Solvay Finance (America), LLC

Financial Statements as of and for the
Years Ended December 31, 2023 and 2022, and
Independent Auditors' Report

Kejia (Hubert) Cui

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SOLVAY FINANCE (AMERICA), LLC

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Independent auditor's report

To the shareholders of Solvay Finance (America), L.L.C.

Unqualified opinion

We have audited the financial statements of Solvay Finance (America) L.L.C (the Company), which comprise the statements of financial position as of 31 December 2023 and 2022, the statements of income, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the two years in the period ended 31 December 2023, and the disclosures including material accounting policy information, which shows a balance sheet total of $ 2,798,034 and $ 4,079,635 million respectively as of 31 December 2023 and 2022 and of which the income statement shows a net income of the year of $ 22,121 million and $ 30,614 million for the year ending 31 December 2023 and 2022 respectively (all together "the Financial Statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

We performed the audit of the Financial Statements of the Company for the first time for the year ended 31 December 2022.

Responsibilities of management and those charged with governance for the preparation of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Diegem, 21 May 2024

EY Bedrijfsrevisoren BV
Represented by

Marie Kaisin*
Partner
*Acting on behalf of a BV

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SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(USD in thousands)

	2023	2022
FINANCE REVENUE (Note 6)	$ 143,831	$ 127,746
FINANCE EXPENSE (Note 6)	(132,145)	(95,751)
COMMERCIAL AND ADMINISTRATIVE COSTS	(1,989)	(1,664)
OTHER OPERATING INCOME (Note 5)	18,389	8,830
INCOME BEFORE INCOME TAXES	28,086	39,161
INCOME TAX EXPENSE	(5,965)	(8,547)
NET INCOME FOR THE YEAR	$ 22,121	$ 30,614

See notes to financial statements.

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(USD in thousands)

	2023	2022
INCOME FOR THE YEAR	$ 22,121	$ 30,614
OTHER COMPREHENSIVE INCOME (LOSS)		
CASH FLOW HEDGE ADJUSTMENTS	(31,911)	-
DEFERRED TAXES ON HEDGING ACTIVITY	-	-
TOTAL OTHER COMPREHENSIVE INCOME	(31,911)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (9,790)	$ 30,614

See notes to financial statements.

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
(USD in thousands)

	2023	2022
ASSETS		
NONCURRENT ASSETS:		
Financial receivable from affiliate (Note 10)	$ 813,020	$ 800,000
Total noncurrent assets	813,020	800,000
CURRENT ASSETS:		
Financial receivables from affiliates (Note 10)	1,689,623	2,830,957
Trade receivables - net of allowance (Note 8)	294,233	447,828
Cash and cash equivalents	1,158	850
Total current assets	1,985,014	3,279,635
TOTAL	$ 2,798,034	$ 4,079,635
MEMBER'S EQUITY AND LIABILITIES		
MEMBER'S EQUITY:		
Member's capital	$ 282,029	$ 282,029
Other comprehensive loss	(31,911)	-
Retained earnings	168,411	146,290
Total member's equity	418,529	428,319
NONCURRENT LIABILITIES:		
Long-term financial debt (Note 8)	816,020	798,186
	816,020	798,186
CURRENT LIABILITIES:		
Trade payables (Note 8)	41,298	14,939
Deferred tax liabilities (Note 7)	31	298
Current taxes payable to affiliate	27,964	21,779
Cash flow hedge (Note 9)	31,911	
Financial debt to affiliates (Note 10)	1,455,200	2,812,724
Other payables (Note 8)	7,081	3,390
Total current liabilities	1,563,485	2,853,130
TOTAL	$ 2,798,034	$ 4,079,635

See notes to financial statements.

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(USD in thousands)

	Member's Capital	Retained Earnings	Accumulated other Comprehensive loss	Total Equity
BALANCE - December 31, 2021	$ 282,029	$ 115,676	$ -	$ 397,705
Total income for the year		30,614	-	30,614
Total other comprehensive income for the year	-	-	-	-
BALANCE - December 31, 2022	282,029	146,290	-	428,319
Total income for the year	-	22,121	-	22,121
Cash flow hedge adjustments		-	(31,911)	(31,911)
BALANCE - December 31, 2023	$ 282,029	$ 168,411	$ (31,911)	$ 418,529

SOLVAY FINANCE (AMERICA), LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(USD in thousands)

	2023	2022
OPERATING ACTIVITIES:		
Net income for the year	$ 22,121	$ 30,614
Adjustments for:		
Amortization of debt financing fees (Note 6)	398	235
Income tax expense (Note 7)	5,922	8,547
	28,441	39,396
Movements in working capital:		
Decrease (increase) in trade receivables	153,595	(32,500)
Increase (decrease) in trade, other payables	30,046	(11,792)
Net cash provided by (used in) operating activities	212,082	(4,896)
INVESTING ACTIVITIES:		
Increase (decrease) in net financial receivables from affiliates (Note 10)	1,128,314	(80,823)
Net cash provided by (used in) investing activities	1,128,314	(80,823)
FINANCING ACTIVITIES:		
Repayment of borrowings with affiliates (Note 10)	(1,357,524)	-
Proceeds from borrowings with banks (Note 8)	816,020	-
Repayment of borrowings with banks (Note 8)	(798,584)	-
Proceeds from borrowings with affiliates, net (Note 10)	-	84,278
Net cash (used in) provided by financing activities	(1,340,088)	84,278
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	308	(1,441)
CASH AND CASH EQUIVALENTS—Beginning of the year	850	2,291
CASH AND CASH EQUIVALENTS—End of the year	$ 1,158	$ 850

1. COMPANY INFORMATION

Solvay Finance (America), LLC (the "Company"), a Delaware limited liability company, is a wholly owned subsidiary of Solvay America, LLC. (the "Parent Company"), which is owned by Syensqo SA, a Belgian corporation, and which was owned by Solvay SA prior to the Partial Demerger that occurred in December 2023. The Company's principal place of business is 504 Carnegie Center, Princeton, NJ 08540.

The Company's principal business activities prior to the Partial Demerger included providing credit management, financing and treasury services for Solvay SA, its subsidiaries, and related affiliates (together "Solvay Group"), and participation in issuing securities, including notes or other types of debt instruments, to meet strategic objectives of Solvay SA. Upon the Partial Demerger the Company's strategic objectives are determined in coordination with strategic objectives of Syensqo SA, its subsidiaries, and related affiliates ("Syensqo Group"). All contractual transactions with Solvay Group prior to the Partial Demerger represented transactions with affiliates for the periods prior to December 9, 2023.

Subsequent to the Partial Demerger, the Company provides cash and credit management and financing for the Parent Company, its subsidiaries, and related affiliates. Proceeds obtained from financings are loaned to the Parent Company, its subsidiaries, and affiliates on an as-needed basis, with interest being charged at the Secured Overnight Financing Rate (SOFR), plus a certain percentage.

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

The Company manages its funding structure to safeguard its ability to continue as a going concern and meet its objectives discussed above. The capital structure of the Company consists of equity and net debt. The Solvay SA Treasury Department and Syensqo SA Treasury Department had the responsibility of reviewing the Company's capital structure on an ongoing basis for the periods prior to the Partial Demerger and thereafter, respectively.

Key Events

Partial Demerger

Solvay SA ("Solvay" or the "Solvay Group") announced, on March 15, 2022, that it was reviewing plans to separate into two independent, publicly traded companies:

"SpecialtyCo" (now renamed Syensqo), which would comprise the Solvay Group's Materials segment, and the majority of the Solvay Group's Solutions segment: Novecare, Technology Solutions, Aroma Performance, and Oil and Gas (together the "Specialty Businesses" or "Syensqo Businesses"). Syensqo SA was constituted on February 27, 2023 as Specialty Holdco Belgium before it was subsequently renamed.

"EssentialCo", which would comprise the leading mono-technology businesses in the Solvay Group's Chemicals segment and the Special Chem business (together the "Remaining Solvay Group"). Following the Partial Demerger (as defined below), the Remaining Solvay Group would consist of EssentialCo.

The separation was effected by means of a partial demerger ("scission partielle") of Solvay SA, under Belgian law, whereby Solvay SA contributed the shares and other interests it holds in the legal entities operating the Specialty Businesses, its rights and obligations under the agreements entered into with those legal entities, as well as certain other assets and liabilities under a universal succession regime ("transmission à titre universel") to Syensqo (the "Partial Demerger"). Upon completion of the Partial Demerger, Solvay SA shareholders received shares issued by Syensqo SA pro rata to their shareholdings in Solvay SA. The shares of Syensqo SA were admitted to trading on the regulated market of Euronext Brussels and Euronext Paris on December 8, 2023, immediately after the Partial Demerger. Stock exchange trading in the shares of Syensqo SA commenced on December 11, 2023. Upon completion of the separation Solvay America (Finance), LLC became an indirect subsidiary of Syensqo SA. The Partial Demerger was structured in a manner that was tax efficient for a significant majority of Solvay SA's shareholders in key jurisdictions. The Partial Demerger was approved by the shareholders at the extraordinary general meeting on December 8, 2023.

Before the Partial Demerger, a legal reorganization was completed to separate the Specialty Businesses from other businesses of the Solvay Group (the "Legal Reorganization"), 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.

As a consequence of the Legal Reorganization, starting from July 1st 2023, Solvay Finance America no longer provided services related to factoring of trade receivables, payment mandates and financing to companies belonging to the Remaining Solvay Group.

This change mainly explains the evolution between 2023 and 2022 of the company's current assets and liabilities. In terms of results, the reduction in the scope of financing and factoring amounts was compensated by an increase of the spread on financing and rates applicable to factoring services.

The Essential Co trade receivables existing at the end of June 30, 2023 were cashed in during the second half of the year, but they were not replaced by new assignments from companies belonging to the remaining Solvay Group.

The intercompany bank accounts or structured loans and borrowings existing with companies belonging to the remaining Solvay Group at the end of June 30, 2023 were settled and Solvay Finance America kept financing relations only with only Solvay S.A. or Specialty Co subsidiaries till the demerger.

Upon demerger the financing relations existing between Solvay Finance America and Solvay S.A. were settled as Syensqo S.A. transferred the related borrowings, loans and internal bank account assets and liabilities to Syensqo S.A.

Also, as part of the Legal Reorganization the Parent company, Solvay America, was converted from a Corporation into a Limited Liability Company.

The Syensqo Group and the Solvay Group have entered into a transition services agreement (the "TSA"), effective from the date of the Partial Demerger for a non-renewable term of 24 months, whereby the Syensqo Group and the Solvay Group will, to the extent that certain business and support functions have not been separated prior to the Partial Demerger date, each provide to the other various services and support on an interim transitional basis.

In particular, given that the Syensqo Group will not have certain internal corporate functions fully in place at the date of the Partial Demerger (such as finance, legal, tax, human resources, payroll, IT and other support services), the Solvay Group will provide support with such matters under the terms of the TSA.

The Company benefits from transitional services provided by the Solvay Group in the domains of digital technologies, IT systems, Cash Collections, Credit and Accounts Receivables management. Prior to the Partial Demerger these services were also provided by the Solvay Group and the related expenses are included in Commercial and Administrative Costs in the Statement of Income and represented transactions with affiliates for all periods prior to December 9, 2023.

2. ADOPTION OF NEW AND REVISED STANDARDS

The Company's financial statements for the years ended December 31, 2023 and 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Early Adoption of Standards and Interpretations

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

Standards and Interpretations applicable for the first time in 2023 or later

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgments about accounting policy disclosures. These amendments were adopted on January 1, 2023.

There are other IFRS amendments applicable for the first time in 2023, but do not have a material impact on or are not relevant for, the financial statements of the Company and therefore have not been disclosed.

Standards, interpretations and amendments applicable for the first time after 2023

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements and which may have an impact on the Company are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

In January 2020 and October 2022, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing 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 amendments were originally effective for annual reporting periods beginning on or after January 1, 2023, however, their effective date has been delayed to January 1, 2024. This amendment is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

In August 2023, the IASB issued the amendments to IAS 21 which are effective for annual periods beginning on or after January 1, 2025 and specify when a currency is exchangeable into another currency and, consequently, when it is not, how an entity determines the exchange rate to apply when a currency is not exchangeable, and the disclosures an entity provides when a currency is not exchangeable. This amendment is not expected to have a material impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company's fair value measurements, if any, are level 2 inputs. The Company's cash flow hedges are level 2 and are fair valued based on forward pricing and swap models using present value calculations. The models incorporate various inputs including interest rate curves.

The Company 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 year, no such transfers have occurred.

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

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

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

Segment Reporting - The financial statements are the only discrete financial information made available to and reviewed by the chief operating decision maker. Therefore, the company is assessed as having one reportable segment in accordance with the requirements of IFRS 8.

Income Taxes—Solvay Finance (America), LLC was indirectly part of a tax-free reorganization under Section 368(a)(1)(D) and section 355 on December 8, 2023, in which the shares of Solvay Holding Inc. were directly and indirectly transferred to Syensqo SA in a partial demerger of Solvay, SA structured as a *scission partielle* under Belgian law.

After the reorganization Solvay Finance (America), LLC is included in the consolidated federal income tax return for the affiliated group ("the Solvay Holding Inc. Group"). For state income tax purposes, Solvay Finance (America), LLC is included in all unitary filings made by the members of the Solvay Holding Inc. Group.

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

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

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

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

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

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

IFRS 9, *Financial Instruments*

General

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

Financial assets

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

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

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

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

- All other debt instruments are measured at FVTPL.

Financial liabilities

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

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

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

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

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

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

4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

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

5. OTHER OPERATING INCOME

Other operating income is as follows (in thousands):

	2023	2022
Factoring Commissions	$ 18,439	$ 8,449
Foreign currency (losses) gains	(93)	381
Other miscellaneous gains	43	-
Other operating income	$ 18,389	$ 8,830

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

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

Factoring commissions used in the computation increased in 2023 and 2022 due to an increased rate (USD-SOFR Market) which is a consequence of the impact of inflation.

6. FINANCE REVENUE AND EXPENSE

(In thousands)	**2023**	**2022**
Finance revenue with related parties	$ 143,831	$ 127,746
Cost of borrowings with related parties	$ (82,573)	$ (48,910)
Cost of borrowings with banks	(40,395)	(35,950)
Credit line expense	(1,366)	(2,656)
Amortization of debt financing fees	(398)	(235)
Guarantee fees payable to related parties	(7,413)	(8,000)
Finance expense	$ (132,145)	$ (95,751)

Finance revenue in 2023 and 2022 consists of interest income from affiliates. Finance revenues and the cost of borrowing with related parties increased mainly due to the increasing market rate (SOFRUSD). The increase in the cost of borrowing with related parties is also due to the increase of the credit internal spread applied.

For the year ending 2022 and 2023, substantially 100% of the financial income was generated with entities under the common control of the Solvay Group (until the partial demerger date) and the common control of the Syensqo Group as of the date of the partial demerger, out of which 96% was generated in 2023 and 2022 with entities domiciled in the USA.

Guarantee Fees – On December 1, 2017, the Company entered into an agreement with Solvay SA (the Company's former Parent), to guarantee the USD – Denominated senior unsecured note with a principal amount of $800 million. The note was due to the guarantor on December 3, 2025 and guarantee fees were assessed at an annual rate of 1.0%. The note was fully repaid in November 2023.

Interest receivable at December 31, 2023 and 2022 were in the amounts of $0 and $0, respectively.

Interest payable at December 31, 2023 and 2022 were in the amounts of $2.567 million and $2.836 million, respectively.

7. INCOME TAXES

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

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

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

	2023	2022
Current tax expense related to current year	$ (6,228)	$ (8,021)
Deferred income tax benefit (expense)	263	(526)
Total	$ (5,965)	$ (8,547)

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

	2023	2022
Income before income tax	$ 28,086	$ 39,161
Income tax expense of the Company computed on the basis of the United States federal rate of 21%	(5,902)	(8,224)
Foreign income tax expense	(43)	-
Tax effect of permanent tax items	(32)	(266)
Tax effect of rate changes	32	(2)
Tax effect of other items	(20)	(55)
Income tax expense	$ (5,965)	$ (8,547)

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

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

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

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

(In thousands)	**Deferred Tax (Liabilities) Assets**	
	2023	**2022**
Unrealized foreign exchange loss	$ (71)	$ (338)
Bad debt reserve	40	40
Total deferred tax liabilities	$ (31)	$ (298)

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

8. NET INDEBTEDNESS

Financial Debt

Bonds Receivable—To secure a reduction in property taxes for Solvay Specialty Polymers USA, L.L.C., an affiliate of the Parent Company, the Company and the affiliate entered into a tax agreement with Richmond County, Georgia. Pursuant to such agreement, the development authority obtained the title to certain real and personal property of the affiliate in exchange for bonds issued to the Company on a noncash basis, which are to be settled with internal noncash book entries between the affiliate and the Company. The affiliate has the option to repurchase this property at the end of the lease for a nominal fee. As the Company served as an intermediary for the affiliate in a noncash transaction where the affiliate in substance loaned itself funds, the agreement was netted in the balance sheets of the Company as an affiliate receivable for the bond amount and an affiliate payable for $31.3 million as of December 31, 2023 and December 31, 2022, respectively.

Long-Term Financial Debt— In December 2015, the Company issued two series of USD-denominated senior unsecured redeemable notes (the Notes) guaranteed by Solvay SA (the Company’s former Parent), with a combined principal amount of $1.6 billion, to finance part of Solvay Holding Inc.’s acquisition of Cytec Industries Inc. The series were issued in the principal amount of $800 million, each, with contractual maturity date of December 3, 2020 (2020 Notes) and December 3, 2025 (2025 Notes), bearing fixed coupon rate of 3.40% and 4.45%, respectively, payable semi-annually. The Notes were redeemable in whole (but not in part) at the option of the Company, without a penalty, one month and three months prior to respective contractual maturity of the 2020 Notes and 2025 Notes at their principal amount inclusive of accrued and unpaid interest to the date of optional redemption. The Notes issuance costs of $9.62 million were recorded as a reduction to the issue amount of the notes payable and are amortized into expense over the life of the notes. The 2020 Notes were prepaid in September 2019. The 2025 Notes were prepaid in November 2023 which resulted in an early repayment fee of $16.0 million and acceleration in the amortization of issuance costs basis in the amount of $.9 million. This amount is included in finance expense in the Company's Statement of Income.

Borrowings and Credit Lines

Commercial Paper—In 2023, the Company decided to discontinue the commercial paper program. In 2022, the Company had a $500.0 million commercial paper program, which was backed by lines of credit. These were unsecured lines of credit subject to certain bank terms and conditions. A fee was paid to the banks for these lines of credit, and interest rates were based on a premium over SOFR. The Company had no borrowings outstanding under these lines of credit at December 31, 2022. The Company did not issue commercial paper in 2023 or 2022.

The Company also has access to undrawn revolving credit facilities established by Syensqo SA, which approximate $1.8 billion at the end of 2023 (vs $3.1 billion at the end of 2022) and that are expected to continue to be available in 2024. Borrowings under these credit lines are not subject to financial covenants. In 2023, the Company borrowed $816 million under a credit line signed in October 2023 to repay a senior $800 million bond. The borrowing is at a floating rate with a final maturity date of October 2, 2025, inclusive of two extension options. The borrowing is therefore classified as non-current. The borrowings by the Company outstanding as of December 31, 2023 and 2022 are $816 million and $0, respectively for the facilities mentioned in this paragraph.

Guarantee facilities have been entered into by Solvay America, LLC (formerly Solvay America, Inc. prior to the Legal Reorganization) and are available to the Company in the amount of $100 million with JPMorgan Chase and $15 million with Citibank, N.A. Solvay Finance America has entered into guarantee facilities in the amount of $100 million with Credit Agricole, $91 million with KBC Bank N.V. and $50 million with MUFG Bank Ltd. These are all unsecured lines used for guarantee issuances and subject to the usual bank terms and conditions. A fee is paid to the banks for the used portion of credit based on negotiated rates.

During 2023 and 2022, the Company recorded commitment fees in finance expense of $1.4 million and $2.7 million, respectively, for unsecured lines of credit.

Trade and Other Payables—

The Trade payables balance of $41.3 million at December 31, 2023 and $14.9 million at December 31, 2022 are all related to third parties.

The Other payables balance of $7.1 million at December 31, 2023, includes $2.6 million of interest payable to a third party note holder. The Other payables balance of $3.4 million at December 31, 2022, includes $2.8 million of interest payable to a third party note holder.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Derivative financial instruments

A derivative financial instrument is a financial instrument or other contract within the scope of IFRS 9 *Financial Instruments* with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- It is settled at a future date.

In 2022, there were no outstanding interest rate instruments accounted for under cash flow hedges. In 2023, the Company entered into certain derivative financial instruments to manage its exposure to interest rate risk for current borrowings and also future long-term refinancing. The Company has entered into a rate collar transaction for $800 million with the rate hedged at 4.45% - 5.55% from December 13, 2013 to July 13, 2014. The Company has also entered into two forward treasury-lock transactions with a determination date of June 28, 2024. The first being for a 5 year treasury bond for $400 million at a rate of 4.3265%. The second is for a 10 year treasury bond for $400 million at a rate of 4.395%.

As explained above, derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income or expense, unless the derivative is designated and effective as a hedging instrument. The Company designates certain derivatives as hedging instruments of the exposure to variability in cash flows with respect to a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss (cash flow hedges). A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivative instruments (or portions of them) are presented as non-current assets or non-current liabilities if the remaining maturity of the underlying settlements is more than twelve months after the reporting period. Other derivative instruments (or portions of them) are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain derivatives as hedging instruments in a cash flow hedge relationship.

At the inception of the hedge relationship, there is a formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge. So to apply hedge accounting: (a) there is an economic relationship between the hedged item and the hedging instrument, (b) the effect of credit risk does not dominate the value changes that result from that economic relationship, and (c) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The requirement under (a) above that an economic relationship exists means that there is an expectation that the value of the hedging instrument and the value of the hedged item will systematically change in the opposite direction in response to movements in either the same underlying (or underlyings that are economically related in such a way that they respond in a similar way to the risk that is being hedged).

Cash flow hedges

The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. As long as cash flow hedge qualifies, the hedging relationship is accounted for as follows:
A) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

B) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)) is recognized in other comprehensive income;
C) any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)) is hedge ineffectiveness that is recognized in profit or loss.
D) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

i). if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income;

ii). for cash flow hedges other than those covered by i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, in the periods that interest income or interest expense is recognized or when a forecast sale occurs);

iii). however, if that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

Most hedged items are transaction related. The time value of options, forward elements of forward contracts, and foreign currency basis spreads of financial instruments that are hedging the items affect profit or loss at the same time as those hedged items. Hedge accounting is discontinued prospectively when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. When the Company discontinues hedge accounting for a cash flow hedge it accounts for the amount that has been accumulated in the cash flow hedge reserve as follows:

- if the hedged future cash flows are still expected to occur, that amount remains in the cash flow hedge reserve until the future cash flows occur. However, if that amount is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment;

- if the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur.

The Company's Cash flow hedge balances as of December, 31 2023 and 2022 are $31.9 million and $0, respectively, and were measured at fair value through other comprehensive income. Accumulated other comprehensive income solely consists of gains/losses from cash flow hedge adjustments.

10. RELATED-PARTY TRANSACTIONS

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

Financial Debt to Affiliates-The current financial debt to affiliates balance of $1.5 billion at December 31, 2023, includes $346.9 million due to Cytec Global Holdings, Inc., which makes up 23.8% of the total, $271.3 million due to Cytec Engineered Materials Inc., which accounts for 18.7% and $233.7 million due to Solvay Specialty Polymers USA, LLC, which accounts for 16.1%.

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

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

Financial Receivables from Affiliates-

The current financial receivables from affiliates balance of $1.7 billion at December 31, 2023 includes $695.4 million due from Solvay USA LLC, which accounts for 41.1%, $391.4 million due from Solvay America LLC, which accounts for 23.1%, and $234.7 million due from Solvay Holding Inc., which accounts for 13.9%.

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

The interest rate on these loans is a floating rate based on SOFR. The remainder of the balance in 2023 and 2022 is due from various entities in the North American Free Trade Agreement (NAFTA) area to finance their operations.

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

11. RISKS

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

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

The Company's trade receivable portfolio net of expected credit losses totaled $294.2 million and $447.8 million as of December 31, 2023 and 2022, respectively. All of the receivables as of December 31, 2023 and 2022 were accepted without recourse. As of December 31, 2023 and 2022, the Company's allowances for doubtful customers were $3.0 million and $1.8 million, respectively. The Company believes the allowances are adequate to cover any losses arising from these factored receivables based on our assessment of the aging of the receivable balances and any specific knowledge relating to the collectability of the receivable balances.

The Company's trade receivable balance at December 31, 2023 of $294.2 million is comprised of $289.9 million to third parties and $4.3 million to affiliates.

	2023 Total	Net of Allowance	Not past due	Less than 30 days past due	Between 30 & 60 days past due	Between 60 & 90 days past due	More than 90 days past due
Trade Receivables in millions (USD)	289.9	3.0	276.7	7.9	0.7	0.3	1.3

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

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

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

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

Liquidity Risk— The Company is financed by Syensqo SA – Treasury Department, in charge of the financing of the whole Syensqo SA group. The Company in turn finances the group's entities in the North American Free Trade Agreement area. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

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

To ensure that costs are covered at the level of financial relays, the fixed spread is higher in the latter case. In 2023, the Company has entered into financial derivative contracts to manage the interest rate risk. In 2022, the interest rate sensitivity was immaterial.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for adjustments to or disclosures in its financial statements through May 21, 2024, the date the financial statements were authorized for issuance by the Company's Board of Directors, and has concluded that no subsequent events existed that warrant disclosure in the notes to the financial statements.