty Businesses and Remaining Solvay Group operations (referred to as "Mixed Entities") to existing or new legal entities dedicated to either Specialty Businesses or the Remaining Solvay Group's activities; and (ii) reorganizing the ownership within the Solvay Group of all existing legal entities entirely dedicated to the Specialty Businesses before the Legal Reorganization ("Dedicated Entities"), all existing legal entities that were Mixed Entities before the Legal Reorganization and from which Remaining Solvay Group's activities have been carved out, and all new legal entities to which Specialty Businesses have been carved-out as part of the Legal Reorganization. The Legal Reorganization is a business combination under common control that is scoped out of IFRS 3 Business Combinations. In the absence of an IFRS standard specifically applicable to such a transaction, management elected to apply the pooling of interests method in the consolidated financial statements of Syensqo, based on the historical carrying values of the assets and liabilities of the combining entities. Syensqo SA is the continuing entity of the Reporting Entity reflected in the combined financial statements of SpecialtyCo.

The preparation of the figures for the Syensqo Group in 2023 prior to the Partial Demerger date and therefore the figures for the period ended on March 31, 2023, required management to apply accounting methods and policies that are based on judgments. The application of these judgments, including how the entities within the existing Solvay Group were combined, affected the reported amounts of assets and liabilities on March 31, 2023 as well as the reported amounts of income and expenses prior to the Partial Demerger date.

The critical accounting judgments and key sources of estimation uncertainty included in the 2023 consolidated financial statements remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2023 consolidated financial statements.

Below are the standards, interpretations and amendments that became effective as of January 1, 2024 and which are relevant to the Group. An assessment was made and these amendments had no material impact on the Group's interim condensed consolidated financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures 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 periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

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

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers (IFRS 15) to be accounted for as a sale. The amendments had no material impact on the Group's interim condensed consolidated financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no material impact on the Group's interim condensed consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

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.

Syensqo SA 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.

The Group 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 the Group will benefit from the CbCR qualification ('Qualified CbCR') for eligibility under the Pillar 2 Safe Harbour.

Based on our assessment, Chile is the only jurisdiction that would fall out of scope for the TCSH. However, the profit before tax is not deemed significant (less than €1 million) given the overall Group's profit before tax.

The data for non-consolidated entities (including GloBE JVs) has not been captured in the analysis.

Based on the above, no Pillar 2 tax provision has been recognized as at March 31, 2024 and the Group, to the best of its knowledge, does not anticipate any significant changes due to the phased implementation of Pillar 2 in various jurisdictions going forward.

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

3. Segment information

Syensqo is organized into three Reportable Segments:

- **Materials**, consisting of the GBUs Composite Materials and Specialty Polymers. The Materials segment offers a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Consumer & Resources** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma, and Oil & Gas focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **Corporate & Business Services** includes corporate and other business services, such as research & innovation, cogeneration units dedicated to the Syensqo activities and new business development (NBD) and the Peroxides activities in the Zhenjiang entity.

Reconciliation of segment, underlying and IFRS data
(in € million)

	Q1 2024	Q1 2023
Net sales	1,624	1,813
Materials	940	1,023
Consumer & Resources	684	788
Corporate & Business Services	-	2
Underlying EBITDA	363	473
Materials	311	362
Consumer & Resources	106	151
Corporate & Business Services	-55	-40
Underlying depreciation, amortization & impairments	-111	-117
Underlying EBIT	252	356
Accounting impact from Novation of energy hedges and amortization & depreciation of purchase price allocation (PPA) from acquisitions	-49	-34
Corporate costs allocation	-	18
Result from portfolio management & major restructuring	-14	-29
Result from legacy remediation & major litigations	-16	74
EBIT	173	386
Net financial charges	-22	-34
Profit / (loss) for the period before taxes	151	352
Income taxes	-50	-67
Profit / (loss) for the period from continuing operations	100	286
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	100	286
attributable to non-controlling interests	1	1
attributable to Syensqo share	100	285
Capex	-118	-144
Materials	-78	-96
Consumer & Resources	-24	-37
Corporate & Business Services	-16	-11

Working Capital by Segment (in € million)	Inventory		Trade Receivables		Trade Payables	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Materials	840	792	542	485	-460	-392
Consumer & Resources	461	444	411	380	-394	-357
Corporate and Business Services	8	9	72	42	-185	-169
Total Syensqo	1,309	1,244	1,025	907	-1,039	918

The Group has no material seasonal impacts on its condensed consolidated financial statements.
For details on the Underlying to IFRS reconciliations, please refer to the Business Review section.

4. 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 Syensqo'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

Financial Instruments Measured at Fair Value (in € million)	March 31, 2024				December 31, 2023				Variation
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Held for trading	0	10	0	10	0	12	0	12	-2
Foreign currency risk	0	3	0	3	0	4	0	4	-1
Syensqo share price	0	6	0	6	0	8	0	8	-3
Index	0	2	0	2	0	2	0	2	0
Equity instruments measured at fair value through profit or loss	18	0	49	67	19	0	49	68	-1
Solvay Group Share	18	0	0	18	19	0	0	19	-2
New Business Development	0	0	49	49	0	0	49	49	0
Cash flow hedges	0	10	0	10	0	18	0	18	-8
Foreign currency risk	0	9	0	9	0	9	0	9	0
Utility risk	0	0	0	0	0	6	0	6	-6
CO2 risk	0	1	0	1	0	3	0	3	-2
Equity instruments measured at fair value through other comprehensive income	0	0	25	25	0	0	26	26	-1
New Business Development	0	0	25	25	0	0	26	26	-1
Total (assets)	18	20	74	111	19	30	75	124	-13
Held for trading	0	-5	0	-5	0	-2	0	-2	-3
Foreign currency risk	0	-3	0	-3	0	-2	0	-2	-1
Index	0	-2	0	-2	0	0	0	0	-2
Cash flow hedges	0	-37	0	-37	0	-49	0	-49	12
Foreign currency risk	0	-7	0	-7	0	-3	0	-3	-4
Interest rate risk	0	-11	0	-11	0	-29	0	-29	18
Utility risk	0	-12	0	-12	0	-17	0	-17	5
CO2 risk	0	-8	0	-8	0	0	0	0	-8
Total (liabilities)	0	-42	0	-42	0	-51	0	-51	9

The table "Financial instruments measured at fair value" provides an analysis of financial instruments that, subsequent to their initial recognition, are measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Financial instruments classified as held for trading and as hedging instruments in cash flow hedges are mainly grouped into Levels 1 and 2. They are fair valued based on forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and interest rates of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. The equity instruments measured at fair value through OCI and through profit and loss are presented within Level 1 and 3. The fair value of the instruments presented under Level 3 is measured based on the guidelines recommended by The International Private Equity and Venture Capital Valuation (IPEV).

In accordance with the Group internal rules, the responsibility for measuring the fair value level resides with (a) the Treasury department for the non-utility derivative financial instruments, and the non-derivative financial liabilities, (b) the Sustainable Development and Energy department for the utility derivative financial instruments and (c) the Finance department for non-derivative financial assets.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the quarter, no such transfers have occurred.

For financial instruments measured at fair value in Syensqo's consolidated statement of financial position, the fair value of those instruments as of March 31, 2024, includes an €18 million increase in fair value related to the interest rate risk swap (T-Lock instrument, financial liability of €11 million at March 31, 2024) compared to December 31, 2023. Note that cash flow hedge accounting is applied to the interest rate risk swap, therefore, the related fair value movements are recognized in Other Comprehensive Income.

5. Transactions with the Remaining Solvay Group

5.1 Dividends paid to / received from the Solvay Group and other transactions with Remaining Solvay Group

During the prior reporting period presented, Syensqo was not constituted as a Group under a unique holding company and Syensqo Dedicated and Mixed entities held investments in subsidiaries of the Remaining Solvay Group and vice-versa.

These investments in subsidiaries of the Remaining Solvay Group were eliminated against equity in the Syensqo Condensed Interim Combined Financial Statements for the period ended March 31, 2023. As a result, the cash from dividends paid by Dedicated or Mixed Syensqo Entities to the Remaining Solvay Group or received by Syensqo from subsidiaries of the Remaining Solvay Group are presented in the line "Dividends paid to Solvay Group" and "Dividends received from Solvay Group", respectively, in the Consolidated Statements of Cash Flows. They are also included as "Transactions with Solvay Group" in the Consolidated Statement of Changes in Equity.

Cash flows associated with capital increases, capital reimbursements or transfers of those investments in subsidiaries of the Remaining Solvay Group are also presented in the "Other Transactions with Solvay Group" in the Consolidated Statements of Cash Flows and as part of the "Transactions with Solvay Group" in the Consolidated Statement of Changes in Equity.

Certain operating and investing transactions of Syensqo are presented on a "gross basis":

- operating expenses and income are presented as operating cash flows;
- acquisitions and sales of property, plant and equipment, intangible assets, subsidiaries and other investments are presented as investing cash flows and, simultaneously, contributions from / distributions to the Remaining Solvay Group are presented in the cash flow from financing activities as "Other Transactions with Solvay Group", whenever those transactions do not ultimately result in movements of "Cash and cash equivalents" for Syensqo.

This happens for the carve-out of the above Syensqo transactions in Mixed Entities that became part of the Remaining Solvay Group as the "Cash and cash equivalents" of those entities is not included in the Consolidated Statements of Financial Position.

Current taxes from Syensqo's results in Mixed Entities of the Remaining Solvay Group, restructuring costs related to provisions settled by the Remaining Solvay Group, employee benefit charges for defined benefit obligations kept by the Remaining Solvay Group and charges for the usage of shared assets of Mixed Entities are additional examples of transactions considered to be immediately settled by the Remaining Solvay Group and grossed-up in the Consolidated Statement of Cash Flows.

The presentation on a "gross basis" is considered to better reflect the business performance in terms of cash flow generation.

Movements of cash and cash equivalents resulting from operating and investing cash flows of the businesses of the Remaining Solvay Group, which occurred in Mixed Entities that became part of Syensqo based on the Legal reorganization, are not included in the cash flows from operating and investing activities. Rather they are presented in the line "Other Transactions with the Solvay Group" in the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity as the related change in "Cash and cash equivalents" is included in the Consolidated Statements of Financial Position.

The details about the "Other transactions with Solvay Group" line and the reconciliation between the related amounts in the Consolidated Statements of Cash Flow and Consolidated Statements of Changes in Equity are presented in the table below.

(in € million)	Q1 2024	Q1 2023
Carve out of Mixed Entities	-	-23
Capital increase / decrease, transfer of shares with remaining Solvay Group	-	11
Cash & cash equivalents transferred upon demerger	-	-
Restructuring costs	-	4
Current taxes	-	4
Total Other transactions with Solvay Group in the Statement of cash flows	-	-4
Dividends paid to Solvay Group	-	-
Dividends received from the Solvay Group	-	1,028
Deferred taxes	-	-1
Other	-	-2
Total Other transactions with Solvay Group in the Statement of changes in equity	-	1,021

As part of the implementation of the target capital structure (mainly in the US), an entity within the remaining Solvay Group paid a dividend to the Syensqo Group of US\$1.1 billion and this reduced for the same amount the internal bank account liability that the Syensqo Group had with that entity belonging to the remaining Solvay Group.

5.2 Changes in internal bank accounts with Remaining Solvay Group

Intercompany bank accounts between Syensqo and the Remaining Solvay Group, in place over the prior period presented and eliminated as part of the consolidation procedures applied for the Solvay Group Consolidated Financial Statements, have been reinstated in the Syensqo Consolidated Financial Statements.

When those intercompany bank accounts, part of the cash pooling system, were in a structural asset position for Syensqo, the related changes are presented in the line "Change in internal bank accounts with Remaining Solvay Group" as part of the Cash flow from investing activities.

At the end of December 2023, there are no longer any remaining intercompany bank accounts between Syensqo and the Remaining Solvay Group as the accounts were settled at or prior to the Partial Demerger following the completion of the Legal Reorganization.

5.3 Services provided by the Solvay Group

The Solvay Group provided shared services to Syensqo such as, but not limited to: tax, legal, accounting, IT, personnel-related services and treasury. The costs of such services, as historically charged to Syensqo Businesses and included in the Condensed Consolidated Income Statement based on their historical amounts, were €74 million in Q1 2023.

The personnel and activities related to these shared services are provided to Syensqo by the Solvay Group under transitional services agreements, which came into effect at the date of the Partial Demerger.

The costs related to corporate functions incurred for the benefit of the Solvay Group as a whole, including but not limited to costs for Solvay SA's Board of Directors, Executive Leadership Team, Investor Relations and Corporate Communications have not been included in the Condensed Combined Financial Statements for the period ended March 31, 2023. Those costs amounted to €31 million in Q1 2023 for Solvay Group as a whole. Based on the relative usage of Syensqo compared to the remaining Solvay Group, a portion of these corporate costs has been included in the Underlying EBITDA for €18 million (see Reconciliation of alternative performance metrics on page 10 for more information).

6. Net debt

(in € million)	March 31, 2024	December 31, 2023
Bridge-to-bond facilities	1,355	1,338
EUR 500m 2027 bonds	498	498
Cytec bonds	151	147
Subtotal: Bridge facilities and Bonds	2,004	1,983
Lease debt	228	219
Other financial debt	81	111
Total current and non-current financial debt (a)	2,314	2,313
Cash and cash equivalents (b)	-1,247	-1,150
Other financial instruments (c)	-71	-78
Total Net Debt (a+b+c)	995	1,084

On September 4 and 5, 2023, the Solvay Group announced the results of liability management transactions relating to certain senior and hybrid bonds denominated in euros. The transactions included a request for consent of bondholders to the substitution, effective upon completion of the Partial Demerger, of Syensqo SA/NV for Solvay as issuer of the €500,000,000 2.750% Fixed Rate Bonds due December 2, 2027 (ISIN: BE6282460615) (the "2027 Bonds"). Syensqo SA/NV was substituted for Solvay as issuer of the 2027 Bonds, effective at the date of the Partial Demerger, and subject to the satisfaction or waiver of certain conditions set out in the consent solicitation notice.

The 3.95% Senior Notes due 2025 issued by Cytec Industries Inc. (CUSIP: 232820 AK6) (the "Cytec 2025 Bonds") will remain outstanding for an amount of US\$163,495,000 (nominal). Solvay SA will remain the guarantor of the Cytec 2025 Bonds and, effective at the date of the Partial Demerger, Syensqo will provide a counter-guarantee to Solvay for any payments to be made under the Cytec 2025 Bonds. There is no accounting impact of the counter-guarantee in the Syensqo condensed consolidated financial statements.

Financial debt at the end of March 2024 includes €1,355 million of the credit facility recorded in the condensed consolidated statement of financial position as non-current debt. The Syensqo bridge facility has an initial maturity in October 2024, but the Group has an unconditional right to extend the maturity twice by six months each time, until October 2025. The bridge facility has therefore been classified as non-current. The related expected cash outflow is recognized over a shorter period on the basis of the Group's intention to refinance the debt well in advance of its maturity.

7. Events after the reporting period

On March 1, 2024, the settlement with NJDEP, memorialized in a Judicial Consent Order, obtained the court approval and became final and binding. The Group made a cash payment in April 2024 of approximately US\$180 million related to the settlement.

On April 29, 2024, Syensqo announced the completion of the acquisition of JinYoung Bio, a specialty cosmetic ingredients supplier based in South Korea.

8. Declaration by responsible persons

Ilham Kadri, Chief Executive Officer, and Christopher Davis, Chief Financial Officer, of the Syensqo Group, declare that to the best of their knowledge:

- The condensed consolidated financial information, prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Syensqo Group;
- The management report contains a faithful presentation of significant events occurring during the first three months of 2024, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Syensqo 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 to be significant in nature and/or value. Excluding these items from the profit metrics provides readers with relevant additional information on the Group's underlying performance over time because it is consistent with how the business' performance is reported to the Board of Directors and the Executive Committee. These adjustments consist of:

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses)) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses, unrealized foreign exchange gains or losses on debt and contribution to IFRS equity earnings of equity investments disposed of in the period,
- Results from equity instruments measured at fair value,
- 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;
- Remeasurement of the long term incentive plans related to Solvay Group shares and of the related hedging instruments;
- Tax effects related to the items listed above and tax expense or income of prior years

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

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

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

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 according to the formula $((\text{Underlying EBITDA} +/- \text{Changes in working capital} - \text{Sustenance Capex}) / (\text{Underlying EBITDA}))$. Sustenance capital expenditure includes capital expenditures for maintenance, for the implementation of the One Planet strategy and for Digital Transformation initiatives, as well as payment of lease liabilities

Cash flow from operating activities are those generated from/(used by) the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

CGU: Cash-generating unit

CTA: Currency Translation Adjustment

Diluted earnings per share: Net income (Syensqo'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. Syensqo has selected 5 indicators that are included in the ONE Planet initiative.

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 Syensqo shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds, dividends to non-controlling interests and capital injections and capital reimbursements from/to non-controlling interests. This represents the cash flow available to Syensqo 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 Syensqo 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.

Gearing ratio is a measure of capital structure and is defined as $\text{Underlying net debt} / (\text{underlying net debt} + \text{Equity})$

GBU: Global business unit

IFRS: International Financial Reporting Standards

LTM: Last twelve months

Leverage ratio: $\text{Net debt} / \text{underlying EBITDA of last 12 months}$. Underlying leverage ratio = $\text{underlying net debt} / \text{underlying EBITDA of last 12 months}$.

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 noncurrent). 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 Syensqo's know-how and core business. Net sales exclude Revenue from non-core activities.

Net working capital: Includes inventories, trade receivables and other current receivables, netted with trade payables and other current liabilities.

OCI: Other Comprehensive Income.

Operational deleveraging: Reduction of liabilities (net debt or provisions) through operational performance only, i.e. excluding impacts from acquisitions and divestitures, as well as remeasurement impacts (changes of foreign exchange, inflation, mortality and discount rates).

Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes (related to small M&A not leading to restatements) and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

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

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

Pricing power: The ability to create positive net pricing.

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

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

Result from legacy remediation and major litigations: It includes:

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

Results from portfolio management and major restructuring: It includes:

- Gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations;
- Acquisition costs of new businesses;
- One-off operating costs related to internal management of portfolio (carve-out of major lines of businesses);
- Costs and revenues, gains and losses related to the Partial Demerger project;
- 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 Syensqo'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 semesters.

SOP: Stock Option Plan.

Underlying: Underlying results are deemed to provide a more comparable indication of Syensqo'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.

YoY: Year on year comparison.

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Safe harbor

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About Syensqo

Syensqo is a science company developing groundbreaking solutions that enhance the way we live, work, travel and play. Inspired by the scientific councils which Ernest Solvay initiated in 1911, we bring great minds together to push the limits of science and innovation for the benefit of our customers, with a diverse, global team of more than 13,000 associates.

Our solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices and health care applications. Our innovation power enables us to deliver on the ambition of a circular economy and explore breakthrough technologies that advance humanity.

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