

OFFERING MEMORANDUM



SNF Group

\$750,000,000 5.626% Senior Notes due 2031

SNF Group (formerly SPCM SA), a company incorporated under the laws of France (the "Issuer"), is offering \$750,000,000 aggregate principal amount of 5.626% Senior Notes due 2031 (the "Notes"). The Notes have been issued under an indenture (the "Indenture") dated March 31, 2026 (the "Issue Date").

The Notes will mature on March 31, 2031. The Issuer will pay interest on the Notes semi-annually in arrears on each March 31 and September 30 to holders of record on the immediately preceding March 15 and September 15, commencing on September 30, 2026, at a rate of 5.626% per annum. The Notes are redeemable in whole or in part at any time at the option of the Issuer at a redemption price equal to the make-whole amount described in "Description of Notes". The Notes are redeemable in whole (but not in part) at the option of the Issuer one month prior to maturity at their principal amount with accrued and unpaid interest to the date of redemption.

Upon the occurrence of certain changes in applicable tax law, the Issuer may redeem all of the Notes at a price equal to their principal amount plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of a Change of Control Repurchase Event (as defined herein), the Issuer must offer to repurchase the Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest and additional amounts, if any. The Issuer or any of the Issuer's subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, as described in the "Description of Notes".

The Notes will be senior unsecured obligations of the Issuer, will rank *pari passu* in right of payment among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, will be effectively subordinated to all existing and future secured indebtedness of the Issuer and its subsidiaries to the extent of the value of the assets securing such indebtedness (other than to the extent that such assets also secure the Notes on an equal and ratable basis) and will be effectively subordinated to all existing and future indebtedness of subsidiaries of the Issuer. As of December 31, 2025, after giving effect to the issuance of the Notes and use of proceeds thereof, the Issuer would have had approximately €2.4 million of secured indebtedness excluding capital leases outstanding on a standalone basis and the Issuer's subsidiaries would have had approximately €33.5 million of third-party indebtedness outstanding, excluding the impact of IFRS 16 and capitalized financing costs.

Neither the Securities and Exchange Commission (the "SEC") nor any other federal or state agency has approved or disapproved of the Notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

This offering memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions. Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange (the "LuxSE") and traded on the LuxSE's Euro MTF market (the "Euro MTF Market"). There is no assurance that the Notes will remain, listed and admitted to trading on the Euro MTF Market. This offering memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

The Notes will be issued in denominations of \$200,000 or integral multiples of \$1,000 in excess thereof. On the closing date of the offering, global notes representing the Notes will be deposited and registered in the name of a nominee of The Depository Trust Company ("DTC"). The Notes have been delivered to the Initial Purchasers (as defined herein) on the Issue Date against payment therefor in immediately available funds.

You should carefully consider the risk factors beginning on page 15 before investing in the Notes.

Offering Price of the Notes: 100.000% plus accrued interest from the Issue Date.

The Issuer has not registered and will not register the Notes under the U.S. federal securities laws or the laws of any other jurisdiction. The Initial Purchasers are offering the Notes only to: (i) "qualified institutional buyers" in reliance on Rule 144A of the U.S. Securities Act of 1933, as amended (the "Securities Act"); and (ii) to non-U.S. Persons outside the United States in reliance on Regulation S under the Securities Act. See "Notice to Investors" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Global Coordinators and Joint Bookrunners

BofA Securities

BNP PARIBAS

Active Bookrunners

Credit Agricole CIB

HSBC

Natixis

Co-Managers

CIC CIB

Société Générale & Investment Banking

BBVA

The date of this offering memorandum is June 4, 2026

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	vii
INDUSTRY AND MARKET DATA.....	ix
PRESENTATION OF FINANCIAL INFORMATION	x
WHERE YOU CAN FIND MORE INFORMATION.....	xi
SUMMARY.....	1
RISK FACTORS	15
USE OF PROCEEDS	57
CAPITALIZATION	58
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	59
INDUSTRY OVERVIEW	72
BUSINESS	75
MANAGEMENT	90
PRINCIPAL SHAREHOLDERS	92
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	93
DESCRIPTION OF OTHER INDEBTEDNESS	94
DESCRIPTION OF NOTES	98
BOOK-ENTRY, DELIVERY AND FORM.....	115
PLAN OF DISTRIBUTION	119
CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS.....	125
CERTAIN FRENCH AND EU TAX CONSIDERATIONS.....	127
TRANSFER RESTRICTIONS.....	129
LEGAL MATTERS.....	132
INDEPENDENT AUDITORS	133
SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES	134
LISTING AND GENERAL INFORMATION.....	136
GLOSSARY OF SELECTED TERMS IN THE OFFERING MEMORANDUM.....	137
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS.....	F-1

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the notes offered hereby (the “Notes”) in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this offering memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. We and the initial purchasers of the Notes (the “Initial Purchasers”) are not making any representation to you regarding the legality of an investment in the Notes and are not responsible for your compliance with these legal requirements. See also “*Transfer Restrictions*.”

You should base your decision to invest in the Notes offered hereby solely on information contained in this offering memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with different information. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes offered hereby.

We accept responsibility for the information contained in this offering memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this offering memorandum with regard to us, our subsidiaries and our affiliates and the Notes offered hereby is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held and that we are not aware of any other facts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect.

The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled “*Book-Entry, Delivery and Form*” is subject to any change in or reinterpretation of the rules, regulations and procedures of The Depository Trust Company (“DTC”), currently in effect.

We will not, nor will any of our agents, have responsibility for the performance of the obligations of DTC or its participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

The Initial Purchasers, the Trustee and any other agents acting with respect to the Notes offered hereby accept no responsibility for and make no representation or warranty, express or implied, as to the accuracy or completeness of the information set out in this offering memorandum and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, or any other agents acting with respect to the Notes offered hereby as to the past or the future.

By purchasing the Notes offered hereby, you will be deemed to have acknowledged that you have reviewed this offering memorandum and have had an opportunity to request, and have received, all additional information that you need from us. No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this offering memorandum is as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes offered hereby shall, under any circumstances, create an implication that there has been no change in the information set out in this offering memorandum or in our business since the date of this offering memorandum. We undertake no obligation to update this offering memorandum or any information contained in it, whether as a result of new information, future events or otherwise, except to the extent required by law.

The Notes offered hereby have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of,

U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In the United States, the offering of the Notes is being made only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act). Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside of the United States, the Offering of the Notes is being made in reliance on Regulation S under the Securities Act.

Neither the SEC, any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The Notes offered hereby are subject to restrictions on transferability and resale, which are described under the caption “*Transfer Restrictions*.” By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We reserve the right to withdraw this offering of the Notes at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

We expect that delivery of the Notes will be made against payment on the Notes on or about the Issue Date, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”)) following the date of pricing of the Notes (this settlement cycle is referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one business day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the following three business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

This offering memorandum may be used only for the purposes for which it has been published.

STABILIZATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE INITIAL PURCHASERS (OR PERSONS ACTING ON BEHALF OF THE INITIAL PURCHASERS) MAY OVERALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE INITIAL PURCHASERS (OR PERSONS ACTING ON BEHALF OF THE INITIAL PURCHASERS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY ANY NOTES TO THE PUBLIC.

NOTICE TO INVESTORS

Notice to Prospective Investors in the European Economic Area

European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any member state of the European Economic Area (“EEA”) (the “**Relevant Member State**”) will be made pursuant to an exemption under Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”) from the requirement to publish a prospectus for offers of the Notes.

No offer of Notes which are the subject of the offering contemplated by this offering memorandum may be made to the public in a Relevant Member State other than:

- to any legal entity which is a “qualified investor” as defined under Article 2(e) of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;
- provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer.

For the purposes of this provision, the expression an “offer”, “offer of notes to the public” or “offer of securities to the public”, in each case in relation to any of the Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 and includes any relevant implementing measure in the Member State. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Each subscriber for or purchaser of the Notes in this offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in this offering, provided such subscription does not result in a requirement for the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a *supplemental prospectus pursuant to Article 23 of the Prospectus Regulation*.

MiFID II product governance / Professional Investors and eligible counterparties only target market

Solely for the purposes of the product approval process of the manufacturers, the target market assessment in respect of the securities described in this offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any EEA retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined under Article 2(e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering, selling or distributing the securities or otherwise making them

available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The United Kingdom

This offering memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

Prohibition of sales to UK retail investors

This offering memorandum is not a prospectus for the purposes of the UK Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105) (the “POATR”) or the Prospectus Rules: Admissions to Trading on a Regulated Market sourcebook of the UK Financial Conduct Authority.

The securities described in this offering memorandum are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any UK retail investor. For these purposes, a retail investor means a person who is neither a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, nor a qualified investor as defined in paragraph 15 of Schedule 1 to the POATR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”), or disclosure document required by the FCA Product Disclosure Sourcebook (“DISC”) for offering, selling or distributing the securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering, selling or distributing the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation or DISC and the Consumer Composite Investments (Designated Activities) Regulation 2024.

This offering memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under Schedule 1 to the POATR and in circumstances which does not require the publication of a prospectus.

UK MiFIR product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Notice to Prospective Investors in France

This offering memorandum has not been prepared and is not being distributed in the context of an offer of securities to the public in France (*offre au public de titres financiers*) within the meaning of the Prospectus Regulation. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this offering memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

Notwithstanding the foregoing, the Notes may only be offered or sold in France exclusively to a limited number of investors acting for their own account (*cercle restreint d’investisseurs agissant pour compte propre*) or to qualified investors

(*investisseurs qualifiés*) as defined by Article 2(e) of the Prospectus Regulation, in accordance with Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*).

Prospective investors are informed that:

- (i) this offering memorandum has not been and will not be submitted for clearance to the *Autorité des marchés financiers* (the “AMF”);
- (ii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with article 5 of the Prospectus Regulation.

Investors in France and persons into whose possession offering materials come must inform themselves about, and observe, any such restrictions.

Notice to Prospective Investors in the Dubai International Financial Centre

The Representatives of the Initial Purchasers have represented and agreed that they have not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “DFSA”) rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA rulebook.

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong (“CO”) or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that ordinance.

This offering memorandum has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this offering memorandum may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that he is aware of the restriction on offers of the securities described in this offering memorandum and the relevant offering documents and that he is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

Notice to Prospective Investors in Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 of Japan, as amended, the “FIEA”) and each initial purchaser will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial

guidelines of Japan.

Notice to Prospective Investors in Singapore

This offering memorandum has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (2) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

SECTION 309B NOTIFICATION

The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04 N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions, and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding purchaser conflicts of interest in connection with this offering.

Any prospective purchaser of the Notes residing in Canada should consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Notes.

FORWARD-LOOKING STATEMENTS

Various statements contained in this offering memorandum constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this offering memorandum, including, without limitation, statements regarding our future financial position, strategy, anticipated investments, costs and results (including growth prospects in particular regions), plans, projects to enhance efficiency, impact of governmental regulations or actions, litigation outcomes and timetables, future capital expenditures, liquidity requirements, the successful integration of acquisitions and joint ventures into our group, and objectives of management for future operations, may be deemed to be forward-looking statements. When used in this offering memorandum, the words “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimates,” “positioned,” “strategy,” “aims,” “projects,” “forecasts,” “foresees,” “seeks,” “likely,” “may,” “might,” “could,” “intends,” and similar expressions identify these forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors include those set forth in the section of this offering memorandum captioned “*Risk Factors*” beginning on page 15, which include, among others:

- global economic conditions or an unfavorable economic environment could lead to a decline in the demand for our products and adversely impact our financial performance;
- if sudden increases in the price of the raw materials we use to manufacture our products should occur, we may be unable to raise our prices immediately in response;
- potential substitution of another product for polyacrylamide, or “PAM”;
- the ability of our reseller and distributor customers to change suppliers;
- our ability to react to disruptions or closures of our manufacturing facilities;
- fluctuation in oil prices and, thus, demand for our oil recovery applications;
- our ability to respond to the changing needs of the markets in which we operate and respond to or utilize new technologies and develop additional product offerings;
- significant competition in the markets in which we operate;
- our ability to protect our intellectual property rights;
- risks associated with our worldwide operations, including economic downturns and local business risks;
- fluctuations in currency exchange rates as well as to economic downturns and local business risks in several different countries;
- our ability to retain key personnel and maintain good relations with our workforce;
- changes to environmental, health and safety and privacy regulations and concerns;
- data loss, data theft or unauthorized access to, or successful hacking of, our systems;
- compliance with anti-corruption laws, anti-bribery laws and regulations and economic sanction programs;
- climate change may affect our operations and product sales;
- costs and difficulties of acquiring and integrating acquired businesses may impede our future growth and adversely affect our competitiveness.
- operating hazards in our production facilities;
- damages based on product liability claims;
- maintenance of our internal control systems; and
- our substantial leverage.

The risks included here are not exhaustive. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors on our

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business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward-looking statements as a prediction of actual results.

We assume no obligation to update the forward-looking statements contained in this offering memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

INDUSTRY AND MARKET DATA

Information relating to markets, market size, market share, market position, growth rates, average prices and other industry data pertaining to our business contained in this offering memorandum consists of estimates based on data reports compiled by professional organizations and analysts, on data from other external sources, on our knowledge of our sales and markets and on our own calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, thus requiring us to rely on internally developed estimates. While we have compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, neither we nor the Initial Purchasers have independently verified the data. Similarly, while we believe our internal estimates to be reasonable, they have not been verified by any independent sources, and we cannot assure you as to their accuracy.

PRESENTATION OF FINANCIAL INFORMATION

Financial and Other Data

The historical financial information presented in this offering memorandum includes the audited consolidated financial statements of the Issuer and its subsidiaries as of and for the years ended December 31, 2023, 2024 and 2025.

We have prepared the audited consolidated financial statements of the Issuer and its subsidiaries contained in this offering memorandum in accordance with International Financial Reporting Standards (“IFRS”) adopted by the European Union.

This offering memorandum contains references to certain non-IFRS financial measures, including EBITDA and other financial ratios, each as defined by the Issuer.

We use EBITDA in our business operations to, among other things, evaluate the performance of our operations, develop budgets, and measure our performance against those budgets. We find EBITDA to be a useful tool to assist in evaluating performance because it eliminates items related to depreciation and amortization, interest expense, taxes and other non-cash charges. We define EBITDA as EBIT (Recurring operating income) plus depreciation, amortization and changes to provisions.

While the amounts included in EBITDA are derived from our consolidated financial statements, EBITDA is not a financial measure determined in accordance with IFRS and, accordingly, should not be considered as an alternative to net income or operating income as an indication of our performance or as an alternative to cash flows as a measure of our liquidity.

In addition, we believe that EBITDA is a measure commonly used by investors. However, EBITDA, as presented in this offering memorandum, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Certain numerical figures set out in this offering memorandum, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary slightly from the actual arithmetic totals of such information.

The terms “we,” “our,” “us” refer to SNF Group, and all of its consolidated subsidiaries, unless the context suggests otherwise. The term “Issuer” refers to SNF Group (formerly SPCM SA), alone. The term “you” generally refers to a prospective purchaser of our Notes.

References to “euro” or “€” are to the lawful currency of the European Monetary Union and references to “U.S. dollars,” “dollars” or “\$” are to the lawful currency of the United States. Except as otherwise set forth in this offering memorandum, the debt has been translated in euros using the average of the daily closing exchange rates for the euro and U.S. dollars given by the Banque de France index over the applicable twelve-month period, which as of December 31, 2025 was \$1.1750 to €1.00.

Unless otherwise indicated, this offering memorandum describes the structure of the Issuer and its subsidiaries as of the date of this offering memorandum.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us, any related amendment or supplement to this offering memorandum. So long as the Notes offered hereby are outstanding and are “restricted securities” within the meaning of Rule 144 under the Securities Act, we have agreed in the Indenture governing the Notes offered hereby that we will, upon request, furnish to any holder or beneficial owner of the Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes. Any such request should be directed to us at Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France, Attention: Finance Manager (telephone number +33 4 77 36 86 00).

Additionally, so long as the Notes are listed on the Luxembourg Stock Exchange, copies of these filings and other information relating to the issuance of the Notes will be available in the specified offices of Banque Internationale à Luxembourg SA, as the listing agent in Luxembourg (the “**Luxembourg Listing Agent**”) at the address listed on the inside of the back cover of this offering memorandum.

You should rely only upon the information provided in this offering memorandum. We have not authorized anyone to provide you with different information. You should not assume that the information in this offering memorandum is accurate as of any date other than that on the front cover of the document.

SUMMARY

This summary highlights information about us that is contained elsewhere in this offering memorandum. This summary may not contain all the information that is important to you. You should read the entire offering memorandum carefully before making an investment decision, including the section entitled “Risk Factors” and the financial statements and related notes. Various statements in this offering memorandum are forward-looking statements. Please refer to the section of this offering memorandum entitled “Forward-Looking Statements.”

Our Company

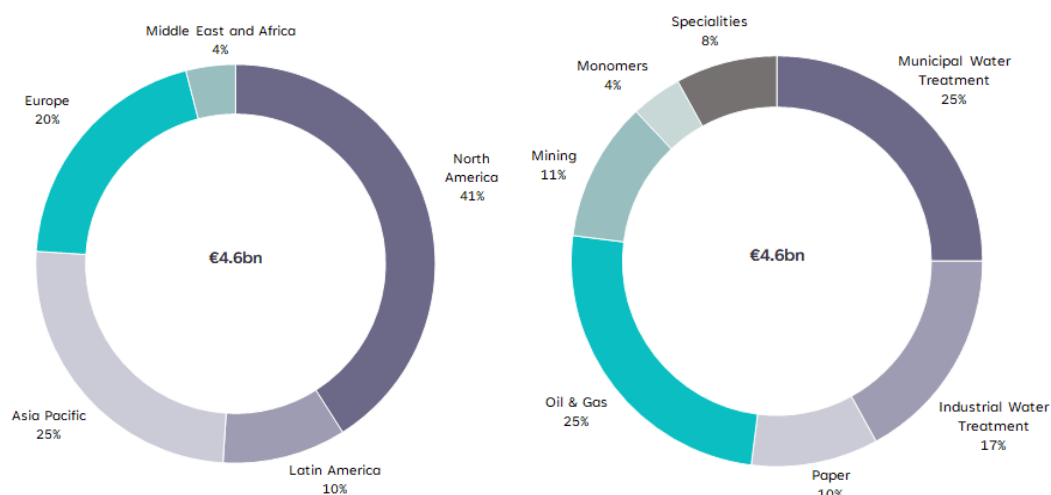
We believe we are the world’s largest producer of polyacrylamide, or PAM, a water-soluble specialty chemical used in water treatment, oil and gas applications (including enhanced oil recovery, or EOR), mineral extraction, pulp and paper manufacturing and other industries. PAM has a broad variety of industrial and commercial uses as a flocculant, which facilitates the separation of suspended solids from water, as a viscosity modifier, which alters the thickness of liquids, and as a drag reducer, which decreases the pressure drop along a segment of pipe. In addition to PAM, of which we estimate we produced 58% of global output in 2025 and from which we generated approximately 82% of our 2025 revenue, we also produce and sell related specialty chemicals such as coagulants, which are used primarily in water treatment, and monomers. We also sell dispersants, which are used in the paper, household products and mining industries; and equipment that facilitates the utilization of PAM. For the year ended December 31, 2025, we had revenue of €4.6 billion and EBITDA of €0.8 billion. For a reconciliation of EBITDA to Recurring operating income see “—Summary Historical Consolidated Financial Information.”

Since we were founded in 1978, we have implemented a strategy of organic growth and selective acquisitions of manufacturing operations to create an international manufacturing and sales platform that has enabled us to achieve a leading global share of our chosen markets. We benefit from large modern manufacturing facilities in France, the United States, China, India and South Korea and several smaller manufacturing facilities around the world, and from a direct sales force that reaches more than 50,000 customers. We also benefit from a distribution network that consists of approximately 750 independent resellers around the world. We believe that our products are sold in more than 145 countries and that we reach more than 500,000 end users worldwide.

We offer a large product portfolio of more than 1,100 product formulations tailored to address end-user requirements, which we sell to a diversified customer base across multiple industries. Of our 2025 revenue, we estimate that municipal water applications accounted for approximately 25%, industrial water treatment applications accounted for approximately 17%, oil and gas applications accounted for approximately 25%, mining applications accounted for approximately 11%, pulp and paper applications accounted for approximately 10%, other specialty applications, such as agricultural aids, construction chemicals, textile, home and personal care products, accounted for approximately 8%, and monomer sales accounted for approximately 4%.

In 2025, our sales were also geographically diverse and, of our 2025 revenue, 41% came from North America, 10% from Latin America, 25% from Asia Pacific, 20% from Europe, 4% from the Middle East and Africa.

Revenue by Industry and Geography for the year ended December 31, 2025



Competitive Strengths

We believe that we have the following key strengths:

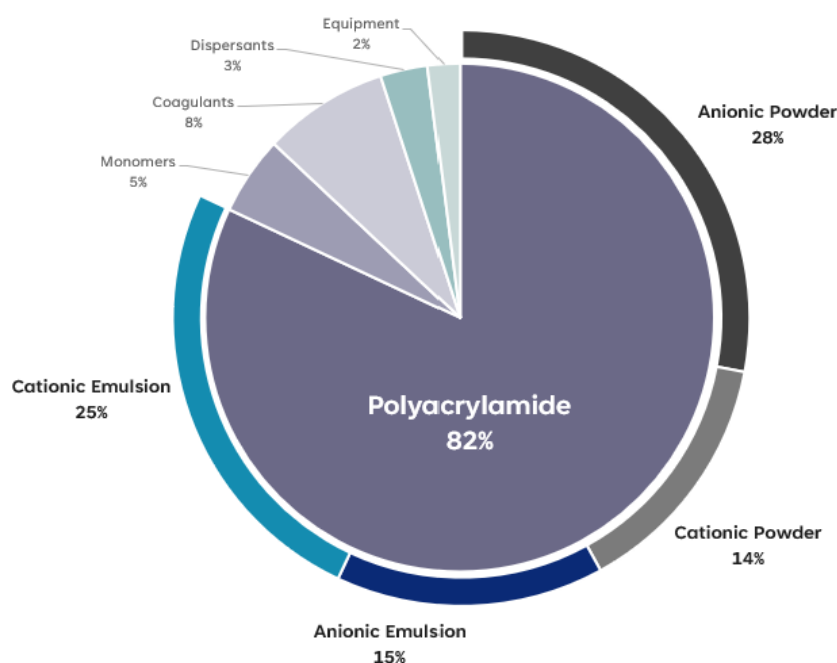
World Leader with 58% of Production Capacity

We believe we are the world's largest producer of PAM, accounting for approximately 58% of global production capacity in 2025. At our 23 facilities, we currently have the capacity to produce approximately 1,670,000 metric tons of PAM per year in active equivalent ("active equivalent" is determined based on the concentration of PAM in its different forms to reconcile its dilution in liquid, emulsion or powder in determining production and capacity). Our leading market position has allowed us to develop expertise in the research and development, production, marketing and sales of PAM that ultimately benefits a broad end user base. We are also a market leader in each of the principal regions we address, including North America, Europe/Africa and Asia-Pacific, with approximately 73%, 51% and 51% of the production capacity in such regions, respectively.

Large Product Portfolio Distributed Across Geographies and Industries to a Highly Diversified and Loyal Customer Base

We have a range of more than 1,100 product formulations. These formulations take a number of different physical forms such as powders, beads, emulsions, liquids and dispersions, depending on their end use. Our products also have a number of different chemical properties (anionic, cationic, non-ionic) and a number of different molecular forms (linear, branched, cross-linked, comb, star). Our knowledge in combining these different characteristics gives us the ability to tailor our products to specific applications and the specific requirements of end users. We industrialized more than 150 new products in 2025.

2025 Sales by Products



We have broadened our product range by diversifying into additional products in industries where end users require bundled products. We can provide our primary product, PAM, in connection with other products, such as coagulants, which are also used in water treatment. We have successfully employed this strategy for many end users, especially municipal and mining end users. Furthermore, for water treatment applications, we sell certain products to our resellers who have their own specialized product lines that complement ours to better serve markets such as the boiler or cooling water treatment markets.

Our business model is diversified across industries, applications, customers and geographies. We market and sell our products in four primary markets: water treatment, oil and gas, mining, and paper industries, complemented by several other niche markets including agricultural, construction, textile and home and personal care industries. Our primary product, PAM, has a variety of industrial and commercial applications in these industries as a flocculant, viscosity modifier and drag reducer. We also produce a range of other products, including coagulants, monomers, dispersants, activated carbon inorganic coagulants

and defoamers, which also support different applications across the industries we service.

Our customers represent a variety of stable consumer, municipal and industrial end markets. Our customers include municipalities, pulp and paper companies, oil and gas companies, mining companies and companies in several other industries that use our products for water treatment and, in the case of oil and gas and mining companies, to improve the extraction of oil and minerals. In particular, we sell PAM and other products to numerous municipalities and major cities in Europe and North America for treatment of their water. Most of our customers have had relationships with us for a number of years, and we believe that our customer retention rate is high.

Modern and Geographically Diverse Production Capacity Combined with High R&D Focus

We have designed and built large, cost-effective and high-quality manufacturing facilities in France, the United States, South Korea, India and China that we believe are among the most modern in the industry. We have eight major plants in France, the United States, India, China, and South Korea, as well as 15 additional production sites. By having major manufacturing sites in our key markets, we are able to provide our products more quickly to our customers and end users, and have chosen sites where we will be able to expand. Additionally, our costs in any particular currency in these markets generally match the currency in which sales are realized, thereby reducing our exchange risks for these markets. Our revenues and expenses are mainly generated or incurred in US dollars, euro and Chinese yuan, which for the year ended December 31, 2025 accounted for 46%, 17% and 13%, respectively, of our revenues, and for 46%, 16% and 14%, respectively, of our operating expenses. We have also established a standard design for our main production lines, which has enabled us to shorten construction time, to simplify maintenance across our different sites and to provide the flexibility to shift production from region to region as needed.

Our existing PAM production capacity is approximately 1,670,000 metric tons. We also currently have one new PAM plant that is being commissioned in Indonesia, located in Cikande, covering approximately 21 hectares. Additionally, we continuously assess opportunities and regularly invest in our existing plants to expand production capacity, introduce new product lines, enhance manufacturing efficiency, improve energy and GHG emission performance, and reduce manufacturing costs.

We continuously monitor technical feedback from end users to enhance and expand our product range, and we develop new production formulations by working closely with targeted end users. We have four main research and development centers and 21 application laboratories at which we develop and test new product formulations. Our technical experts from research and development and on-field technical support represent a group of about 325 field specialists and, 535 scientists and technicians, of which approximately 33% are located in France, with the remainder being split between the United States, China and our other field operations. We introduce more than 150 new product formulations every year and have approximately 1,297 active patents in multiple jurisdictions. Our technical know-how relates to the production of PAM and our other products and involves expertise in monomer development, the polymerization process, and polymer production as well as performance applications for our customers. We have leveraged our technical expertise and research efforts to develop our sixth generation of bacteria used for the production of monomers and our fourth generation of polymer production units, enabling significant improvements in our production capacity and efficiency across our global operations. We also work with our customers in order to develop and provide tailored applications for our products and to optimize their ability to end users.

Efficient Pass-through Pricing Policies and Broad and Flexible Distribution Channels Resulting in Strong Profitability

We sell to approximately 50,000 customers, including approximately 750 distributors and resellers, and we believe that in total we reach more than 500,000 end users. In 2025, no single customer accounted for more than 3% of our revenue, and our ten largest customers represented approximately 15% of our revenue. For the year ended December 31, 2025, 70% of our total revenue came from direct customers, 24% from distributors, and 6% from service-driven resellers, with revenue distributed across oil and gas applications (25%), monomer sales (4%), industrial water treatment applications (17%), and pulp and paper applications (10%).

We directly sell our products in more than 60 countries through our local subsidiaries. We also benefit from our own sales team of approximately 650 salespeople and a global network of resellers who distribute our products in more than 145 countries. We have implemented a strategy that has enabled us to cover our market segments globally. We have established operations in three key markets: Europe, North America and Asia-Pacific, with the ability to service clients directly from manufacturing sites located in each of these areas.

While we are exposed to raw material price fluctuations, including fluctuations in the price of propylene, we are able to pass such cost increases on to our customers through formula- based contracts and price lists that are regularly updated to reflect market costs of raw materials, each of which represented 34% and 44% of our sales in 2025, respectively. Fixed price contracts are mainly used in the municipal water treatment end-market, while contracts used in our oil & gas and industrial

water treatment end-markets are well balanced between price lists and formula-based contracts. Our pass-through pricing policies allow us to maintain control of our margins.

Our marketing efforts are generally tailored to customer type:

- high volume and low service end users are approached directly by our global sales team. These end users are typically required to deal directly with product manufacturers, not resellers, and include many large municipalities, as well as mining and oil companies; and
- lower volume and more specialized end users are often covered by our network of resellers, giving us access to a substantial extended global sales force. In addition, we have established strategic relationships with a number of the large service-driven resellers who provide high-end services to their customers.

In recent years we have increased the share of revenue generated by our direct sales force from an estimated 25% in 2005 to an estimated 70% in 2025, which has contributed to our enhanced profitability.

Leading sustainability platform

We have been dedicated to sustainability and have placed significant focus on minimizing the environmental impact of our activities and reducing the footprint of all our industrial sites.

Our products address the issue of water scarcity, which is exacerbated by population growth, increasing urbanization and standards of living and more complex regulation. We aim to preserve natural resources in all our markets through water treatment, extraction of key minerals and optimization of hydrocarbon resources. More specifically, we are instrumental in water treatment for about one billion people and in cleaning and recycling water for over 500,000 industrial sites. We constantly strive to optimize our mining processes which can be potentially pivotal to the energy transition, achieving lower levels of water consumption and hydrocarbon emissions for the production of oil.

Our focus on clean water and sanitation, climate action, reasonable consumption and production and life on land, and the overall alignment of our activities with the United Nations Sustainable Development Goals (“SDGs”), has been recognized with awards, high sustainability ratings and metrics, consistently superior to our peers across the environmental Key Performance Indicators (“KPIs”).

Attractive End-markets’ Volume Growth Potential

We market and sell our products across four primary end-markets: water treatment, oil and gas, mining, and paper, complemented by several niche applications including agriculture, construction, textile, and home and personal care, which have demonstrated stable year-on-year volume growth since 2015. Overall, the total volume of our end-markets grew at a CAGR of approximately 8% over the ten-year period from 2015 to 2025.

Water treatment, including both municipal and industrial applications, is expected to be one of the main short-term demand drivers. Between 2015 and 2025, municipal water treatment proved to be a stable and resilient market, growing at a CAGR of approximately 6%, while industrial water treatment also grew at a CAGR of approximately 6%. Increasing urbanization and rising living standards are driving higher investment in water infrastructure, particularly in Eastern Europe, Asia and, to a lesser extent, South America, which we expect to support further demand for PAM and other water treatment products.

Oil and gas applications drove overall growth between 2015 and 2025, with the market growing at a CAGR of approximately 11%. Growth has primarily been driven by hydraulic fracturing, where our products are used as drag reducing agents, and by enhanced oil recovery (EOR), which enables operators to increase yields from existing wells. In hydraulic fracturing, our products significantly reduce friction in fluid transport, lowering the energy required for extraction. We also provide integrated solutions combining advanced polymer technologies, specialized equipment, and logistics capabilities that support customers’ stimulation operations. In EOR, we believe we have established a leading position following the acquisition of EOR technologies from Dow Chemical in 1987 and Pfizer Oil Division in 1992, which we have continued to develop and improve. As of December 31, 2025, there were 208 ongoing EOR projects globally, compared to 114 in June 2010 and 86 in December 2008, reflecting increasing interest in polymer flooding as producers seek to improve recovery while reducing CO₂ emissions from existing wells.

Both the mining and paper applications markets grew at a CAGR of approximately 7% and 9%, respectively, between 2015 and 2025. Over the same period, our growth in these segments outpaced the underlying markets, reflecting continued market share gains supported by the strong performance of our products and significant headroom for further penetration. In mining, we support leading operators in improving mineral recovery, plant throughput, and operational reliability across key process stages including beneficiation, tailings management, filtration, dust control, and water treatment. In the paper industry,

we provide specialty chemicals for both papermaking and effluent treatment, improving process efficiency and product quality while addressing key operational challenges such as retention, contaminant control, strength, runnability, sizing, and defoaming.

Proven Operating and Financial Track Record Supported by a Conservative Financial Policy

We have generated stable cash flow in recent years, due to both the increasing scarcity of key natural resources which has increased our sales and our various cost initiatives to improve the profitability of our existing and new plants. Between 2005 and 2025, our revenues grew at a CAGR of 10% and our EBITDA grew at a CAGR of 12%, showing a strong and resilient operational and financial track record.

Our sound investment strategy and financial policy have led to continuously improved ratings in the past fifteen years and improved leverage and gearing ratios. As of December 31, 2025, our corporate ratings assigned by Moody's and S&P were Baa3 and BB+, respectively compared to B1 and BB- in 2010. On March 13, 2026, our corporate rating assigned by S&P was raised to BBB-. As of December 31, 2025, our net debt to EBITDA ratio increased to 1.94x as compared with 1.58x as of December 31, 2024. As of December 31, 2025, our net debt to shareholders' equity ratio increased to 0.54x as compared with 0.49x as of December 31, 2024.

Experienced Management

We believe our experience helps us identify growth and investment opportunities in new areas, products lines and target industries in order to strengthen our leading position in the industry. We have a professional and committed management team, consisting of executives with significant experience in the chemical industry, marketing, product development and acquisitions, who are focused on successfully implementing our business strategy and have a successful track record of growing our business and enhancing our profitability. Our chief executive officer, Pascal Remy, has over 25 years of experience in the specialty chemical industry.

Business Strategy

Help Battle Water Scarcity and Preserve Natural Resources

We are focused on geographic and industry specific markets with high volume growth potential for our products driven by the increased scarcity of natural resources, especially water. Indeed, by providing products to treat water for use in both industrial and municipal application, optimize mining processes, enhance oil recovery for existing reserves and reduce water needs for mining and oil and gas extraction processes, we prove instrumental in battling water scarcity and preserving natural resources.

In the water treatment market, which represented 42% of our sales for the year ended December 31, 2025, we treat water for over one billion people, and clean and recycle water at over 500,000 industrial sites.

In the mining market, which represented 11% of our sales for the year ended December 31, 2025, our products are used for the optimization of mining processes and reduction of water needs as well as the extraction of key materials essential to the energy transition.

In the oil and gas market, which represented 25% of our sales for the year ended December 31, 2025, oilfield operators using our polymers in their polymer flooding operations for EOR are able to reduce the water and CO₂ needed to produce a barrel of oil. Polymer floods lead to three to six times less water and two to six times less CO₂ per barrel of oil, as compared to water flooding. These reductions are primarily achieved through a more efficient sweep of oil within the reservoir, resulting in water cut reduction and, ultimately, a decrease in required pumping energy at the producers and less taxing on fluid separation equipment and processes.

In addition to our role in battling water scarcity and preserving natural resources in our end-markets, we also strive to minimize the environmental impact of our own activities and reducing our footprint on all our industrial sites. Our efforts to reduce our water consumption have allowed us to use 20% less water than we needed ten years ago to produce one ton of finished product. We constantly monitor our water consumption by installing flow meters, detecting leaks and upgrading fire circuits and are focused on finding ways to optimize our use of water by, for example, recovering rainwater and recycling water from boiler washings or condensates

We are also committed to preserving natural resources by continuous improvement of our manufacturing sites to reduce energy needs, including through the design and purchase of energy-efficient equipment. We have developed a range of more than one thousand products that help to preserve our natural resources, promote recycling and improve the efficiency of industrial processes. Our key focus areas are aligned to the United Nations 2030 Agenda for Sustainable Development including, among others, good health and well-being, clean water and sanitation, sustainable cities and communities, responsible consumption and production and life below water.

In October 2025, EcoVadis awarded SNF a Platinum Medal, placing the company among the top 1% of all evaluated companies. SNF achieved an overall score of 87/100, reflecting an advanced ESG performance. This recognition underscores SNF's strong commitment to sustainability, responsible business practices, and ethical governance. The high environmental score (86/100) reflects our ongoing efforts to reduce our carbon footprint, enhance resource efficiency, and develop sustainable water treatment solutions. Our social and human rights score (89/100) acknowledges SNF's dedication to workplace safety, non-discrimination, and human rights standards. Additionally, our sustainable procurement score (90/100) highlights our commitment to responsible sourcing throughout our supply chain.

Maintain our Chemical and Engineering Technical Leadership

We believe that our technical capabilities in the applications for PAM result from our knowledge of the needs of end users and from our ability to continually adapt our product range to provide innovative solutions to our customers. We have also continued to develop specific products for value-added resellers. Some of our most innovative resellers are also focusing on niche markets for our products that could represent potential new markets. We are supporting these needs, so long as we stay within our core chemical and manufacturing competencies and address the needs of our customers and we constantly seek to improve the quality of our products.

Reinvest Cash Flow in Operations

We have historically invested a significant majority of our cash flow from operations back into our business in order to increase our production capacity, improve the quality of our operations, and make investments in existing projects and new strategies, such as our EOR business. We have a history of very low dividend distribution, and we plan to follow this pattern in the future.

Focus on Low Cost Production Advantages

We continue to seek to reduce our costs of production. We also continue to focus on internal volume growth in order to increase our revenue and achieve economies of scale. We strive to enhance manufacturing productivity and will continue to make investments to achieve this aim. We will seek to increase plant capacity at existing plants to spread our fixed costs and to build new plant capacity in new markets where we believe there is strong market demand, such as India, Indonesia, China, the United Kingdom, France, and the United States.

Expand our geographic reach outside of Europe with focus on APAC

As part of our strategic priority to expand our geographic reach, particularly outside Europe, we are focusing on Asia-Pacific region ("APAC"), where we see the greatest growth potential. To support this expansion, we have begun constructing a new 21-hectare plant in Cikande, Indonesia, which will produce acrylamide and PAM powder for the Asian market and is expected to be commissioned in the second half of 2026.

Recent Developments

On January 2, 2026, we completed the acquisition of Syensqo Oil & Gas for an enterprise value of €135.0 million (the "Syensqo Acquisition"). The oil and gas division of Syensqo is a leading oilfield chemical solutions player with more than 35 years of experience, offering a comprehensive portfolio of more than 700 products across core oil and gas segments from drilling to production. Through a global network of manufacturing and research facilities across the Americas, Europe, and Asia, the business counted nearly 600 employees and generated approximately €400.0 million in sales in 2024.

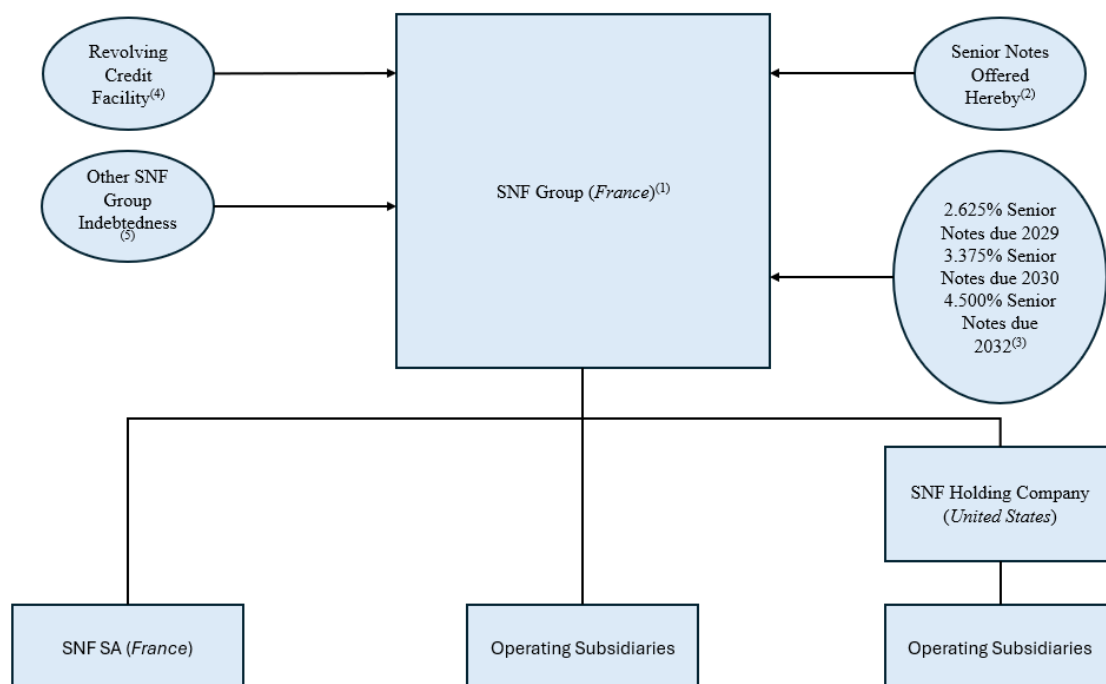
On March 13, 2026, our corporate rating assigned by S&P was raised to BBB-.

Corporate Information

We were incorporated in France in March 1978. Our principal executive offices are located at Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France and our main telephone number is +33 477 36 86 00. Our registered office is located at Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France.

Corporate Structure

The following diagram sets forth our corporate structure after giving effect to the issuance of the Notes offered hereby and the use of proceeds thereof. See “*Use of Proceeds*.”



- (1) SNF Group (formerly SPCM SA), or the Issuer, a *société anonyme* organized under the laws of France, is the holding company for the group.
- (2) The Notes offered hereby will be senior unsecured obligations of the Issuer, ranking equally in right of payment with all other future senior unsecured indebtedness of the Issuer. The Notes will be effectively subordinated to all secured indebtedness of the Issuer, amounting to €2.4 million as of December 31, 2025 and structurally subordinated to all third-party indebtedness of the Issuer's subsidiaries, amounting to €33.5 million as of December 31, 2025, excluding the impact of IFRS 16 and capitalized financing costs.
- (3) The Issuer is the issuer of our 2.625% Senior Notes due 2029 (the “**Senior Notes due 2029**”), 3.375% Senior Notes due 2030 (the “**Senior Notes due 2030**”), 4.500% Senior Notes due 2032 (the “**Senior Notes due 2032**” and together with the Senior Notes due 2029 and the Senior Notes due 2030, the “**Senior Notes**”). The Senior Notes due 2029, the Senior Notes due 2030 and the Senior Notes due 2032 are not being redeemed with the proceeds of the offering of the Notes offered hereby and will remain outstanding in full. See “*Description of Other Indebtedness—Senior Notes due 2029*” and “*Description of Other Indebtedness—Senior Notes due 2030*” and “*Description of Other Indebtedness—Senior Notes due 2032*.”
- (4) The Issuer is the borrower under our €750.0 million senior revolving credit facility (the “**Revolving Credit Facility**”). As of December 31, 2025, €143.0 million was drawn and €607.0 million was available for borrowing under the facility. As of March 12, 2026, €270.0 million was drawn under our Revolving Credit Facility. We intend to fully repay the amounts outstanding under our Revolving Credit Facility with the proceeds of the Notes offered hereby. Amounts repaid under the Revolving Credit Facility may be re-borrowed. See “*Description of Other Indebtedness—Revolving Credit Facility*.”
- (5) Other SNF Group Indebtedness includes borrowings under the EIB Loan, the ICBC Loan and other indebtedness of the Issuer.

The Offering

The following summary of the offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, please refer to the section of this offering memorandum entitled “*Description of Notes.*”

Issuer	SNF Group.
Notes Offered	\$750,000,000 aggregate principal amount of 5.626% Senior Notes due 2031. We may issue additional Notes in the future, subject to compliance with the covenants in the Indenture governing the Notes.
Issue Date	March 31, 2026.
Maturity Date	March 31, 2031.
Interest Rate	5.626% per annum, payable in arrears.
Interest Payment Dates	The Notes will accrue interest from their date of issuance. Interest on the Notes will be payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2026. We will make each interest payment to the holders of record on the immediately preceding March 15 and September 15.
Denominations	Each Note will have a minimum denomination of \$200,000 or integral multiples of \$1,000 in excess thereof. Notes in denominations of less than \$200,000 will not be available.
Ranking of the Notes	The Notes will be senior unsecured obligations of the Issuer, will rank <i>pari passu</i> in right of payment among themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, will be effectively subordinated to all existing and future secured indebtedness of the Issuer and its subsidiaries to the extent of the value of the assets securing such indebtedness (other than to the extent that such assets also secure the Notes on an equal and ratable basis) and will be effectively subordinated to all existing and future indebtedness of subsidiaries of the Issuer. We are primarily a holding company with no revenue generating operations of our own. Our operations are conducted primarily through our subsidiaries and, therefore, we depend on the cash flow of our subsidiaries to meet our obligations, including our obligations under the Notes. As of December 31, 2025, on an as adjusted basis giving effect to the issuance of the Notes in this offering and the application of the proceeds therefrom as described under “<i>Use of Proceeds</i>”: • on a standalone basis, the Issuer would have had approximately €2,254.4 million of indebtedness outstanding, €2.4 million of which would have been secured indebtedness and €64.3 million of which would have been capital leases; and

- our subsidiaries would have had approximately €33.5 million of third-party indebtedness outstanding, excluding the impact of IFRS 16 and capitalized financing costs.

Optional Redemption

The Notes are redeemable in whole or in part at any time at the option of the Issuer at a redemption price equal to the make-whole amounts described in “*Description of Notes*”.

The Notes are redeemable in whole (but not in part) at the option of the Issuer one month prior to maturity at their principal amount with accrued and unpaid interest to the date of redemption as described in “*Description of Notes*”.

Additional Amounts; Tax Redemption.....

All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, we will pay additional amounts so that the net amount you receive is no less than that you would have received in the absence of such withholding or deduction.

If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at any time, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but not including, the date of redemption.

Change of Control Repurchase Event

If we experience a Change of Control Repurchase Event, you generally will have the right to require us to purchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any. See “*Description of Notes—Change of Control*”.

Negative Pledge.....

The Notes will have the benefit of a negative pledge as described in “*Description of Notes*”.

Cross Default.....

The Notes will have the benefit of a cross default as described in “*Description of Notes*”.

Transfer Restrictions.....

The Notes have not been registered under the Securities Act or any other applicable securities laws and are subject to restrictions on transferability and resale. See “*Transfer Restrictions*.”

No Assured Market

Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing

We have applied to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurance that such listing will be maintained.

Trustee

BNY Mellon Corporate Trustee Services Limited.

Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Use of Proceeds	We intend to use the gross proceeds of this offering to redeem the Issuer’s outstanding 3.125% Senior Notes due 2027 (the “Senior Notes due 2027”), to repay amounts outstanding under our Revolving Credit Facility, to fund cash to our balance sheet for general corporate purposes, and to pay fees and expenses related to the Notes offering. See “<i>Use of Proceeds</i>.” This offering is not conditioned upon the redemption of the Senior Notes due 2027. This offering memorandum is not a notice of redemption of the Senior Notes due 2027. Any redemption of the Senior Notes due 2027 is made solely by the notice of redemption delivered pursuant to the indenture for the Senior Notes due 2027.
Governing Law	The Indenture and the Notes will be governed by the laws of the State of New York.

Risk Factors

An investment in the Notes involves a high degree of risk. You should carefully consider the information set forth under “*Risk Factors*” beginning on page 15 and all of the information in this offering memorandum before deciding to invest in the Notes.

Summary Historical Consolidated Financial Information

The summary consolidated financial information presented below is derived from our audited consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025.

Our audited consolidated financial statements have been prepared in accordance with IFRS adopted by the European Union.

This summary historical financial information is not necessarily indicative of our future results of operations or financial condition and should be read together with our consolidated financial statements and related notes contained elsewhere in this offering memorandum and with the information set forth under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Use of Proceeds*” and “*Capitalization*.”

	Year Ended December 31,		
	2023	2024	2025
	(in € millions, except percentages)		
Summary Consolidated Income Statement Data ⁽¹⁾			
Revenue.....	4,518.9	4,713.5	4,603.5
Raw materials and transportation costs	(2,678.1)	(2,763.6)	(2,653.9)
Gross profit.....	1,840.9	1,949.9	1,949.6
% Revenue.....	40.7%	41.4%	42.4%
Manufacturing costs	(860.3)	(942.6)	(1,027.5)
% Revenue.....	19.0%	20.0%	22.3%
Marketing & distribution expenses	(175.0)	(199.3)	(214.2)
Research and development expenses.....	(62.7)	(63.8)	(70.5)
General & administrative expenses	(125.1)	(153.2)	(168.8)
Selling, general & administrative expenses.....	(362.8)	(416.4)	(453.5)
% Revenue.....	8.0%	8.8%	9.9%
EBIT ⁽²⁾	617.8	591.0	468.6
% Revenue.....	13.7%	12.5%	10.2%
Depreciation & amortization	284.0	309.4	348.0
EBITDA ⁽³⁾	901.8	900.3	816.5
% Revenue.....	20.0%	19.1%	17.7%
Non-recurring income/(loss).....	(63.7)	(34.9)	(27.5)
Financial result.....	(63.5)	(94.6)	(97.0)
Share in profit or loss of associates	0.6	0.8	1.2
Income tax.....	(117.8)	(130.2)	(73.8)
Income after tax	373.4	332.1	271.4
Net income – attributable to non-controlling interest	(8.1)	(6.3)	(4.9)
Net income – attributable to the Group	365.3	325.8	266.5
% Revenue.....	8.1%	6.9%	5.8%

	As of December 31,		
	2023	2024	2025
	(in € millions)		
Summary Consolidated Balance Sheet Data ⁽¹⁾			
Goodwill	99.0	119.7	140.0
Tangible assets, net	2,557.7	2,932.4	2,929.9
Cash and cash equivalent plus cash management financial assets	516.9	494.6	498.5
Total assets	5,318.8	5,928.7	5,931.4
Working capital ⁽⁴⁾	1,168.6	1,252.0	1,281.3
Shareholder’s equity.....	2,491.6	2,916.7	2,911.1
Borrowings ⁽⁵⁾	1,867.5	1,944.9	2,057.0

	Year Ended December 31,		
	2023	2024	2025
	(in € millions, except ratios)		
Other Consolidated Financial Data ⁽¹⁾			
EBITDA ⁽³⁾	901.8	900.3	816.5
Net Interest expenses.....	59.2	58.7	68.4
Adjusted net debt ⁽⁶⁾	1,363.3	1,424.7	1,580.3

Adjusted net debt to EBITDA ⁽⁷⁾	1.51x	1.58x	1.94x
Interest expense ratio ⁽⁸⁾	15.23x	15.34x	11.94x
Adjusted Net debt to shareholder's equity	0.55x	0.49x	0.54x

- (1) The figures presented in this table are extracted from our consolidated financial statements that are included elsewhere in this offering memorandum.
- (2) EBIT corresponds to Recurring operating income, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation*” for a correspondence to our audited financial statements.
- (3) EBITDA is defined as EBIT (Recurring operating income) plus depreciation, amortization and changes to provisions. EBITDA is not a recognized financial measure under IFRS, and you should not consider it an alternative to the applicable IFRS financial measures. See “*Presentation of Financial Information*.” The table below shows the reconciliation of EBITDA from EBIT (Recurring operating income).

	Year Ended December 31,		
	2023	2024	2025
	(in € millions)		
EBITDA Reconciliation:			
Net income	365.3	325.8	266.5
Fixed assets depreciation and amortization expenses.....	278.0	303.4	339.8
Provision for risks and charges allowances	3.2	2.4	4.2
Inventories depreciation allowance.....	5.8	2.5	5.3
Bad debt reserve allowance.....	4.6	6.5	4.8
Reversal of provision for risks and charges.....	(4.1)	(1.3)	(2.2)
Reversal of inventory reserve	(2.0)	(2.7)	(2.3)
Bad debt reserve reversal	(1.5)	(1.4)	(1.4)
Depreciation, amortization and provisions	284.0	309.4	348.0
Net cash finance costs	64.3	63.4	82.4
Non-cash finance result.....	(0.8)	31.2	14.5
Current cash income tax.....	118.5	130.7	73.8
Deferred and non-cash tax expense	(0.7)	(0.5)	-
Non-recurring income	63.7	34.9	27.5
Share of profit/loss of associates.....	(0.6)	(0.8)	(1.2)
Non-controlling interests.....	8.1	6.3	4.9
EBITDA	901.8	900.3	816.5

- (4) Working capital is defined as inventories plus trade receivables less trade payables. The table below shows the reconciliation of working capital with the results reported in our audited consolidated financial statements included elsewhere in this offering memorandum.

	As of December 31,		
	2023	2024	2025
	(in € millions)		
Working Capital Reconciliation:			
Inventory and work in progress	892.0	978.4	997.0
Trade receivables ⁽⁹⁾	932.5	993.2	915.3
Trade payables ⁽¹⁰⁾	(655.9)	(719.7)	(630.9)
Working capital.....	1,168.6	1,252.0	1,281.3

- (5) Borrowings is defined as total debt, which is the sum of current and non-current borrowings.
- (6) The Adjusted net debt amounts presented in this table have been calculated using the average of the daily closing exchange rates for the euro and U.S. dollars given by the Banque de France index over the applicable twelve-month period, which as of December 31, 2025 was \$1.1750 to €1.00. We believe that adjusting net debt in this manner provides better comparability between periods, including by reducing the potential effects of exchange rate fluctuations, and we use these adjusted amounts to calculate the ratio of our net debt to EBITDA, which is translated at the average rate described above. Net debt amounts which have been adjusted in this manner may differ from and not be comparable to information that is presented elsewhere in this document and in our audited financial statements, which are prepared in accordance with IFRS as adopted by the European Union. For a discussion of capitalized financing costs reflected in net debt as adjusted for this offering, see “*Capitalization*.” The table below shows the reconciliation of net debt with the results reported in our audited consolidated financial statements included elsewhere in this offering memorandum.

Year Ended December 31,

	2023	2024	2025
		(in € millions)	
Adjusted Net Debt Reconciliation:			
Total debt.....	1,867.5	1,944.9	2,057.0
Adjustments as per bank facility.....	12.7	(25.6)	21.8
Cash and cash equivalents plus cash management financial assets ...	(516.9)	(494.6)	(498.5)
Adjusted net debt.....	1,363.3	1,424.7	1,580.3

- (7) Adjusted net debt to EBITDA is the ratio of Adjusted net debt at period-end over EBITDA.
- (8) EBITDA to interest expense ratio is the ratio of EBITDA to net interest expense.
- (9) Trade receivables is defined as trade debtors from normal business activity which include net trade receivables, accrued income, net doubtful trade debtors, net trade receivable of construction contracts, customers - charges not yet invoiced, construction contracts, net non-current operating receivables, social security receivables, taxes receivable excluding corporate income tax, and miscellaneous debtors.
- (10) Trade payables is defined as trade creditors from normal business activity which include trade payable, accrued expenses, trade payable of construction contracts, payables on construction contracts - invoices outstanding, customers - payments on account received on orders, non-consolidated accruals, non-current operating debt and non-current sundry creditors, mainly liability accruals, social security payables, taxes payable excluding corporate income tax, and miscellaneous creditors.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in the Notes. In assessing these risks, you should also refer to the other information in this offering memorandum, including the financial statements and related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that are not currently known to us or that we currently consider immaterial could also impair our business, financial condition, results of operations and our ability to make payments on the Notes. Various statements in this offering memorandum, including the following risk factors, constitute forward-looking statements.

Risks Related to Our Business

We are affected by global economic conditions, and an unfavorable economic environment could lead to a decline in the demand for our products and adversely impact our financial performance.

Our revenue, profitability, cash flow and future growth are affected by general economic conditions, consumer confidence and spending patterns. The foregoing may also be negatively affected by local, regional, national or international political or economic trends, whether actual or perceived, or adverse developments such as wars and geopolitical tensions, pandemics or other health-related crisis, rising energy or other commodity prices and surging benchmark interest rates, as well as a highly inflationary environment, any of which may reduce consumers' ability or willingness to spend. Declining economic conditions in any of our operational locations, economic stagnation, as a result of geopolitical tensions and their associated effects or negative perceptions about economic conditions, could lead to a decrease in consumer spending and a subsequent decline in the demand for our products, which in turn would adversely affect our business.

The unstable geopolitical, macroeconomic, and financial environment, exacerbated by the ongoing military conflicts in Ukraine and the Middle East and a global inflationary surge, could impact our operations, production capacity, supply and growth prospects globally and particularly in Europe where our revenue is concentrated. Since the COVID-19 pandemic, global uncertainty has increased, leading to market volatility and supply chain disruptions. Current global economic conditions are further strained by geopolitical tensions, political developments, potential disagreements on joint European policies and strategies, exits of member states from the European Union or euro instability, which could negatively affect our business and refinancing. These factors may hinder global economic recovery and increase European financial market volatility, affecting demand for our products.

The ongoing conflict between Russia and Ukraine, which resulted in, among others, high energy prices and benchmark interest rates, the escalating hostilities in the Middle East involving, among others, Israel, Hamas and Hezbollah, and most recently the United States, Israel, Iran, and Iran's neighboring states including, among others, Bahrain, Kuwait, Oman, Qatar, the United Arab Emirates, Jordan and Saudi Arabia, as well as the geopolitical tensions between China and the United States, the prolonged standoff between China and Taiwan and other conflicts around the globe have adversely affected and could continue to negatively affect international economic conditions. The possibility that geopolitical tensions among the major world economies continue for an indefinite period of time or deteriorate further cannot be excluded. The material increases in the rate of inflation in many major economies from 2022 through 2024, driven, in part, by the conflict between Russia and Ukraine and the resulting impact on food and energy markets, forced central banks in several countries, including the U.S. Federal Reserve and the European Central Bank, to accelerate the withdrawal of emergency monetary policies and liquidity support measures put in place prior to and during the earlier stages of the COVID-19 pandemic and to significantly increase interest rates in a very short timeframe. As some of these measures expired, were withdrawn or are no longer supported by governments, and as global inflation levels and interest rates remain high, economic growth may be negatively impacted, which in turn may adversely affect our business, operations and financial performance. These factors have also impacted the availability and price of energy and, in general, of raw materials, increased inflationary pressure on the global economy as well as led to bank failures, events involving limited liquidity, defaults, non-performance and other adverse corporate developments.

New increases in global inflation levels would result in increased manufacturing costs through higher raw material costs and related transport costs, in addition to higher labor costs. Manufacturing costs may vary significantly depending on several other factors, including the economic cyclicalities of the target markets, supply scarcity, government measures and regulatory restrictions, including those related to with infectious disease outbreaks, new or increased tariffs or customs duties and higher energy costs. Each of these events are, largely, beyond our control and difficult to predict. Increased manufacturing costs may require us to pass through volatility to the end consumer by way of increased prices, which may have negative effects on our sales. Deteriorating economic conditions limiting demand for our products may also increase pricing pressure on the products that we sell and result in a corresponding decline in our margins.

We are exposed to trends in the U.S. economy and there can be no assurance that such economy will avoid a downturn, or that the United States will not, in the near future, and particularly as a result of the 2024 presidential elections won by Donald Trump, engage in protectionism or trade wars with other countries, including China. In recent years, the United States

government has implemented, and continues to consider implementing, tariffs and other trade restrictions on imports from a number of trading partners and on certain categories of goods. These measures have contributed to heightened trade tensions and have prompted, and may continue to prompt, retaliatory tariffs and other countermeasures by affected countries. Such measures could adversely impact our exports to the U.S. or globally or more generally affect global economic conditions and, in turn, result in a decrease in the demand for our products and adversely affect our business, financial condition and results of operations.

Any extended recession or other periods of declining economic conditions, either globally or in any of the locations in which we operate, could substantially decrease the demand for our products and adversely affect our business, financial condition and results of operations. Uncertainty remains in the global markets and the global economy could experience other recessions, or depressions, which could be more prolonged or have greater financial impact than past global recessions. Continued weakness in the global economy for a significant period of time, or a further deterioration of global economic conditions, may lead to a collapse in consumer and business confidence that could adversely affect consumer spending behavior, which is driven by levels of unemployment, inflation or deflation, disposable income, interest rates, the availability of consumer credit and consumer perception of their own economic prospects and overall economic conditions. Furthermore, the weakening of currencies in some emerging countries increases the risk of financial contagion in emerging markets globally. Global economic conditions and uncertainties may also affect our suppliers, resulting in, for example, supplier plant closures or increases in the cost of merchandise and/or raw materials. As a result, an economic downturn or persistent unfavorable economic conditions in the markets in which we operate, particularly conditions that negatively affect consumer spending, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Although to different degrees, these factors affect all markets in which we operate.

Global economic conditions may also be impacted by continued adverse developments in the banking and financial services industry. The pressure on U.S. regional banks may continue or increase further, which may lead to a widespread crisis of the entire real estate and financial sectors, with systemic implications which are currently difficult to predict. While we have no material exposure to these institutions, there is no guarantee that other financial institutions will not experience similar liquidity issues, or that actions taken by government authorities to mitigate these risks will be sufficient to ensure access to our cash deposits held at financial institutions and sources of liquidity. In addition, there can be no assurance that there will not be bank failures or issues in the broader financial system, which may have an impact on the broader capital markets and, in turn, our ability to access those markets, as well as general consumer confidence and their willingness for discretionary spending. Adverse conditions in the credit and financial markets, including as a result of the factors mentioned above, could prevent us from obtaining financing or credit on favorable terms in order to fulfill our financing needs (including the need to refinance or repay our debt obligations, including the Notes). If we are unable to repay our debt obligations or access the credit and capital markets, we may not be able to pursue certain of our business plans, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Increased interest rates have also impacted our cost of financing. For example, as a consequence of, among others, the interest rate increases, net interest expense on our debt increased to €68 million for the year ended December 31, 2025 from €51 million for the year ended December 31, 2022. A substantial increase in consumer interest rates or tightening of lending standards could have a material and adverse effect on our business, financial condition and results of operations. Global economic conditions and uncertainties may also affect our suppliers, resulting in, for example, supplier plant closures or increases in the cost of merchandise and/or raw materials. As a result, an economic downturn or persistent unfavorable economic conditions in the markets in which we operate, particularly conditions that negatively affect consumer spending, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may experience difficulties in securing the supply of certain raw materials we use to manufacture some of our products.

We obtain a significant portion of our raw materials from selected key suppliers. Some of the raw materials used by us and other competitors have faced supply limitations in previous periods. In some cases, because of various disruptions or transportation issues, some of our raw material vendors have been unable to supply sufficient amounts of raw materials for short periods. Many of the employees at the companies and other entities that we buy from, and which transport our raw materials are also unionized and/or are located in France, and any outbreaks of contagious diseases, strikes or work stoppages at their facilities could also potentially have an adverse effect on our ability to obtain raw materials or other key supplies. For example, we utilize railway transportation for our raw materials in France, and strikes are a regular threat on the French railways. If any such disruptions occur, we risk revenue shortfalls and potential claims from end users and/or our distributors or resellers if we are unable to fully meet contractual requirements. Further, if any of these suppliers is unable to meet their obligations under present supply agreements, we may be forced to pay higher prices to obtain necessary raw materials or pay increased costs for alternative transportation. Also, because many of our agreements with suppliers are not documented by contracts, or, if they are documented, do not contain exclusivity provisions, we are exposed to changes in suppliers, or to changes in prices of our raw materials, which may force us to either accept higher costs or change suppliers. Any interruption of supply or any price increases in raw materials could have a material adverse effect on our results of operations or cash flows.

If sudden increases in the price of the raw materials we use to manufacture our products should occur, we may be unable to raise our prices immediately in response.

We are exposed to commodity price risks relating to raw materials and supplies, which accounted for approximately half of our sales in 2025. The majority of the raw materials we use to manufacture our products, such as acrylonitrile, are based on propylene, a petroleum derivative. Petroleum prices and propylene prices are subject to significant volatility. At the beginning of 2022, the war between Russia and Ukraine intensified the already rising cost pressures that had already begun in 2021, which had been driven by increased demand following the COVID-19 pandemic. Propylene prices remained particularly high in Europe and the United States, leading to multiple price hikes in both regions. Although prices started to decline in May 2022, they remained elevated in Europe. This decline was offset by soaring energy prices in the third quarter of 2022, particularly in Europe, where another price increase was introduced in October. By late November 2022, China lifted its zero-COVID policy after months of strict enforcement. In 2023 and 2024, propylene prices in Asia averaged 27% below European levels and 13% below U.S. prices, reflecting ample supply in Asia, stable but elevated costs in Europe, and significant price volatility in the United States. In 2025, European propylene prices averaged 47% above both Asian and U.S. levels, reflecting the continued challenges faced by the European chemical industry amid persistently high costs and subdued demand. In 2026, as a result of the conflict between the United States, Israel and Iran, Iran launched strikes against shipping and energy infrastructure and has closed the Strait of Hormuz, one of the world's most important maritime trade routes through which approximately one fifth of the world's oil and gas passes. The flow of oil through the Strait has effectively ceased and the price of petroleum has spiked, while experiencing extreme intraday swings.

We have taken steps in recent years to mitigate the risk of increasing raw material prices by (i) regularly increasing prices of our products, in order to pass on raw material price increases to customers, and (ii) changing customer billing cycles, so that raw material price increases can be passed on to customers at the time the products are delivered to customers and not at the time they place their orders. We have also negotiated pricing arrangements with customers to permit regular increases in prices to reflect increases in raw material costs. Although we believe that we are partially protected as a result of historical acceptance of price increases in our customer base, there may be periods in which we are not able to recover all or part of the increases in the cost of raw materials due to weakness in demand for, or oversupply of, our products. Even when we do have the ability to pass on these increased costs to our customers, there may be delays in the implementation of such pass-through of costs to customers. Therefore, increases in petroleum, propylene or acrylonitrile prices could have a material adverse effect on our results of operations or cash flows.

Our business could be adversely affected by the substitution of other products for PAM.

Approximately 82% of our 2025 revenue came from the sale of PAM.

There are a number of technologies that could potentially replace PAM to a certain extent, which could include:

- natural flocculants (starch, guar gum, alginates);
- natural functionalized flocculants (cationized guar gums, chitosan (derived from crustacean shells), biological flocculants);
- other synthetic polymers; or
- the replacement of PAM use generally by the use of other flocculation or treatment methods.

While we generally believe that PAM is the most cost-effective product in its various applications in terms of performance, ease of use and price, there is a risk that the aforementioned products, or others that may be developed in the future, could be substituted for PAM.

We conduct a portion of our business with a limited number of resellers and distributors, who have the ability to change suppliers.

While we sell directly to a number of end users, a significant portion of our business is done through resellers and distributors, who buy our products for sale to end users along with related services. In particular, for industries that require a significant amount of services along with the chemicals they purchase, we rely on service-driven resellers to reach end users. We do not have any long-term contracts with these resellers or distributors, and rely on repeated purchase orders from them. If our resellers or distributors switch to another supplier, we might be unable to replace the loss in revenue generated by these resellers or distributors.

We are dependent on our manufacturing facilities for the production of our products, and disruptions to, closures of or an inability to complete expected expansions of one or more of these facilities could have a material adverse effect on our business.

We have major production facilities in each of France, the United States, China, India and South Korea. A significant interruption of production at any one of these facilities could cause disruptions in our ability to serve our markets, by rendering it impossible or commercially impracticable to deliver our products. For example, the damage that resulted from Hurricane Katrina in 2005 halted the shipment of our products from, and the delivery of raw materials to, affected plants in the United States for a period of several weeks, and transportation costs from the United States to Europe increased our costs. Further disruptions were caused by the COVID-19 pandemic and the significant restrictions and social distancing measures imposed. These disruptions could have a material adverse effect on our business, financial condition and results of operations. Moreover, we plan to increase our manufacturing capacity in the next several years. Disruptions in our ability to achieve this expansion will impact our growth strategy.

Fluctuations in oil prices could cause a decrease in market demand for our oil recovery applications.

The demand for the products we produce for the oil and gas industry, which composed approximately 25% of our 2025 revenue, depends in large part on oil and gas prices. For example, we sell PAM for use in chemical flooding in the oil industry (in a process known as enhanced oil recovery, or “EOR”). The total cost per barrel for EOR technique ranges from approximately \$3 to \$6 per barrel. While current oil prices make it cost-effective for oil producers to use EOR techniques, if there is a significant drop in oil prices our product might no longer be economically viable for oil producers.

Oil prices can vary as a result of various factors, including excess supply, natural disasters, political instability or conflicts, economic conditions or actions taken by major oil-exporting countries. Most recently, as a result of the conflict between the United States, Israel and Iran and the closure of the Strait of Hormuz, one of the world’s most important maritime trade routes through which approximately one fifth of the world’s oil and gas passes, the price of oil spiked, then experienced extreme intraday swings as other countries released oil from their strategic reserves to alleviate increasing domestic prices.

A material drop in oil prices may result in less demand and lower prices for our products as oil and petroleum customers become less willing to pay for the products that we currently sell and those relating to EOR.

If we are unable to respond to the changing needs of a particular industry and to anticipate, respond to or utilize new technologies and develop additional product offerings, it could become more difficult for us to respond to the needs of the customers we supply and result in us being less competitive.

We have historically been able to maintain our market positions and margins through continuous innovation of products and development of additional products to create value for the end users and resellers we supply. We may not be successful in continuing to produce creative new products in the future. Our future operating results will likely depend on our ability to continue to introduce new products and applications and to develop new offerings that offer distinct value for the end users and resellers we supply. We cannot assure you that:

- we will be successful in developing new products or systems or bringing them to market in a timely manner;
- products or technologies developed by others will not render our offerings obsolete or non-competitive;
- customers will accept our innovations;
- we will have sufficient resources to research and develop new technologies and products; or
- our significant research and development efforts and expenditures for new products will ultimately prove successful.

Significant competition in our industry may adversely affect our competitive position, revenue and overall operations.

The markets for most of our products are highly competitive. We are exposed to the competitive characteristics of several different geographic markets and industries. We compete on a number of considerations, such as product innovation, product quality, timing of deliveries and price. Some of our competitors have greater financial, technical and marketing resources than us and may be able to compete better than we do. Further, if a competitor is able to sell directly to end users, rather than through resellers or distributors, it may be in a better position to respond to the needs of end users and may be better able to compete than we are. As the markets for our products expand, we expect that existing competitors may commit more resources to the markets in which we participate. We cannot assure you that we will be able to compete effectively in these markets in the future.

Our future success will depend in part on our ability to protect our intellectual property rights, and our inability to enforce these rights could permit others to offer products competitive with ours.

We rely on the patent, trademark, copyright and trade secret laws of several countries to protect our intellectual property rights. However, we may be unable to prevent third parties from using our intellectual property without our authorization. The use of our intellectual property by others could reduce any competitive advantage we have developed or otherwise harm our business. If we had to litigate to protect these rights, any proceedings could be costly, and we may not prevail.

In particular, we have the benefit of patent licenses, on some of which we rely for the production of certain of our products and/or our production processes. We may not be able to maintain or renew these licenses in the future, which could have a material adverse effect on our business.

We regularly obtain and apply for several worldwide patent and trademark registrations, and will continue to evaluate the registration of additional service marks, trademarks and patents, as appropriate. Our pending applications may not be approved by the applicable governmental authorities and, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain trademark and patent registrations could limit our ability to protect our trademarks and impede our marketing efforts in those jurisdictions.

Our worldwide operations expose us to global economic and political changes that could impact our profitability.

We have significant worldwide operations, which include joint ventures and other relationships. There are inherent risks in our international operations, including:

- exchange controls and currency restrictions;
- the possibility of currency fluctuations and devaluations;
- tariffs and trade barriers;
- export duties and quotas;
- changes in local economic conditions;
- changes in laws and regulations;
- difficulties in managing international operations and the burden of complying with local laws;
- exposure to possible expropriation or other government actions;
- restrictions on our ability to repatriate dividends from our subsidiaries; and
- unsettled political conditions.

Our international operations also expose us to different local political and business risks and challenges. For example, in certain countries, such as China, we face periodic political issues which could result in foreign exchange risks or the risk that we are required to include local ownership or management in our businesses. We also face the risk of economic uncertainty, which may impact our business in these countries. Other risks in international business also include difficulties in staffing and managing local operations, including our obligations to design local solutions to manage credit risk to local end users and distributors.

Other risks of international operations include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks, required compliance with a variety of laws, including tax laws and the difficulty of enforcing agreements and collecting receivables through legal systems in certain jurisdictions. Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, which could negatively affect our business and financial condition.

We are exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect our profitability.

Because we operate globally, our financial results are subject to both translation and transaction effects resulting from fluctuations in currency exchange rates. The primary currency exchange risk we face is translation risk. In preparing our consolidated financial statements, we convert the results of our subsidiaries located outside the Eurozone at the spot rate as of each balance sheet date and for statement of income items, at the average rate over the period. When the value of the euro

increases in relation to a non-euro currency, those results are, all else being equal, lower due to the translation effect. For example, for the year ended December 31, 2025, we generated 41% of revenue in North America.

We are also exposed to transaction risk when our revenue is denominated in currencies that are different from those in which we purchase our raw materials and incur manufacturing costs although the majority of our raw materials and manufacturing costs are incurred in the same currency in which we earn our revenue. If the value of the currency in which the selling price is denominated declines relative to the currency in which we incur our costs, the profit margin for any such transaction would be reduced. In countries where we sell our products in currencies other than the euro, we aim to incur a large portion of the costs associated with those sales in the same non-euro currency. This partial matching of costs to revenue creates a natural hedge that protects us to a degree against the transaction effects of exchange rate fluctuation. Nevertheless, a short-to-medium-term decline in the value of the U.S. dollar and other currencies relative to the euro could weaken our competitive position as compared to competitors who incur a larger portion of their costs in the currencies of their export markets.

Our success depends on the continued service of certain key personnel.

Our success depends in significant part upon the continued service of our directors and senior management, as well as senior management at each of our material subsidiaries, including our Chairman and Chief Executive Officer, Pascal Remy; René Pich, our Senior Executive Vice President and one of our two original founders; Loic Faucheur, our Chief Financial Officer; John Pittman, President of our US subsidiary; and Tony Huo, Managing Director of our Chinese subsidiary. Our future growth and success also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and technical personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse impact on our business.

We depend on good relations with our workforce, and any significant disruption in our workforce could adversely affect us.

As of December 31, 2025, we employed 9,388 people, some of whom are members of labor unions, of whom 1,730 are located in France. From time to time, we have taken advantage of government programs in the markets where we operate designed to favor employment, including government furlough schemes. There can be no assurance that such programs will not adversely affect our relationship with our workforce.

If we were to make any changes to the terms of employment for any of our employees and such employees were to react adversely to these changes, we could experience labor disputes and work stoppages at one or more of our sites. More generally, some of our operations are located in France, and although we have had limited labor union issues in the past, there is a history of labor disputes and work stoppages among workers in France. A labor disturbance or work stoppage at any of our facilities could have an adverse effect on that facility's operations and, potentially, on our business.

Environmental, safety, production and data privacy regulations or concerns could cause our plants to be seized or our operations to be interrupted, require us to modify our operations, subject us to liability for fines or damages, and increase our manufacturing and delivery costs.

Our operations are subject to certain environmental, product safety and other laws and regulations applicable to our products. We are responsible for ensuring that our facilities and products meet the requirements set forth by local regulations. These include laws and regulations pertaining to the discharge of materials into the environment, pertaining to the manufacture, transportation, storage, handling and disposal of hazardous substances and hazardous wastes, or otherwise relating to the protection of human health and the environment. Any change in these laws and regulations could restrict our ability to manufacture or export products to certain markets, result in increased production or distribution expenses or require us to replace certain raw materials or components at higher cost, which could cause delays in the delivery of our products. Any non-compliance may result in material costs and investigations, fines and other consequences (including potential operational bans or restrictions), which may vary depending on the jurisdiction involved, impact our ESG-related key performance indicators and require us to undergo costly and time-consuming certification processes as part of internal assessments and remediation plans, which may ultimately present challenges to our business operations. Any such event could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Under some of these laws and regulations, a current or previous owner or operator of a facility may be liable for the removal or remediation of hazardous materials at the facility and nearby areas. Such laws typically impose liability without regard to fault. In addition, under various laws governing the generation, transportation, treatment, storage or disposal of solid and hazardous wastes, owners and operators of facilities may be liable for investigation or remediation at areas where hazardous materials have been released. The costs of investigation or remediation may be substantial. The presence of hazardous materials in the environment at any of our facilities, or the failure to abate such materials promptly or properly, may adversely affect our ability to operate such facilities. Certain of these laws also impose liability for investigation or remediation on persons who dispose of or arrange for the disposal of hazardous substances at facilities owned or operated by third parties. In certain instances, liability for such costs is retroactive, strict, and joint and several; it may also include obligations to investigate and

clean up environmental contamination on or from our current or former properties or at off-site locations to which we sent wastes. Under these laws and regulations, we may have these obligations without regard to fault or the legality of the conduct that contributed to the contamination, and liability for the entire cost of a cleanup can be imposed on any responsible party.

The activities and plants at our production facilities are subject to a variety of laws and regulations, including requirements relating to the emission of pollutants into the ground, waters and the atmosphere and the generation, transportation, treatment, storage, and disposal of solid and hazardous wastes. We are also subject to laws that regulate the manufacture, processing and distribution of chemical substances and mixtures, as well as the disposition of certain hazardous substances. Further, non-compliance or alleged non-compliance with environmental and product safety regulations may result in our being forced to modify plant operations, or even result in the seizure of raw materials or product or the permanent or temporary discontinuation of the operations of our non-conforming plants.

We have made, and will continue to make, capital and other expenditures to comply with these environmental requirements. Although we believe we are in material compliance with environmental requirements, we may not have been and may not at all times be in complete compliance with all of these requirements, and we may incur material fines, damages, or liabilities in connection with these requirements in excess of amounts we have reserved, or our operations at non-conforming plants may be interrupted or discontinued by administrative or court orders. In addition, these requirements are complex, change frequently and tend to become more stringent over time. In addition, in the future, we may discover previously unknown contamination that could subject us to additional expense and liability.

Our products, including the raw materials we handle, are subject to rigorous industrial and environmental safety and health regulations and investigations. There is a risk that a key raw material, chemical or substance or one of our products may be recharacterized as having a toxicological or health related impact on the environment, on the end users and resellers we supply, or our employees. Industrial and environmental safety and health regulations are continually strengthened and if such recharacterization occurred, the relevant raw material, chemical or product may be banned or we may incur increased costs in order to comply with new requirements. Changes in industrial and environmental safety and hygiene regulations may also affect the marketability of certain of our products, and may have a material adverse effect on our business.

Production, waste and product regulations are subject to expansion or enhancement. Any new or tightened regulations could lead to increases in the direct and indirect costs we incur in manufacturing and delivering products to the end users and resellers we supply. For example, the European Parliament and Council adopted chemical legislation which went into force in 2007 and which impacts the manufacturers, importers, distributors and users of all chemicals, not just those chemicals which are considered to be hazardous to human health and the environment. The ongoing implementation of this regulation, referred to as REACH (Registration, Evaluation and Authorisation of Chemicals), means that all chemical manufacturers and importers are faced with additional costs to conduct their businesses in the European Union and the European Economic Area.

Under REACH, acrylamide, the main raw material for PAM, has been listed as a candidate for inclusion in the authorization process (Annex XIV). However, EU concerns about acrylamide were for its use in chemical grouting applications, which have now been banned in the EU. Therefore, the European Chemicals Agency (the “ECHA”) has determined not to prioritize acrylamide for inclusion in Annex XIV at this time. Even if Authorisation should go forward, it would have no impact on acrylamide’s use as a monomer in polymer manufacture, as such usage is exempt from the Authorisation process. No other raw material of ours is included in the EU REACH Candidate List of Substances of Very High Concern for Authorisation.

New or expanded chemical regulations are being implemented or considered in other areas of the world. In addition to an increase in costs in purchasing raw materials and manufacturing and delivering products, these new programs and any future changes in production regulations could result in interruptions to our business and potentially cause economic or consequential losses should we be unable to meet the related demands of end users and resellers of our products. For example, SNF was the Lead Registrant for acrylamide under K-REACH, a law in Korea similar to EU REACH. SNF completed the registration process in 2018, and we therefore expect no interruption to our business in Korea with consequent economic or consequential losses in relation to product registration requirements.

Further, our products are used as drag reducing agents in the hydraulic fracturing process used in the shale gas and shale oil extraction business. Hydraulic fracturing has come under increased regulatory scrutiny in recent years, and was banned altogether in certain jurisdictions, including France. Additionally, the U.S. federal government and several U.S. state governments have considered, proposed or implemented legislation and regulations requiring, among other things, the disclosure of chemicals used by the oil and natural gas industry in the hydraulic fracturing process, and there are ongoing agency studies of the process. Although we have not to date experienced effects from these activities, depending on the outcome of these regulatory and legislative processes (including increased disclosure of the chemical constituents in hydraulic fracturing fluid), participants in the hydraulic fracturing business (including us) could see increased regulatory scrutiny and potential associated litigation, which could result in decreased demand for our products and adversely affect our hydraulic fracturing business. Further, fracking has recently been the subject of negative media attention, criticized for its potentially negative

impact on the environment. Such media reporting may cause decreased demand for our products as well as cause harm to our reputation, which may have an adverse impact on our business, financial position and results of operations.

In addition, we are subject to consumer data protection laws. In the ordinary course of business, we are required to process the personal data of our customers. The regulatory environment governing the use of individually identifiable data of customers, employees and others is complex. Privacy and information security laws and requirements change frequently and compliance with them may require us to incur costs to make necessary system changes and implement new administrative processes. Any processing of the personal data of individuals located in the European Economic Area in the course of the provision of services is governed by the EU data protection regime, which restricts our ability to collect, process and use personally identifiable information relating to customers, potential customers, business partners, and employees, including for marketing purposes. On May 24, 2016, the EU adopted the General Data Protection Regulation (Regulation (EU) 2016/679) (“**GDPR**”) with the aim to, among other things, strengthen and unify data protection for all individuals within the EU. The GDPR became effective in each EU Member State on May 25, 2018, replacing the former European data protection regulatory framework. The GDPR obligates European Union based companies or companies that process personal data about European Union subjects (either as “data controllers” or as “data processors”) to comply with a large number of obligations, which relate, for example, to (i) the processing of personal data including transparency, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing, (iv) the obligation to ensure rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure, and (v) more onerous consent requirements, as consent will always have to be express/opt-in, while implied/opt-out consent has at times been deemed sufficient under the former regime. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. Noncompliance with the GDPR may result in significant penalties including fines of up to 4% of total annual worldwide turnover or €20.0 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). We cannot guarantee that our data security insurance coverage or our general liability insurance coverage will be sufficient to cover all or any liabilities in the event of a breach of our data security systems. Moreover, evolving regulation relating to privacy, information security and data protection could increase our costs and affect or limit the way through which we collect, process, use, store and transfer personal data. Compliance with, and monitoring of such laws and regulations is demanding, time consuming and costly. Further, such laws and regulations, including their interpretation and application, change from time to time, and such changes could impose new burdens and expose us to further liability, either of which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, in the aftermath of personnel initiatives implemented as a result of the COVID 19 pandemic, such as a reliance on remote working, as well as an increased amount of employee health data being processed, our exposure to this risk is heightened. The European Commission has proposed enhanced regulations concerning privacy and electronic communications (the “**ePrivacy Regulation**”), which would entail additional and stricter rules than those established under the GDPR in respect of the use of personal data from electronic communications. The ePrivacy Regulation would establish fines similar to those included in GDPR. These regulations may affect the development of innovative services that would draw on consumer data, potentially creating a competitive disadvantage for undertakings subject to both the GDPR and the ePrivacy Regulation. Moreover, with respect to cybersecurity matters, on December 14, 2022, the EU Institutions adopted the Directive (EU) 2022/2555, which establishes measures for a high common level of cybersecurity across the EU (the “**NIS2 Directive**”). The new cybersecurity risk management and incident reporting requirements introduced by the NIS2 Directive entered into force in 2025. Additionally, our operations may be affected by EU Directive No. 2019/882 on the accessibility requirements for products and services (the EU Accessibility Act), which introduces new accessibility requirements for e-commerce operators, which became effective June 2025.

If we were found to be subject to and in violation of any of these laws or other data privacy laws or regulations, we would likely be required to change our business practices and may be exposed to litigation and regulatory penalties and fines, which could have a material adverse effect on our business, financial condition and results of operations. If a data security breach occurs, our reputation could be damaged and we could experience lost sales, fines or lawsuits. The customer data could be either stolen or misappropriated at any stage of data processing, such as receipt, transmission, use or storage of the data. If any loss or misappropriation were to occur, customers may be unwilling to provide us with their data and direct marketing could be negatively affected as a result. Furthermore, a loss or misappropriation of customer data could result in negative publicity, which could damage our reputation and result in lower sales.

We may suffer data loss, data theft or unauthorized access to, or successful hacking of, our systems, which may harm our business, including our reputation.

Our business involves the receipt and storage of information relating to our customers and employees. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and are often not

recognized until launched against a target. In addition, the hardware, software or applications we use may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. We may be unable to anticipate these techniques or detect these defects, or to implement effective and efficient countermeasures in a timely manner. We operate in an environment increasingly prone to cybersecurity risks. Cybersecurity threats may include gaining unauthorized access to our systems or inserting computer viruses or malicious software in our systems to misappropriate consumer data and other sensitive information, corrupt our data or disrupt our operations. New and sophisticated malware is constantly being developed and it is possible that systems are not updated on time. Unauthorized access may also be gained through traditional means such as the theft of laptop computers, data devices and mobile phones and intelligence gathering by employees with access. Furthermore, our employees or other persons may have unauthorized or authorized access to our systems or take actions that affect our networks in an inconsistent manner with our policies or otherwise adversely affect our ability to adequately process internal information. As a result, we need to continue to advance our capacity to identify and detect technical threats and vulnerabilities and improve our ability to react to incidents. This includes the need to strengthen security controls in the supply chain as well as to place increased focus on security measures adopted by our key partners and other third parties.

If unauthorized third parties manage to gain access to any of our information technology systems, or if such systems are brought down, unauthorized third parties may be able to misappropriate confidential information, cause interruptions in our operations, access our services without paying, damage our computers or otherwise damage our reputation and business.

The cost and operational consequences of responding to breaches and implementing remediation measures could be significant. We experience and respond to cybersecurity threats from time to time. As our business and the cybersecurity landscape evolve, we may also find it necessary to make significant further investments to protect data and infrastructure. There can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effects on our business, and operations. Furthermore, we may be held liable for the loss, release or inappropriate modification or storage conditions of customer or other data which are stored on our systems and database. In such circumstances, we could be held liable or be subject to litigation, penalties (including the payment of damages and interest) or adverse publicity that could have a material adverse impact, inter alia, on our reputation, business, financial condition and results of operations.

We are exposed to risks in relation to compliance with anti-corruption laws, anti-bribery laws and regulations and economic sanction programs.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions. We are also required to comply with anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.K. Bribery Act of 2010 (the “Bribery Act”), any law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and economic sanctions programs, including those administered by the United Nations, the EU, the U.S. Office of Foreign Asset Control (“OFAC”), the U.S. Department of State and His Majesty’s Treasury of the United Kingdom. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As a result of doing business in foreign countries, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our partners or agents operate. Some of the international locations in which we operate lack a developed legal system and have high levels of corruption. Our continued expansion and worldwide operations, including in developing countries, the development of joint venture relationships worldwide and the employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws, OFAC or similar laws. As a result, from time to time we may be subject to proceedings and investigations relating to such laws and regulations. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business. While we believe that we have a strong culture of compliance and adequate systems of control, we seek to continuously improve our systems of internal controls and to remedy any weaknesses identified. There can be no assurance, however, that the policies and procedures have been or will be followed at all times (including by companies that we acquired) or effectively detect and prevent violations of the applicable laws by one or more of our directors, officers, employees, consultants, agents or partners and, as a result, we could be subject to penalties and sanctions, which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Climate change may affect our operations and product sales.

Climate change has increasingly become the subject of substantial international, national, regional, and local attention, and impacts will likely be driven by changes in physical climate parameters, regulations and public policy. For example, it is difficult to predict and assess the physical impacts that changing climate conditions, such as droughts, or more frequent and

severe weather events, such as hurricanes, will have on our business (including impacts to our operating locations and supply chain). Environmental concerns have been progressing rapidly and have already transformed certain sectors. Due to concerns over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas (“GHG”) emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. We expect climate change in both developing and developed countries to become a growing concern over time, and therefore change laws, regulations, habits and processes in the future. At this stage, it is not possible to accurately estimate a timetable or future compliance costs relating to implementation of climate change-related laws and regulations. Such future changes in legislation and regulation, and related voluntary actions associated with climate change, may increase the likelihood that the Company’s manufacturing facilities will be impacted by carbon requirements, regulation of GHG emissions, and energy policy, which may in turn result in increased capital expenditures, increased costs for raw materials and energy, limitations on raw material and energy source and supply choices, and other compliance costs.

Our sales ultimately depend on several factors, and the demand for our customers’ end products, and consequentially our products, may be affected by the impact of behavioral and regulatory changes in France and other markets in which we operate. Any such changes as a result of climate change could reduce the demand for our customers’ end products, make our products more expensive, less competitive and less appealing, as well as shift demand towards different sources with lower environmental impact. Any such change could have an adverse effect on our business, results of operations and financial condition.

The costs and difficulties of acquiring and integrating acquired businesses may impede our future growth and adversely affect our competitiveness.

We have in the past and may in the future engage in acquisitions of businesses within our industry and other related sectors. In 2024 and 2025, we completed the acquisitions of PfP Industries, Ace Fluid Solutions and Obsidian Chemical Solutions for an aggregate cash consideration of \$166.0 million. In January 2026, we finalized the Syensqo Acquisition. Any such acquisition entails various risks, including political or business risks, for example, that we may not be able to accurately assess the value, strengths and weaknesses of the acquisition or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies or recover the purchase costs of the acquired businesses or assets.

Any future acquisitions of target companies or product portfolios may also be subject to regulatory approval, and there can be no assurance that we will be able to obtain regulatory approval for our future acquisitions without unreasonable expenses and within a reasonable time period or at all. Furthermore, any contemplated acquisitions may constitute a change of control under certain agreements entered into by acquired companies. As of the respective closing dates of each acquisition, counterparties might become entitled to terminate such agreements, and some of these counterparties may exercise their termination rights, which could have an adverse effect on our revenues and business.

In the event of termination of any material contract as a result of an acquisition, there can be no assurance that we would be able to successfully replace the products or services that were provided under the relevant contract at attractive prices or at all. Likewise, if we were required to amend any such contract as a result of any such acquisition, we can provide no assurance that the terms of such amendment will not be materially adverse to us or will not otherwise impact our business or operations. Accordingly, any termination or amendment of a significant contract as a result of the change of control (occurring as part of the contemplated or actual acquisition) could materially or adversely affect our business and the ability to provide services to our customers. It is also possible that material supply contracts could be terminated or amended in other circumstances. If we fail to remain a party to a material contract that historically has formed part of our business or any such arrangement is terminated, this could have a material adverse effect on our business, results of operations, financial condition and on our ability to perform our obligations under the Notes.

Our operations are subject to hazards, which could result in significant liability to us.

Our operations are subject to the hazards associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes. These hazards include explosions, fires, natural disasters, mechanical failure, remediation material and chemical spills, discharges or releases of toxic or hazardous substances or gases, and other environmental risks. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations and the imposition of civil and criminal liabilities, as well as litigation in the United States and in the rest of the world.

We may be liable for damages based on product liability claims.

Because many of our products provide critical performance attributes to the applications and products of end users, the sale of these products involves the risk of product liability claims. A successful product liability claim, or series of claims

against us in excess of our insurance coverage for payments for which we are not otherwise indemnified could have a material adverse effect on our financial condition or results of operations.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business, including through harm to our reputation. This risk is increased as a result of our increased acquisition activity, as the entities that we acquire may not have internal control procedures of an effectiveness equivalent to ours. If we fail to maintain, or fail to cause the companies we acquire to adopt and maintain, adequate internal controls our financial statements may not accurately reflect our financial condition.

Risks Related to our Capital Structure

Our substantial indebtedness could harm our business by limiting our available cash and our access to additional capital.

As a result of the issuance of the Notes in this offering, and our Senior Notes due 2029, our Senior Notes due 2030, our Senior Notes due 2032, our borrowings under our Revolving Credit Facility and our other financing arrangements, we have substantial debt. On an as adjusted basis, after giving effect to the issuance of the Notes offered hereby and use of proceeds thereof, our total long-term debt would have been €2,254.4 million at December 31, 2025.

Our degree of indebtedness could have important consequences for you, including the following:

- it may limit our and our subsidiaries' ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and investments, and general corporate or other purposes on favorable terms or at all;
- a substantial portion of our cash flows from operations must be dedicated to the payment of principal and interest on our indebtedness and thus will not be available for other purposes, including operations, capital expenditures and future business opportunities;
- the debt service requirements of our other indebtedness could make it more difficult for us to make payments on the Notes;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to those of our competitors that are less highly-leveraged;
- it may restrict our ability to make strategic acquisitions or cause us to make non-strategic divestitures; and
- we may be more vulnerable than a less leveraged company to a downturn in general economic conditions or in our business, or we may be unable to carry out capital spending that is important to our growth.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our Revolving Credit Facility and the indentures governing our Senior Notes due 2029, our Senior Notes due 2030, our Senior Notes due 2032, and our other financing arrangements, contain a number of significant covenants. These covenants, among other things, restrict our and our subsidiaries' ability to:

- incur or guarantee additional indebtedness;
- pay dividends on or make other distributions or repurchase our own shares;
- make certain investments;
- create certain liens;
- enter into new sale and leaseback transactions;
- enter into certain types of transactions with our affiliates;
- limit dividends or other payments by restricted subsidiaries;
- use assets as security in other transactions;
- repay the Notes;

- change substantially the nature of our business; and
- sell certain assets or merge with or into other companies.

In addition, under our Revolving Credit Facility, we are required to satisfy and maintain specified financial ratios and tests. Events beyond our control may affect our ability to comply with those provisions and we may not be able to meet those ratios and tests. The breach of any of these covenants would result in a default under the Revolving Credit Facility agreement and the lenders could elect to declare all amounts borrowed under our Revolving Credit Facility, together with accrued interest and other ancillary amounts, to be due and payable. If any of our indebtedness were to be accelerated, our assets may not be sufficient to repay in full that indebtedness and the Notes.

We must rely on payments from our subsidiaries to fund payments of the Notes. Such funds may not be available in certain circumstances.

We are primarily a holding company, and all of our operations are conducted through our subsidiaries. Therefore, we depend on dividends or other payments from our subsidiaries to meet our obligations, including our obligations under the Notes. The ability of our subsidiaries to distribute funds to us by way of dividends, distributions, interest, return on investments or other payments (including loans) is subject to the availability of profits and funds, and various restrictions, including restrictions imposed by other indebtedness and, with respect to French subsidiaries, by their own corporate interest (*intérêt social*). Noteholders will not have a direct claim on the cash flows of our operating subsidiaries, and such subsidiaries are legally distinct and have no obligation and have made no guarantee, contingent or otherwise, to pay amounts due under the Notes or to make such funds available to us. If we do not have sufficient funds for payment of the interest, principal and additional amounts, if any, on the Notes when due, and unless we are able to obtain funds from a source other than our subsidiaries, we may not be able to satisfy our obligations under the Notes.

We are controlled by a significant shareholder whose interests may conflict with yours.

Substantially all of our shares (more than 99.99%) are owned by a U.S.-based irrevocable trust, the potential beneficiaries of which are charities. The trust is administered by a trustee and our Senior Executive Vice President, Mr. René Pich, is the protector. While three of our board members would be considered as “independent” of our major shareholders or our management, the interests of our shareholders and/or our board of directors could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due.

Our variable rate indebtedness and our indebtedness denominated in non-euro currencies subjects us to interest rate risks, which could cause our debt service obligations to increase significantly.

Certain of our borrowings, primarily borrowings under our Revolving Credit Facility, will be at variable rates of interest and will expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness, including the Notes, would decrease.

Moreover, our Senior Notes due 2030 and a part of our Revolving Credit Facility are, and the Notes will be, in U.S. dollars. Other of our indebtedness is denominated in currencies other than euro. Depreciation of the euro against these currencies could result in increases in our total indebtedness and debt service requirements, which we record in euro.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. Our Revolving Credit Facility and the Indenture governing the Notes will restrict our ability to use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices that we believe are fair and proceeds that we do receive may not be adequate to meet any debt service obligations then due.

We may face risks related to taxation and changes to applicable tax regimes.

We are subject to complex and evolving tax legislation in the countries in which we operate, international tax laws as well as tax compliance requirements (especially in the current international tax context tending towards enhanced mandatory disclosure obligations). Changes in tax laws or regulations or in their interpretations could adversely affect our tax position, such as our effective tax rate or tax payments.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. For example, the current incorporation into French tax law of the Organization for Economic Cooperation and Development's (the "**OECD**") principles related to base erosions and profit shifting ("**BEPS**") that were included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017, may increase the administrative efforts within our business and impact existing structures.

Furthermore, the European Union continues to harmonize the tax legislation of the Member States. In this respect, the Council of the European Union (the "**Council of the European Union**") adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). The ATAD was later amended on May 29, 2017 by the Council Directive (EU) 2017/952 (the "**ATAD 2**"), which, inter alia, extended the scope of the ATAD to hybrid mismatches involving third countries (subject to certain exceptions) as from January 1, 2020. Amongst the set of proposed measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses would be limited to 30% of the taxpayer's earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3.0 million, whichever is higher (subject to several exceptions). Such new rules already apply since January 1, 2019 following the transposition into French tax law by Article 34 of the French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) (the "**French Finance Law for 2019**") of the general interest limitation rule provided for by the ATAD. The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) (the "**French Finance Law for 2020**") also introduced under French tax law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the French Tax Code (*code général des impôts*) (the "**French Tax Code**"). See "*Risk factors— French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness*" for more details on this rule.

In addition, Article 108 of the French Finance Law for 2019 introduced under French tax law, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax (Article 205 A *et seq.* of the French Tax Code), which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore an arrangement, or a series of arrangements, which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuinely taking into account all relevant facts and circumstances.

Furthermore, rules on tax dispute resolution apply since July 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Law for 2019.

The European Commission also published a corporate reform package proposal on October 25, 2016, including three new proposals that aim at (i) relaunching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU which also tackles loopholes associated with profit-shifting for tax purposes, (ii) addressing hybrid mismatches between EU Member States' and non-EU countries' tax systems, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses.

The directive proposal on the CCCTB required unanimity in the Council of the European Union for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It was expected to be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards.

In a communication to the European Parliament and the Council of May 18, 2021 and denominated "Business Taxation for the 21st Century", the European Commission announced additional measures in the field of corporate taxation to take into account the evolution of the context of the EU business taxation policy. In particular, the European Commission announced that it will propose a new framework for income taxation for businesses in Europe ("Business in Europe: Framework for Income Taxation" or "**BEFIT**") that will replace the pending proposals under the CCCTB. BEFIT will be a single corporate tax rulebook for the EU and will consist in consolidating the profits of the EU members of a multinational group into a single tax base, which will then be allocated to Member States using a formula and be taxed at national corporate income tax rates. The preparation for this new proposal will be carried out by the European Commission alongside the Member States and the European Parliament and will give rise to consultations with the business sector and civil society groups. The European Commission adopted the BEFIT directive proposal on September 12, 2023. Should this Directive be finally adopted by the European

Council, Member States would have to adopt and publish the laws, regulations and administrative provisions necessary to comply with this Directive by January 1, 2028 and apply them from July 1, 2028. On November 13, 2025, the European Parliament approved the European Commission's proposal. Alongside BEFIT, the European Commission prepared a legislative set of rules to neutralize the misuse of shell entities for tax purposes and published a proposal of «Unshell» Directive («ATAD 3») on 22 December 2021. ATAD 3 aims to introduce a multiple-step filtering procedure to help Member States to identify entities located in the EU which have no or minimal economic activity, and which do not have minimal substance and are misused for the purpose of obtaining tax advantages. According to ATAD 3, in such circumstances, such shell company would no longer be eligible to the benefits of its tax treaty or any applicable EU directives provisions and would no longer get the tax certificate (or one with a main statement). Moreover, the relevant income of the shell company will be taxed in the Member State where the shareholders are residing, as if that income had directly accrued to them. Information on EU shells will be exchanged automatically through an EU-wide central directory. ATAD 3 has been voted by European Parliament on 17 January 2023. However, on October 21, 2025, the European Commission announced its intention to withdraw the Unshell/ATAD 3 proposal within six months.

The European Commission also published a proposal of a Debt Equity Bias Reduction Allowance (“DEBRA”) Directive on 11 May 2022 in order to fight against tax incentives and to favorize the recourse to equity financing. The draft DEBRA Directive would apply to all corporate taxpayers apart from financial undertakings such as for instance credit institutions, investment funds and certain other regulated entities. The draft DEBRA Directive provides for two sets of rules: (i) the introduction under certain conditions of a notional interest deduction calculated on the increase of companies’ net equity observed between the end of financial year N and the end of financial year N-1 (it being noted that the equity is defined as the sum of the company’s paid-up capital, share premium accounts, revaluation reserve and other reserves and profit or loss brought forward while net equity corresponds to equity minus the tax value of participations in associated enterprises and own shares), and (ii) a new restriction on the deduction of net financial charges, whereby companies would be entitled to deduct the lower between (i) 85% of their net financial charges (ratio provided by DEBRA), or (ii) the amount deductible by virtue of the general cap limitation provided by ATAD. DEBRA Directive has been voted by European Parliament on 16 January 2024. However, the European Commission also announced on October, 21, 2025 its intention to withdraw the DEBRA proposal. In addition to the above work, the European Commission also published a proposal of Directive on 22 December 2021 to implement at EU level the minimum taxation component, known as «Pillar 2» of the OECD’s reform of international taxation. EU member states reached agreement in December 2022 in relation hereto. According to Pillar 2, profits made by the large multinational and domestic groups or companies (i.e. with a combined annual turnover of at least €750 million in at least two of the last four years) would be taxed at a minimum rate of 15% through the introduction of two rules, the income inclusion rule («IIR») and the under-taxed payments rule («UTPR»), collectively referred to as the GloBE rules. Under the IIR, where an entity’s effective tax rate in any jurisdiction is below the minimum 15% rate, the ultimate parent entity is primarily liable for a ‘top-up tax’ to bring the rate up to 15%. As a backstop, the UTPR can apply in cases where the effective tax rate in a country is below the minimum rate of 15%, but the IIR has not been fully applied. France transposed Pillar 2 into domestic law with 2024 Finance Law dated 29 December 2023 in articles 223 VJ to 223 WZ of the French Tax Code, effective as from 1 January 2024 for the IIR and as from 1 January 2025 for the UTPR.

Further, the French tax authorities released initial administrative guidelines (Bulletin Officiel des Finances Publiques-Impôts) on October 8, 2025 (BOI-IMG-DEF ; BOI-IMG-CHAMP), covering territorial scope and key definitions, followed by additional guidelines on transitory measures (including deferred taxes, asset transfers before the transition year and start-up phase exemptions) on December 3, 2025 (BOI-IMG-TRANS). The 2026 Finance Law in France (article 104 and 105) has introduced specific targeted technical adjustments to the Pillar 2 regime to reflect the OECD’s June 2024 administrative guidance and also transposes the 14 April 2025 ‘DAC 9’ directive on the GloBE Information Return and related exchange-of-information framework.

In addition, on January 5, 2026, the OECD published the 'Side-by-Side' framework and a permanent Simplified ETR Safe Harbour, alongside a one-year extension of the transitional CbCR safe harbour, for which the national implementation steps in France remain to be determined.

We often rely on generally available interpretations of tax laws and regulations in the jurisdictions in which we operate. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our products or services to track and collect such taxes, which could increase our costs of operations and have a negative effect on our business, results of operations and financial condition.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

The main limitations on deductibility of interest which could apply to us are outlined below. Such description is not exhaustive, holders of the Notes are advised to seek their own professional advice in relation to the risk factors relating to tax.

Please note that the below description is based on the rules currently in force under French tax legislation.

As a general rule, pursuant to Article 39-1-1° of the French Tax Code, expenses incurred by a French company are deductible provided, among other conditions, that (i) they are incurred in its direct corporate interest and (ii) they correspond to actual and justified expenses. In this respect, French case law has developed the concept of “abnormal act of management” according to which the expenses incurred by a French company, in relation with transactions that are not aligned with its direct corporate interest, are not tax deductible.

Interest paid by an entity to a direct shareholder are only tax deductible up to the rate referred to in Article 39-1-3 of the French Tax Code (i.e., the annual average of the average effective floating rates on bank loans to companies with an initial maturity exceeding two years (currently 4.55% for companies closing their fiscal year on December 31, 2025)). By derogation, Article 212 § I-a) of the French Tax Code provides that, with respect, to loans granted by a related party within the meaning of Article 39.12 of the French Tax Code, the interest is deductible up to the rate referred to in Article 39-1-3 of the French Tax Code or, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances if higher than the rate referred to in Article 39-1-3 of the French Tax Code.

The 2026 Finance Law (article 14) extends this derogation to loans granted by any corporate shareholder, even where such shareholder does not qualify as a related party within the meaning of Article 39.12 of the French Tax Code.

Pursuant to Article 39.12 of the French Tax Code, two entities will be regarded as related if (i) one of the entities holds directly or indirectly the majority of the other entity’s share capital or actually exercises the power of decision in that entity or (ii) both entities are controlled by a same third-party enterprise under the conditions defined in (i) above.

In both cases (i.e., non-deductibility under Articles 39-1-3° and 212 I-(a) of the FTC), non-deductible interest might be re-characterized as deemed dividends pursuant to Articles 109 *et seq.* of the French Tax Code, and may thus be subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code, at the rate of (i) generally 25% for payments benefiting to legal persons, (ii) 12,8% in cases where the beneficiary is an individual or (iii) 75% for payments made in non-cooperative jurisdictions (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French Tax Code (a “**Non-Cooperative State**”) other than those mentioned in 2° of 2 *bis* of the same Article 238-0 A (subject in each case to the more favorable provisions of any applicable double tax treaty).

The anti-hybrid provisions as amended by the Finance Law for 2020 implementing ATAD 2 are codified under Articles 205 B, 205 C and 205 D of the French Tax Code. As a general principle, hybrid schemes between associated companies (under the meaning of new Article 205 B, I 16° of the French Tax Code) originating a tax asymmetry effect (i.e., double deduction or deduction without inclusion) fall into those restrictions. As a result, interest paid by a French company to associated companies will not be deductible in France if (i) the same payment gives right to deduction in another jurisdiction (including if this results from a double tax residency of the debtor as provided by Article 205 D of the French Tax Code) or (ii) if said interest are nowhere included in the tax basis of the beneficiary. The tax asymmetry in this second instance (i.e., no inclusion) can result from (i) the difference in the qualification of the hybrid instrument used between the respective jurisdictions of the debtor and beneficiary, (ii) the difference in the analysis of which entity should get the allocation of the income (hybrid beneficiary or beneficiary with various establishments or attribution of the income to a non-taxable establishment), or (iii) the difference in the analysis of an hybrid debtor according to which payment is disregarded in the jurisdiction of the beneficiary. Although the aim of those provisions is primarily to cover schemes between associated entities, it also includes payments to third parties in case of a structured scheme i.e., an hybrid scheme with a third party which terms reflect the benefit of the tax asymmetry and where all or part of the tax gain is in fine reallocated to an associated company.

A general cap limits the deduction of the net financial charges incurred by a company or a tax group in accordance with Article 212 *bis* § II of the French Tax Code. The cap applies at the company's level when the company is taxed on a stand-alone basis or at the tax group level when the company is a member of a tax consolidated group. The cap differs depending on various factual circumstances, namely (i) the net financial expenses of the company or tax consolidated group for a given fiscal year (i.e., difference between the financial expenses and the financial incomes acquired); (ii) their adjusted tax EBITDA for said fiscal year (corresponding to the taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses); (iii) the nature of the indebtedness (i.e., third party debt or intragroup debt appreciated between entities holding a stake of at least 50% or having de facto control); (iv) in case of intragroup debt, the average amount of related party debt exceeding 1.5 times the amount of its net equity where the company or the tax consolidated group will be regarded as thin-capitalized (i.e., “**Thin-Capitalized Perimeter**”); (v) the comparison between the total indebtedness of the company or the tax consolidated group with the one of the consolidated group, to which the company or tax consolidated group belongs (i.e., the “**Indebtedness Safe Harbor**”); and (vi) the comparison of the net equity ratio of the company or tax group over the assets compared to the one of the consolidated group to which the company or the tax group belongs (i.e., the “**Financial Autonomy Safe Harbor**”). As a principle, a company / tax consolidated group may deduct its net financial expenses within the limit of the higher between €3.0 million and

30% of the company / tax consolidated group's adjusted tax EBITDA (the “30% Limitation”). This general cap is increased by 75% of the portion of the net financial expenses which are non-deductible after application of the €3.0 million or 30% adjusted tax EBITDA limitation in three circumstances : (i) autonomous companies (i.e., companies which are not members of a consolidated group, have no establishment outside France and no associated company (appreciated between entities holding a stake of at least 25%); (ii) companies or tax consolidated groups belonging to a consolidated group which do not qualify as a Thin-Capitalized Perimeter and benefit from the Financial Autonomy Safe Harbor; and (iii) companies or tax consolidated groups belonging to a consolidated group which qualify as a Thin-Capitalized Perimeter but benefit from both the Indebtedness Safe Harbor and the Financial Autonomy Safe Harbor. *A contrario*, restrictive limitations may apply in case the company / tax consolidated group qualify as a Thin-Capitalized Perimeter (unless it benefits from the Indebtedness Safe Harbor) where the €3.0 million and 30% of the company / tax consolidated group's adjusted tax EBITDA is partially reduced to €1.0 million and 10% of the company / tax consolidated group's adjusted tax EBITDA for the portion of the net financial expenses corresponding to the intragroup debt in excess to the 1/1.5 debt to equity ratio.

The portion of the net financial charges which is non-deductible pursuant to the 30% Limitation, in respect of a given financial year, may be carried forward indefinitely and deducted from the subsequent financial years subject to the same limitations (in case of thinly capitalized entities, only one third of the net financial charges may be carried forward). Also if a portion of a deductibility capacity, in respect of a given financial year, is not fully used by the borrower (other than a thinly capitalized one), it may be carried forward to the next five financial years but only against financial expenses incurred in respect of those fiscal years.

Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-IS-BASE-35-40-10-20, § 20, dated May 13, 2020 and BOI-IS-BASE-35-40-20, § 240, dated May 13, 2020, the portion of interest that is not deductible by virtue of (i) Article 212 *bis*, I of the French Tax Code under the “30% adjusted tax EBITDA limitation” and/or (ii) Article 212 *bis*, VII of the French Tax Code under the thin-capitalization rules is not to be recharacterized as a “deemed distribution” pursuant to Articles 119 *et seq.* of the French Tax Code and, therefore, is not subject to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code.

The limitations by the aforementioned tax rules of our ability to deduct interest accrued on our indebtedness may increase our French corporate income tax burden and therefore negatively impact our financial condition, results of operations and future cash flows. For the sake of completeness, the effective French corporate income tax burden may also be increased by an exceptional contribution on corporate profits introduced by the 2025 Finance Law (Article 48). This contribution applies to companies for the fiscal year ending as from December 31, 2025 with a French annual turnover equal to or exceeding €1.0 billion (standalone or within a French tax consolidated group). The contribution is applicable at a rate of 20.6% for turnover between €1.0 billion and €3.0 billion, and 41.2% for turnover of €3.0 billion or more. The contribution is calculated on the average of the French corporate income tax due for the current year and the preceding fiscal year. An advance payment equal to 98% of the estimated contribution is payable together with the last corporate income tax instalment. The 2026 Finance Law (Article 12), extends this contribution for an additional fiscal year, at the same rate but with a starting turnover threshold of €1.5 billion (instead of €1 billion).

We are able to incur substantially more debt under our debt covenants.

We and our subsidiaries are able to incur substantial additional indebtedness. The terms of the Indenture governing the Notes will not prohibit us or our subsidiaries from doing so. Our Revolving Credit Facility provides borrowing capacity of up to €750.0 million, all of which would rank equally with the Notes. If we incur any additional indebtedness that ranks equally with the Notes, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of our company. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Risks Related to the Notes

Claims of the noteholders will be structurally subordinated to claims of creditors of our subsidiaries, and, as a result, in the event of our dissolution or similar event, we may not be able to satisfy your claims after satisfying the claims of the creditors of our subsidiaries.

The Notes offered hereby will not be initially guaranteed by any of our subsidiaries. Accordingly, claims of holders of the Notes will be structurally subordinated to the claims of creditors of our subsidiaries, including trade creditors. As of December 31, 2025, on an as adjusted basis giving effect to this offering and the application of the proceeds therefrom, our subsidiaries would have had 33.5 million of third-party indebtedness outstanding, excluding the impact of IFRS 16 and capitalized financing costs. Upon a liquidation or other similar event, the obligations of our subsidiaries will have to be satisfied before any of the remaining assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to holders of the Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements governing our indebtedness, including a default under our Revolving Credit Facility that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make unusable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest and other ancillary amounts on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including our Revolving Credit Facility), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest and other ancillary amounts, the lenders under our Revolving Credit Facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under our Revolving Credit Facility to avoid being in default. If we breach our covenants under our Revolving Credit Facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our Revolving Credit Facility, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

Although we will be required to offer to repurchase the Notes upon a Change of Control Repurchase Event, we may not have sufficient financial resources to purchase all Notes that are tendered.

Upon the occurrence of a Change of Control Repurchase Event, including the sale, lease or transfer of “all or substantially” all of our and our subsidiaries’ assets, taken as a whole, we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest. However, we may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control offer. Any such failure to repurchase the Notes could constitute a default under the Indenture governing the Notes.

The occurrence of a change of control could also constitute an event of default under our Revolving Credit Facility. Our bank lenders may have the right to prohibit any such purchase or redemption, in which event we will seek to obtain waivers from the required lenders under our Revolving Credit Facility, but may not be able to do so.

You may not be able to enforce judgments obtained in U.S. courts against the Issuer or any of its directors, officers or subsidiaries.

We are incorporated outside the United States. Most of our directors and executive officers are non-residents of the United States. You may be unable to effect service of process within the United States on our directors and executive officers. In addition, as most of our assets and those of our directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters with France. There is, therefore, doubt as to the enforceability in France of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France. In addition, the enforcement in France of any judgment obtained in a New York court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information, see “*Enforceability of Civil Liabilities.*”

There are restrictions on your ability to transfer or resell the Notes, which may have an adverse effect on the value of the Notes.

The Notes are being offered and sold pursuant to exemptions from registration under U.S. and applicable state securities laws. The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and we have not undertaken to effect any exchange offer for the Notes in the future. The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the safe harbor available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. You may transfer or resell the Notes in the United States only in a transaction registered under or exempt from the registration requirements of U.S. and applicable state securities laws. Therefore, you may be required to bear the risk of your investment for an indefinite period of time. Furthermore, we have not registered the Notes under any other country’s securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “*Transfer Restrictions.*”

Your ability to transfer the Notes may be limited by the absence of an active trading market. There is no assurance that any active trading market will develop for the Notes.

The Notes offered hereby are new issues of securities for which there is no established public market, although we have applied to admit the Notes to trading on the Euro MTF market of Luxembourg Stock Exchange.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to make a market in the Notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you that an active market for the Notes will develop or, if developed, that it will continue. Historically, the market for non-investment grade debt has been subject to substantial volatility in the prices of securities similar to the Notes. The market, if any, for the Notes may experience similar volatility. In addition, subsequent to their initial issuances the Notes may trade at discounts from their initial offering price, depending upon prevailing interest rates, the market for similar Notes, our financial and operating performance and other factors.

Your rights as a noteholder will be limited so long as the Notes are issued in book-entry interests.

Owners of the book-entry interests will not be considered owners or holders of the Notes unless and until definitive Notes are issued in exchange for book-entry interests. Instead, the nominee for DTC will be the sole holder of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to DTC none of us, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to DTC, or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including enforcement of security for the Notes. Instead, if you own a book-entry interest, you will be reliant on the nominee (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdictions for tax purposes and the use of this list in the jurisdictions where the Group operates may impact its financial results.

The Council of the European Union adopted on December 5, 2017 its first conclusions on the EU list of noncooperative jurisdictions for tax purposes (the “**Council Conclusions**”) which is composed of two sub-lists (so-called respectively, the “Black List” and the “Grey List” together referred to hereinafter as the “**EU List**”). The EU List was established to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as EU Member States do. The Black List, which shall be updated at least once a year is currently (according to the most recent list as adopted by the Council of the European Union on February 17, 2026) composed of ten jurisdictions (American Samoa, Anguilla, Guam, Palau, Panama, Russia, Turks and Caicos Islands, the United States Virgin Islands, Vanuatu and Vietnam). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria.

Though there is no applicable sanction yet, European Union Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. A French law that aims at fighting tax fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the Non-Cooperative States as defined under Article 238-0 A of the French Tax Code to certain States and jurisdictions included into the Black List. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France (except those referred to in article 238-0 A, 2 bis, 2° of the French Tax Code) and not be deductible for purposes of the computation of the debtor's corporate income tax liability. These provisions apply to such States and jurisdictions as from the first day of the third month following the publication of the order (*arrêté*) including such States and jurisdictions on the list of Non-Cooperative States. The most recent list published by the French government on April 18, 2025 includes Antigua and Barbuda, Turks and Caicos Islands, Anguilla, Vanuatu, as well as (those referred to in Article 238-0 A, 2 bis, 2° of the French Tax Code), Fiji, Guam, the United States Virgin Islands, Palau, Panama, Russia, Samoa, American Samoa, and Trinidad and Tobago.

The liquidity of the market for the Notes may be diminished if the proposed financial transactions tax or any similar tax were adopted.

On February 14, 2013, the European Commission published a proposal for a Directive for a common Financial Transaction Tax (the “FTT”) in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the “Participating Member States”) and Estonia. However, Estonia officially announced its withdrawal from the negotiations and, on March 16, 2016, completed the formalities required to leave the enhanced cooperation on FTT.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances, at a rate of at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a Participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

Certain aspects of the proposal are controversial and, while the proposal initially identified the date of introduction of the FTT across the Participating Member States as being 1 January 2014, this anticipated introduction date has been extended on several occasions due to disagreement among the Participating Member States regarding a number of key issues concerning the scope and application of the FTT.

On October 10, 2016, the European Commission had been tasked with drafting the legislation to be submitted to the Participating Member States in view of reaching a political agreement on the FTT by the end of 2016. However, no agreement has been found between the Participating Member States so far. The Council of the European Union on Economic and Financial Affairs indicated on December 6, 2016 that the ten Participating Member States (excluding Estonia) agreed to pursue the ongoing work and discussions on the main features of the FTT during the first half of 2017. A written answer given by Pierre Moscovici in the European Parliament, speaking on behalf of the European Commission on 8 March 2017, also confirmed that negotiations between Participating Member States on the Commission’s proposal are continuing with a number of key areas still open for discussion. On March 11, 2019, the Participating Member States decided to look at the Franco-German proposal for a tax modeled on an existing French levy “whose primary focus is taxing transactions of domestically issued shares.” In their road map for strengthening the euro area, the two countries said they aim to conclude negotiations swiftly on the levy at EU level. However, no final agreement has been reached yet.

Accordingly, the FTT proposal remains subject to negotiation between the Participating Member States and the scope of such tax is uncertain. It may therefore be altered prior to any implementation, the effective timing of which remains unclear. Additional EU Member States may decide to participate. In June 2023, the European Commission stated that “the prospects of reaching an agreement” [on the FTT] in the future were “limited” adding there was “little expectation that any proposal would be agreed in the short term”. On October 21, 2025, the European Commission announced its intention to withdraw the 2013 enhanced-cooperation FTT proposal, underscoring the continued uncertainty around scope and timing.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

If any similar tax is adopted, transactions on the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Insolvency laws in France could limit your ability to enforce noteholders’ rights under the Notes.

The Issuer is incorporated in France. Consequently, it will be subject to French laws and proceedings affecting creditors, including Article 1343-5 of the French Civil Code (*Code civil*), court-assisted proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-administered proceedings (being safeguard proceedings (*procédure de sauvegarde*), accelerated safeguard proceedings (*procédure de sauvegarde accélérée*), judicial reorganization proceedings (*procédure de redressement judiciaire*), or judicial liquidation proceedings (*procédure de liquidation judiciaire*). In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit the ability of holders of the Notes to enforce their rights under the Notes.

Under Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 (on insolvency proceedings (recast), as amended, in particular, by Regulation (EU) 2018/946 of the European Parliament and of the Council of 4 July 2018 (the “EU Insolvency Regulation”), if a debtor is located in the European Union (other than Denmark), French

courts shall have jurisdiction over the main insolvency proceedings if the debtor's center of main interests (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated in France. The determination of where a debtor has its center of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views. Pursuant to Article 4(1) of the EU Insolvency Regulation, a court requested to open insolvency proceedings is required to examine whether it has jurisdiction pursuant to Article 3 and, pursuant to Article 5(1), such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Article 3(1) of the EU Insolvency Regulation provides that the center of main interests, or "COMI" of a debtor shall be the place where the debtor "conducts the administration of its interests on a regular basis and which is ascertainable by third parties". It sets forth, as explained by Recital (30), a rebuttable presumption that a debtor has its COMI in the Member State in which it has its registered office (in the absence of proof to the contrary). This presumption shall only apply if the debtor's registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings. Recital (30) of the EU Insolvency Regulation provides that it should be possible to rebut this presumption if a debtor's central administration is located in a Member State other than that of its registered office and a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the debtor's actual center of management and supervision and the management of its interests is located in that other Member State. Under the previous EU insolvency regulation (Council Regulation (EC) 1346/2000 of May 29, 2000), which defined the COMI in similar terms, the courts have considered a number of factors in determining a debtor's COMI, including in particular where board meetings are held, the location where the debtor conducts most of its business or has its head office and the location where most of the debtor's creditors are established. A debtor's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If a debtor's COMI, at the time that the request to commence insolvency proceedings is made, is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be commenced in another Member State.

If a debtor's COMI is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence secondary (territorial) insolvency proceedings against that debtor only if such debtor has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State or had an establishment in such EU Member State in the 3-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where the debtor carries out or has carried out in the 3-month period prior to the request to commence main insolvency proceedings a non-transitory economic activity with human means and assets".

When main proceedings have been commenced in the Member State in which the debtor has its COMI, any proceedings commenced subsequently in another Member State in which the debtor has an establishment shall be secondary insolvency proceedings. The effects of such secondary proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. When main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, pursuant to Article 3 (4) of the EU Insolvency Regulation, territorial insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (a) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated under that Member State's law; or (b) the territorial insolvency proceedings are commenced at the request of (i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the commencement of territorial proceedings is requested or (ii) a public authority of the other Member State has the right to make such a request under the law of the Member State in which the establishment is located. Irrespective of whether the insolvency proceedings are main, secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus* (i.e. the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor). Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with its Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

Pursuant to Article 8 of the EU Insolvency Regulation, the commencement of insolvency proceedings in a Member State shall not affect the rights in rem of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights in rem include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage (hypothèque);
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled; and
- a right in rem to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings that will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. Pursuant to Article 21(1) of the EU Insolvency Regulation, the insolvency practitioner appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's COMI is located there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

However, under Article 36 of the EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may attempt to avoid the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened that the distribution of those assets or of the proceeds received as a result of their realization, will comply with the distribution and priority rights that would apply under the relevant national law if secondary insolvency proceedings were opened in such other Member State. Such undertaking must be made in writing and is subject to approval by a qualified majority of known local creditors, determined in accordance with the local law of such other Member State. If approved, the undertaking is binding on the insolvency estate and if a court is requested to open secondary insolvency proceedings, it shall, at the request of the insolvency practitioner in the main insolvency proceedings, refuse to open such proceedings if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Additionally, under Article 38 of the EU Insolvency Regulation, where a temporary stay of individual enforcement proceedings has been granted in order to allow for negotiations between a debtor and its creditors, the court, at the request of the debtor or of the insolvency practitioner in the main insolvency proceedings, may stay the opening of secondary insolvency proceedings for a period not exceeding three months, provided that suitable measures are in place to protect the interests of local creditors.

Under Article 46 of the EU Insolvency Regulation, the court that opened the secondary insolvency proceedings will also stay the process of realization of assets in whole or in part upon receipt of a request from the insolvency practitioner in the main insolvency proceedings, for a period of up to three months, unless such a request is manifestly of no interest to the creditors in the main insolvency proceedings. Such stay may be continued or renewed for similar periods. When the court stays the process of realization of the assets, the court may require the insolvency practitioner in the main insolvency proceedings to take any suitable measure to guarantee the interests of the creditors in the secondary insolvency proceedings and of individual classes of creditors.

The EU Insolvency Regulation provides:

- for cooperation and communication between insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings and, in order to facilitate the coordination of main, territorial and secondary insolvency proceedings concerning the same debtor, for cooperation and communication between (i) courts and (ii) insolvency practitioners and courts;
- for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group;
- that the Member States shall establish and maintain a register of insolvency proceedings; and
- that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

Insolvency proceedings opened (i) pursuant to the European insolvency regulation (main and secondary proceedings) as well as, (ii) conciliation or insolvency proceedings (x) with respect to debtors that exceed (directly or through the companies under their control) (a) 20 million euros of turnover and 250 employees or (b) 40 million euros of turnover or, (y) or with

respect to debtors having their main center of interests within the jurisdiction of such specific courts, are handled by specific bankruptcy courts in France. The court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of this group. Accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same court-appointed administrator for all proceedings in respect of all members of the group.

Following the transposition of the directive 2019/1023 of the European Parliament and the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending European directive 2017/1132 (directive on restructuring and insolvency) into French law by Ordinance No 2021-1193 dated 15 September 2021 (the “Transposition Ordinance”), French insolvency proceedings are significantly modified (particularly with regards to the process of adoption of restructuring plans under insolvency proceedings).

The Transposition Ordinance has entered into force on 1st October 2021, subject to very limited exceptions, and is applicable to insolvency proceedings opened as from the said date.

The Transposition Ordinance has been completed by Decree No 2021-1218 dated 23 September 2021.

Warning procedure (procédure d'alerte)

In order to anticipate a debtor's difficulties to the extent possible, French law provides for warning procedures which takes place in stages. Indeed, if a company is incorporated as a société *anonyme* or when there are elements which they believe are likely to jeopardize the continuity of the company's operations (des faits de nature à compromettre la continuité de l'exploitation), the statutory auditors (commissaire aux comptes) of a company can request the director to provide an explanation for the situation. Upon receipt of the response, or in the absence of a response within 15 days, the statutory auditor informs the president of the relevant court of the warning procedure and may also request to be heard by the said president on the matter (Stage No. 1 of the warning procedure).

At a later stage, and failing a response from the director or appropriate corrective measures, a shareholders' meeting shall be convened and the auditors present a special report on the state of the company (which is also addressed to the social and economic committee) (Stage No. 2 of the warning procedure). Further to the shareholders' meeting, if the statutory auditors consider that the decisions taken do not enable the continuity of the company's operations, statutory auditors must inform the president of the relevant court of the warning procedure and may request to be heard by the president of the relevant court (Stage No. 3 of the warning procedure).

In addition, pursuant to Article L. 611-2 of the French Commercial Code (Code de commerce), where it results from any document or procedure that the continuity of the company's operations is likely to be jeopardized (des faits de nature à compromettre la continuité de l'exploitation), the management of the company may be summoned by the president of the relevant court in order to consider the appropriate measures to improve the situation. As soon as such notice is sent, the president of the relevant court may obtain from the statutory auditors, the social and economic committee and public administrations, among others, information likely to provide an accurate update of the economic and financial situation of the company. When the annual financial statements of the company are not filed within the time limits provided by law, the president of the relevant court may order the management to do so as soon as possible, subject to a fine.

Pursuant to the provisions of Article L. 611-2-1 of the French Commercial Code, the relevant court will also be able to exercise the emergency procedure for debtors subject to its jurisdiction.

Under the warning procedure provided for in Articles L. 234-1, L. 234-2, L. 251-15 and L. 612-3 of the French Commercial Code, if the statutory auditors consider that the situation of the relevant company requires immediate actions, and has determined that the management is refusing to take such actions or is taking insufficient measures, it may inform the president of the relevant court concurrently with its initial report made to the management, to the chairman of the board of directors (conseil d'administration) or to the chairman of the supervisory board (conseil de surveillance), as the case may be. In such case, the statutory auditors may communicate by any means and without delay to the president of the relevant its findings and proceedings, and may produce copies of any relevant documents.

Shareholders representing at least 5% of the share capital and the social and economic committee (or in their absence the employees' representatives) have similar rights.

Similar warning procedures exist for companies not registered as a société *anonyme*, with minor differences in technical details of the procedure.

Grace periods (délais de grâce)

In addition to the insolvency legislation discussed below, holders of the Notes could, like any other creditors, be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations that are due. In addition, if the debtor specifically initiates proceedings thereunder, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to the repayment of the principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge. Creditors cannot contract out of such grace periods.

With respect to grace periods under Article 1343-5 of the French Civil Code, pursuant to Article L.611-7 of the French Commercial Code (*Code de commerce*) in the event of the debtor is put on notice or sued by one of its creditor, or if a creditor has not accepted, by the deadline set by the *conciliateur*, a request made by the latter to suspend payment of its claims, the debtor retains the right to petition the judge having commenced conciliation proceedings for grace periods under Article 1343-5 of the French Civil Code, in the latter case, the judge may defer or reschedule the payment of undue claims for the duration of the *conciliateur's* mission, whereas due claims are deferred in accordance with Article 1343-5 of the French Civil Code.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being implemented, special rules apply to the grant of grace periods (see "*Court-assisted proceedings*" below).

Insolvency test (cessation des paiements)

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (*passif exigible*) with its immediately available and liquid assets (*actif disponible*) taking into account any moratorium which its creditors may have granted as well as any available liquidity reserves (including credit lines).

The date of insolvency (*date de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (*période suspecte*) (as defined below, see "*The hardening period (période suspecte) in judicial reorganization and judicial liquidation proceedings*" below).

Court-assisted proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc/ conciliation*). Mandat ad hoc and conciliation proceedings are informal amicable proceedings carried out under the supervision of the president of the court who appoints a mandataire ad hoc or a conciliateur in order to help the debtor to reach an agreement with the debtor's main creditors and stakeholders e.g., an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings (mandat ad hoc)

Mandat ad hoc proceedings are optional and may only be initiated by the debtor company itself, in its sole discretion, provided that it is not insolvent (see "*Insolvency test*" above) and experiences or anticipates legal, economic or financial difficulties. The proceedings consist of informal negotiations between a company and its major creditors and are confidential by law (save for the disclosure of the court decision appointing the *mandataire ad hoc* to the statutory auditors, if any) and non-binding since the court-appointed officer has no power to force the parties to accept an agreement. They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time but the process usually lasts from one month to one year. The duties of the *mandataire ad hoc* are determined by the president of the court (usually the commercial court, or as the case may be, business courts (*tribunal des activités économiques*)) who appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those dissenting creditors not willing to take part cannot be bound by the agreement nor forced to accept it (no cram-downs can be imposed).

Mandat ad hoc proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those who have accepted to take part in the proceedings usually accept not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "*Grace periods*"). The agreement reached by the parties is reported to the

president of the court but is not formally approved by it. Unlike in conciliation proceedings, the court does not have the power to grant any specific consequences to such agreement. The debtor is not required to inform the social and economic committee of the appointment of the court-appointed officer (*mandataire ad hoc*).

Conciliation proceedings (procédure de conciliation)

Conciliation proceedings are optional and may only be initiated by the debtor itself, in its sole discretion, provided it (i) is not insolvent (see “Insolvency test (cessation des paiements)” above) or has not been insolvent for more than 45 days and (ii) experiences legal, economic or financial nature difficulties, actual or foreseeable (at the time the conciliation proceedings are commenced).

Conciliation proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any, and, if applicable, the homologation of the conciliation agreement). They are carried out under the aegis of a court-appointed *conciliateur*, whose name may be suggested by the debtor itself, under the supervision of the president of the court. The debtor is not required to inform the social and economic committee (if any) of the opening of the conciliation proceedings.

The proceedings may last up to five months (after an initial period of a maximum of four months, upon request of the *conciliateur*, the president of the court may extend the conciliation period up to the absolute maximum of five months). If the debtor intends to have the conciliation agreement approved (*homologué*) or acknowledged (*constaté*), its request must be filed by the end of this five-month period, even though the hearing can take place afterwards, in which case the conciliation period will be extended until the decision of the president of the court or the court itself.

The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners and/or other stakeholders that puts an end to its difficulties, e.g., providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors/stakeholders will be negotiated on a purely consensual and voluntary basis: (i) those dissenting creditors not willing to take part cannot be bound by the agreement nor forced to accept it (no cramdowns can be imposed, unless an accelerated safeguard proceeding (*sauvegarde accélérée*) is subsequently opened), (ii) conciliation proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration and (iii) creditors may not request the opening of insolvency proceedings (*redressement judiciaire* or *liquidation judiciaire*) against the debtor, for the duration of the conciliation proceedings.

Pursuant to Article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period (debt rescheduling for a maximum of two years) in accordance with Article 1343-5 of the French Civil Code (see “Grace periods”), provided that with respect to claims that are already due (i) a creditor has formally put the debtor on notice to pay, or is suing for payment, or (ii) if a creditor does not accept, by the deadline set by the *conciliateur*, a request made by the *conciliateur* to defer payment of his claim. Moreover, if a creditor does not accept, by the deadline set by the *conciliateur*, a request made by the *conciliateur* to defer payment of its unmatured claim, the judge may defer or reschedule the payment of this unmatured claim for the duration of the conciliation proceedings (i.e. a maximum period of five months. The judge will take his or her decision after having heard the *conciliateur* and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings. A joint-debtor and a third party that had previously granted credit support (a guarantee or security interest) with respect to the debtor’s obligations may benefit from grace periods so granted by the judge.

The conciliation agreement reached between the debtor and its creditors and/or trade partners and/or other stakeholders may be acknowledged (*constaté*) by the president of the Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors parties thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the court at the request of the debtor following a hearing held for that purpose, to which the social and economic committee or employee representatives, as the case may be, must be convened, if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor’s insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. The approved conciliation agreement is subject to challenges by third parties (*tierce opposition*) and appeal. Such approval by the court will have the same effect as its acknowledgement (*constatation*) as described above and, in addition:

- the decision of approval by the relevant Civil or Commercial court (or as applicable, business court (*tribunal des activités économiques*)), which should only disclose the amount of any New Money Lien (see below) and the guarantees and security interests granted to secure the same, will be public but the agreement itself

should otherwise remain confidential except vis-à-vis the social and economic committee (or employee representative) that is informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the court;

- persons that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a share capital increase) will enjoy a priority of payment over all pre-commencement and post-commencement claims (subject to certain exceptions including certain pre-commencement or post-commencement employment claims and procedural costs) (the “**New Money Lien**”), in the event of subsequent safeguard proceedings, accelerated safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;
- in the event of subsequent safeguard, accelerated safeguard, judicial reorganization proceedings, the claims benefiting from the New Money Lien may not, without their holders' consent, be rescheduled or written off by a safeguard or reorganization plan (although such claims will not be paid before the safeguard or reorganization plan is adopted) or be affected by a debt-to-equity swap, not even by the classes of affected parties; through a cross-class cram-down;
- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors;
- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see “*Insolvency test*” above), and therefore the starting date of the hardening period (*période suspecte*) (as defined below, see “*The hardening period (période suspecte) in judicial reorganization and judicial liquidation proceedings*”), cannot be set by the Court as of a date earlier than the date of the approval (homologation) of the agreement by the Court (except in case of fraud); and
- the debtor retains the right to issue cheques in accordance with Article L. 611-10-2 of the French Commercial Code.

Whether the conciliation agreement is acknowledged or approved, the president of the court or the court (depending on whether the agreement was acknowledged or approved) may, at the request of the debtor, appoint the *conciliateur*, as a court-nominee to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its performance and while it is in force:

- any individual proceedings by creditors with respect to the claims included in the rescheduling agreement are suspended and/or prohibited;
- interest accruing on the affected claims that are the subject to the conciliation agreement may not be compounded;
- pursuant to Article L. 611-10-1 of the French Commercial Code, the debtor retains the right, during the performance period of a conciliation agreement, to petition the judge having commenced conciliation proceedings to impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or who are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being made after hearing the *conciliateur* if he or she has been appointed as court-nominee to monitor the implementation of the agreement (as the case may be), and taking into account the conditions of its performance; and
- pursuant to Article L. 611-10-2 of the French Commercial Code, a joint-debtor and a third party having previously granted credit support (a guarantee (*sûreté personnelle*) or security interest (*sûreté réelle*)) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted to the debtor in the context of conciliation proceedings and during the performance of the conciliation agreement, pursuant to Article L. 611-10-1 of the French Commercial Code mentioned above.

In the event of a breach of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent safeguard or insolvency

proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees. Nevertheless, pursuant to Article L. 611-10-4 of the French Commercial Code, the termination of the conciliation agreement does not invalidate the provisions the purpose of which is to organize the consequences arising out of the termination of the conciliation agreement.

Conciliation proceedings may also be the first step of:

- Accelerated safeguard proceedings: Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a majority of creditors large enough to render likely to meet the threshold requirements for creditors' consent in accelerated safeguard proceedings, is a mandatory preliminary step of accelerated safeguard proceedings, as described below; or

- Either a so-called "prepack" sale of business: At the request of the debtor and after the participating creditors have been consulted on the matter, *mandat ad hoc* and conciliation proceedings may also be used to organize the partial or total sale of the debtor, in particular through a "plan for the disposal of the business" or "disposal plan" (*plan de cession*) which would be implemented, as applicable, in the context of subsequent safeguard, judicial reorganization or judicial liquidation proceedings. Provided that they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the *conciliateur* may be directly considered by the court in the context of safeguard, judicial reorganization or judicial liquidation proceedings after consultation of the Public Prosecutor.

As a matter of law, two types of contractual provisions are deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end and (ii) any provision forcing the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers whom the creditors have retained in connection with these proceedings.

A statement of all the costs incurred by the debtor is prepared by him, with the conciliator's help and includes:

- (i) the remuneration of the conciliator, if it has already been agreed, or, if not, the conditions of this remuneration as fixed by the president of the court, as well as the remuneration of the *mandataire ad hoc* **if a mandat ad hoc** has immediately preceded the commencement of the conciliation proceedings;
- (ii) the remuneration of any person or expert appointed by the judge or involvement of whom has been requested by the *conciliator*;
- (iii) the fees of the debtor's advisors or those paid by the debtor in the framework of the conciliation proceedings and the *mandat ad hoc* proceedings which may have immediately preceded it; and
- (iv) the fees of the creditor's advisors when they are charged to the debtor.

This statement shall be signed and submitted to the court's clerk by the debtor. Before acknowledging or approving the conciliation agreement, the president of the court or the court checks the filing of this statement with the court clerk.

This cost statement may only be disclosed to the *conciliateur*, the president of the court, the court or the State prosecutor. In the event of the opening of subsequent insolvency proceedings, the court may, ex officio or at the request of the State prosecutor, be provided with the statement.

Where the debtor cannot manage to reach an agreement with its creditors within the maximum time period allotted to court-assisted proceedings, the court will terminate those proceedings. The termination of amicable proceedings does not, in and of itself entail specific legal consequences for the debtor, in particular it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced enduring a three-month period following the termination of the previous ones.

Court-administered proceedings - safeguard

A debtor that experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*), provided that it is not insolvent (i.e. not unable to pay its due debts out of its available assets – see "Insolvency test (cessation des paiements)" above). In particular, as established by case law, to benefit of safeguard proceedings, the debtor must demonstrate that it is experiencing difficulties it is not able to overcome, failing which the court may invite the debtor to request the opening of conciliation proceedings. Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested even if they have a limited right to challenge the court decision commencing the proceedings through a third party appeal (*tierce opposition*).

Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is appointed (except for small companies (which have annual net turnover of less than €3.0 million and employ fewer than 20 employees), where the court considers that such appointment is not necessary) within the list of court-appointed administrators (whose name can be proposed by the debtor or the Public Prosecutor). At the request of the debtor or the Public Prosecutor, or by the Court on its own, two or more administrators can be appointed. The appointment of several court-appointed administrators becomes mandatory when the debtor (i) owns at least three establishments outside the jurisdiction of the court where it is registered, or (ii) holds or controls (as provided by Articles L. 233-1 or L. 233-3 of the French Commercial Code) at least two companies subject to court-administered proceedings, or (iii) is held or controlled (as provided by the same articles) by a company subject to court-administered proceedings, such company itself holding or controlling another company subject to such proceedings, and (iv) generates at least €20.0 million of annual net turnover (for (ii) and (iii)). In case *mandat ad hoc* or conciliation proceedings were commenced in the eighteen months preceding the commencement of court-administered proceedings, the Public Prosecutor can object to the appointment of *the mandataire ad hoc* or *conciliateur* as court-appointed administrator. The administrator is appointed to investigate the business of the debtor during an “observation period” (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to twelve months (a first six month period which can be renewed once at the request of either the debtor, the court-appointed administrator or the Public Prosecutor). The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circularize to its creditors (or submit to the classes of affected parties – see below) that may include a partial sale of the business. Creditors or Equity Holders (as defined below) do not have effective control over the proceedings, which remain in the hands of the debtor, assisted by the court-appointed administrator. The court-appointed administrator will either, in accordance with the terms of the judgment appointing him or her, exercise ex-post facto control over decisions made by the debtor (mission de surveillance) or assist the debtor with making some or all of the management decisions (*mission d’assistance*), under the supervision of the court.

A supervisory judge (*juge-commissaire*) and a creditors’ representative (*mandataire judiciaire*) are also appointed at the beginning of the proceedings, alongside the court-appointed administrator. Disposal decisions that fall outside the scope of the ordinary course of business, as well as decisions considered to be important under statute, require the prior approval of the supervisory judge (e.g. granting security interests or settling disputes). The supervisory judge can appoint one to five controllers (*contrôleurs*) among the creditors who have filed a request, provided they meet certain conditions (in particular no affiliation to the debtor). Controllers (*contrôleurs*) assist the creditors’ representative in his functions and the supervisory judge in his duty of supervising the progress of the court-administrated proceedings. In order to protect creditors’ interests and under certain conditions, the controllers may act in the interests of the creditors when the creditors’ representative fails to take sufficient action.

If, after commencement of the proceedings, it appears that the debtor was insolvent (see “Insolvency test (cessation des paiements)” above) before their commencement, at the request of the debtor, the court-appointed administrator, the creditors’ representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings or, where reorganization is manifestly impossible, into judicial liquidation proceedings.

In addition, pursuant to Article L. 622-10 of the French Commercial Code, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period, if the debtor is insolvent or (b) in case no safeguard plan was approved by the relevant classes of affected parties and if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end, or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible.

The court may decide on the conversion upon its own initiative or at the request of the debtor, the court-appointed administrator, the creditors’ representative or the Public Prosecutor, save in the case of (i) (b) above, where:

- the court may not act upon its own initiative; and
- the court’s decision is only taken after having heard the debtor, the court-appointed administrator, the creditors representative, the creditors of the debtor appointed by the supervisory judge as controller (if any), the Public Prosecutor and the employee representatives designated by the social and economic committee (if any).

As soon as safeguard proceedings are commenced and pursuant to Article L. 624-20 of the French Commercial Code, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Ordinance No. 2021-1193, dated September 15, 2021, created a new post money privilege as an incentive for new financings granted to debtors in the context of safeguard or reorganization proceedings (the “**Post Money Lien**”).

The Post Money Lien applies exclusively to proceedings commenced from October 1, 2021. The Post Money Lien also applies in the event of an amendment to the safeguard plan or reorganization plan adopted in proceedings commenced before May 22, 2020.

The Post Money Lien applies to all new cash contributions made, with the exception of those made through a share capital increase, by any person: during the observation period in safeguard and judicial reorganization proceedings, or the temporary continuation of business operations in judicial liquidation proceedings:

- in order to ensure the continuity of debtor's business and its sustainability during the observation period, in which case such cash contributions must be authorized by the supervisory judge and are published; or
- for the implementation of the safeguard or reorganization plan, i.e. within the plan as approved or amended by the court, and for the purposes of its performance, it being specified that both the draft plan on which the affected parties are called upon to vote and the judgment must mention all claims benefiting from the privilege, as well as the relevant amounts.

Claims benefiting from the Post Money Lien enjoy a priority of payment over pre-commencement and post-commencement claims (subject to certain exceptions including certain pre-commencement or post-commencement employment claims, procedural costs, claims benefiting from the New Money Lien as defined above and pre-commencement claims secured by a real estate security interest (in judicial liquidation proceedings only)) in the event of on-going or subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings. The Post Money Lien may not benefit to shareholders as part of a share capital increase, nor (directly or indirectly), secure any financing provided prior to the commencement of the proceedings.

Such claims may not be termed-out or written-off by a safeguard or reorganization plan without the consent of the relevant creditors (although such claims will not be paid before the safeguard or reorganization plan is adopted) in subsequent safeguard proceedings or judicial reorganization proceedings or judicial liquidation proceedings.

Once safeguard proceedings have been commenced, there will be an automatic stay on certain claims. Payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the safeguard proceedings provided they do not relate to expenses necessary for the debtor's business activities during the observation period, are not for the requirements of the proceedings, or in consideration of services rendered or goods delivered to the debtor during this period, is prohibited, subject to very limited exceptions. These exceptions essentially cover the set-off of related debts (compensation pour dettes connexes), payments authorized by the supervisory judge to recover assets (retrait contre paiement) (whether they are pledged, retained by a creditor based on a retention right (droit de rétention) or constitute collateral in a trust estate (patrimoine fiduciaire)) for which recovery is justified by the continued operation of the business, to exercise the purchase option (option d'achat) under a financial lease, or to pay a carrier (transporteur) requesting payment directly from the debtor (see "*Status of creditors during safeguard, accelerated safeguard, judicial reorganization or judicial liquidation proceedings*" below).

In addition, creditors are required to declare to the creditors' representative the debts that arose prior to the commencement of the proceedings (as well as the post-petition non privileged claims) must file a proof of claim with the creditors' representative within two months (this period is extended to four months for creditors domiciled outside metropolitan France) of the publication of the court decision commencing the proceedings in the official gazette "Bulletin Officiel des Annonces Civiles et Commerciales" (by exception, the deadline starts upon receipt of an individual notification for those creditors whose claim arose out of a published contract or who benefit from a published security interest), and are prohibited from engaging any court proceedings against the debtor for any payment default in relation to such debts. Creditors whose claims or securities have not been submitted during the relevant period, or claims that are not deemed filed with the creditors' representative, are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings and their unasserted claims are unenforceable (inopposables) during the safeguard plan and even after the plan if the obligations under the plan have been complied with. Employees are not subject to such limitations and are preferred creditors under French law. Also, the accrual of interest on loans with a term of less than one year (or on payments deferred for less than one year) is stopped.

Debts duly arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the requirements of the proceedings, or which are incurred in consideration for services rendered or goods delivered to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions), provided that they are duly made known, as the case may be, to the court-appointed administrator, the creditors' representative or the court-appointed agent in charge of the supervision of the implementation of the plan (commissaire à l'exécution du plan) within one year of the end of the observation period. This automatic stay does not apply to claims secured by a security interest conferring a retention right,

claims assigned by way of the assignment of professional receivables (Daily assignment (cession Dailly)) secured by a trust (*fiducie*).

Creditors (and, if applicable, Equity Holders) must be consulted on the manner in which the debtor's liabilities will be settled under the plan (debt write-offs, payment terms or debt-for-equity-swaps) prior to the plan being approved by the court. The rules governing consultation vary according to the size of the business. Liabilities to be taken into account in the draft plan shall include, provided that they are established on the basis of a certificate prepared by a chartered accountant or the statutory auditor, those claims admitted and not challenged as well as those "identifiable".

Standard consultation: for debtors which have (on the date of the petition for commencement of the proceedings) (i) less than 250 employees and less than an annual net turnover of €20.0 million, or (ii) less than an annual net turnover of €40.0 million. This also applies in respect of debtors which own or control other entities within the meaning of Articles L. 233-1 and L. 233-3 of the French Commercial Code, who fall below these thresholds. If so requested by the debtor and with the consent of the supervisory judge, creditors may also be subject to the class-based consultation.

In the framework of a standard consultation, the court-appointed administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the debt write-offs, debt-for-equity swaps and payment schedules proposed. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at the consultation stage. According to legal commentaries and established practice, in the absence of a specific legislative prohibition, differing treatment as between creditors is possible, provided that it is justified by the specific position of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of the claim over a shorter time period instead of a full payment of such claim over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen years).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

No debt rescheduling or debt write-offs shall be imposed upon: (i) employee claims, (ii) claims benefiting from the New Money Lien or the Post Money Lien, and (iii) claims not exceeding €500. Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity-swap which requires the relevant creditor's individual acceptance in writing) made to them in writing are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the safeguard plan (*plan de sauvegarde*) can impose on them a uniform rescheduling of their claims (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien or the Post Money Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no write-off of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be at least 5% of the amount of each claim and from the sixth year onwards at least 10% of the claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he or she been paid in accordance with the uniform payment rescheduling applying to the other creditors.

If the draft plan provides for a modification of the share capital or the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual applicable legal provisions relating to quorum and majority shall apply.

If the plan provides for a share capital increase, the shareholders may pay up their subscription to such share capital increase by way of a set-off against their admitted claims against the debtor (as such claims may be reduced according to the provisions of the plan).

If the court adopts a safeguard plan, it can set a time-period (which cannot exceed the duration of the plan) during which the assets that it deems to be essential to the continuation of the business of the debtor may not be disposed of without the court's consent.

The plan adopted by the court may be modified during its implementation. However, when the modification is substantial and relates to the terms and conditions of the discharge of liabilities, the interested parties are consulted by registered letter with acknowledgment of receipt sent by the court clerk. Such interested parties shall answer to this consultation no later than 21 calendar days following the receipt. Failure to respond shall constitute acceptance of the proposed changes, except if they relate to debt write-offs or debt-to-equity swaps.

Class-based consultation: This applies to large companies with, on the date of the petition for the commencement of the proceedings (i) at least 250 employees and an annual net turnover of at least €20.0 million, or (ii) with an annual net turnover of at least €40.0 million, in both cases on a standalone basis, or together with other entities they hold or control, within the meaning of Articles L. 233-1 and L. 233-3 of the French Commercial Code, or, in the case of a debtor that does not meet the aforementioned thresholds, upon said debtor's request and with the consent of the supervisory judge.

Are considered as "affected parties" (i) any creditors whose rights are directly affected by the restructuring plan, or (ii) any members of the extraordinary general meeting or the meeting of shareholders, the special meetings mentioned in Articles L. 225-99 and L. 228-35-6 of the French Commercial Code and of the general meetings of the masses referred to in Article L. 228-103 if their shareholding in the debtor's capital, the debtor's articles of association, or such stakeholder's rights are modified by the draft plan (the "**Equity Holders**"). Please note that a decision of the Versailles Court of Appeal, dated 22 June 2023, no 23/03276 in the Orpea matter, ruled that holders of notes giving future access to the share capital (such as notes convertible into shares) are deemed to be creditors for the purposes of the proceedings if they have not converted their bonds into equity by the date of the commencement of the proceedings.

Only the affected parties can vote on the draft plan.

The affected parties shall inform the court-appointed administrator (*administrateur judiciaire*), within 10 days from receipt of the notice sent by the court-appointed administrator or the publication of such notice inviting the affected parties to notify the existence of any intercreditor or subordination agreement entered into before the commencement of the proceedings, of any such intercreditor or subordination. Failing this, these agreements are unenforceable towards the proceedings.

The composition of the classes of affected parties are determined in light of the claims and rights arising prior to the date of the judgment commencing the proceedings. The court-appointed administrator divides the affected parties into classes, which reflect sufficient commonality of economic interest, based on objective and verifiable criteria, provided that the following conditions are satisfied:

- creditors holding security interests in rem (*sûretés réelles*) over the debtor's assets, for their so secured claims, and unsecured creditors are divided into separate classes;
- composition of classes complies with subordination and intercreditor agreements entered into before the commencement of the proceedings;
- Equity Holders and creditors are treated as separate classes; and
- creditors that share sufficient commonality of economic interest will be in the same class and shall benefit from equal treatment under the plan; claims arising under employment contracts (including the French wage guarantee scheme (AGS claims)), pension rights acquired under a professional retirement scheme and essential needs claims (*créances alimentaires*) shall not be affected by the plan and are therefore excluded from the class-based consultation.

At least 21 days before the date of the vote on the draft plan, the court-appointed administrator must submit to each affected party the rules governing the class formation criteria and the voting rights with respect to the class or classes to which affected parties belong and the claims or rights that enable them to cast a vote. The amount of the claims taken into account shall be the amount indicated by the debtor and certified by its statutory auditor or, where no statutory auditor has been appointed, established by its chartered accountant. In the case of affected parties which are beneficiaries of a trust (*fiducie*) set up as a guarantee by the debtor, only the amounts of their claims not guaranteed by such a security shall be taken into account. Where there is an indexation clause, the amount of interest remaining due on the date of the judgment commencing the proceedings is calculated at the rate applicable on the date of that judgment. Foreign currency receivables are converted into euros at the exchange rate on the date of the judgment. In the event of disagreement, each affected party, the debtor, the Public Prosecutor, the creditors' representative or the court-appointed administrator can challenge the rules governing the class formation criteria or the voting rights before the supervisory judge (*juge-commissaire*), within 10 days from the notification or publication of such rules.

As a general matter, only the legal owner of the debt claim will be invited onto the class of affected parties. Accordingly, a person holding only an economic interest therein may not itself be a member of a class of affected parties (e.g.

book entry interest holder). However, the right of an affected party to vote within a class being attached to its pre-commencement claim, it is assigned as a right alongside the claim itself notwithstanding any contrary clause.

The supervisory judge must rule on such challenge within 10 days of the referral date. In the absence of a decision by the supervisory judge in the 10 days period, the matter may be referred to the court. Appeal against the supervisory judge's decision (or the court's decision as the case may be) has to be filed within 5 days of his/her order's notification to the parties. The court of appeal then has 15 days to rule (however, this deadline may not always be strictly observed in practice, as illustrated by the Orpea matter, where the court of appeal delivered its ruling 38 days after the judgment of the court, without this constituting a general rule). There is no possibility to submit a challenge before the French Supreme Court.

The debtor, with the assistance of the court-appointed administrator, is in charge of preparing the draft plan. The draft plan shall be sent to the classes of affected parties for a vote. Affected parties may not submit alternative draft plans. The draft plan may, in particular, provide for rescheduling or cancellation of debts and/or debt-for-equity swaps. Where the thresholds applicable to specialized commercial courts are not met (i.e. debtors which have, on the date of the petition for commencement of the proceedings, (i) less than 250 employees and less than an annual net turnover of €20.0 million, or (ii) less than an annual net turnover of €40.0 million), the debtor's Equity Holders which are affected by the draft plan can make a non-monetary contribution to the restructuring (e.g. by providing their experience, reputation or professional contacts). The classes of affected parties must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened by the supervisory judge upon request from the debtor or the court-appointed administrator but may never be shorter than 15 days. The plan must be approved by a majority vote of each class of affected parties (two-thirds of the votes held by the members casting a vote).

The class or classes of Equity Holders vote in accordance with the provisions applicable to either extraordinary general meetings, shareholders' meetings and special meetings or bondholders' general meetings, as the case may be, except that the decision is taken at the same two-third majority. Within a class, the vote on the adoption of the draft plan may be replaced by an agreement which, after consultation with its members, has received the approval of two-thirds of the voting rights.

When each class has adopted the draft plan, the court rules upon it and verifies that the following conditions, as set forth in Article L. 626-31 of the French Commercial Code, are met:

- the plan has been adopted in accordance with the rules regarding the affected parties and their classification into classes;
- the affected parties sharing a sufficient communality of interest within the same class benefit from equal treatment and are treated in proportion to their claim or right;
- all affected parties have been duly notified of the plan;
- if some affected parties have voted against the draft plan, none of these affected parties is to be in a less favorable situation because of the plan than the one it would have been in if it were applied in either of (i) the order of priority for the distribution of the assets in judicial liquidation proceedings via a piecemeal process or by sale as a going concern (plan de cession), or (ii) a better alternative if the plan were not to be approved (the "Best Interest of Creditors Test"); and
- where applicable, any new financing is necessary to implement the plan and does not excessively affect the interests of the affected parties.

The court may refuse to approve the plan if it does not offer a reasonable prospect of avoiding the debtor's insolvency or of ensuring the viability of the business. The court must check that the interests of all creditors are "sufficiently protected".

The judgement adopting the plan renders the plan enforceable against all (including the affected parties who did not vote or voted against the adoption of the plan).

As for plans adopted through a standard consultation, if the plan provides for a share capital increase, the shareholders may pay up their subscription to such share capital increase by way of a set-off against their admitted claims against the debtor (as such claims may be reduced according to the provisions of the plan).

If the plan is not approved by the required majority of each class of affected parties, it may be approved (*arrêté*) by the court at the request of the debtor or the court-appointed administrator with the agreement of the debtor and be imposed on the parties that voted against the draft plan ("**Cross-Class Cram-Down**"), where the plan meets the following conditions, as set forth in Article L. 626-32 of the French Commercial Code:

- the plan complies with the conditions for the adoption of the plan by the court mentioned above;

- the plan has been approved by:
 - (i) a majority of the classes of affected parties entitled to vote, including at least one class of secured creditors or a class ranking higher than the class of unsecured creditors; or, if such condition is not met,
 - (ii) by at least one of the classes of affected parties entitled to vote, other than a class of Equity Holders or any other class which, after determination of the value of the debtor as a going concern, it may reasonably be assumed it would not be entitled to any payment or keep any interest, if the order of priority of creditors for the distribution of the assets in judicial liquidation proceedings or of the sale plan (plan de cession) were applied;
- the claims of a dissenting class of affected creditors shall be paid in full (by identical or equivalent means) before a more junior class receives any distribution or keeps any interest under the restructuring plan (the “absolute priority rule”). However, at the request of (i) the debtor or (ii) the court-appointed administrator with the agreement of the debtor, the court may decide to deviate from the application of the absolute priority rule where such deviations are necessary in order to achieve the aims of the restructuring plan and where such restructuring plan does not excessively prejudice the rights or interest of any affected party. In particular, claims of the debtor’s suppliers of goods or services, the Equity Holders and claims arising from the debtors’ tort liability may receive special treatment;
- under the safeguard plan, no class of affected parties may receive or retain more than the total amount of its claims or interests;
- if one or more dissenting classes of Equity Holders have been formed and have not approved the plan, this plan can be imposed on them provided that:
 - the formation of classes of affected parties was compulsory regarding the thresholds met by the debtor (i.e., at least 250 employees and an annual net turnover of at least €20.0 million or with an annual net turnover of at least €40.0 million at the group level);
 - it may reasonably be assumed, after determination of the value of the debtor as a going concern, that the dissenting classes of Equity Holders would not be entitled to any payment or retain any interest if the order of priority of creditors for the distribution of the assets in judicial liquidation proceedings or of the sale plan (plan de cession) were applied;
 - if the draft plan provides for a share capital increase subscribed in cash (including by way of set off with payable claims), the shares to be issued are offered in preference to the existing shareholders, in proportion to the part of the share capital represented by the shares they hold; and
 - the plan does not provide for the sale of all or part of the rights of the dissenting class or classes of Equity Holders (only forced dilution is possible).

The decision of the court shall constitute approval of the changes to the shareholding structure or to the rights of the Equity Holders or to the articles of association provided for in the plan. The court may appoint an agent to carry out the acts necessary for the implementation of these amendments.

As for plans adopted through a standard consultation, if the court adopts a safeguard plan, it can set up a time-period (which cannot exceed the duration of the plan) during which the assets that it deems to be essential to the continuation of the business of the debtor may not be disposed of without the court’s consent.

At the latest within 10 days from the vote of the classes on the draft plan, any affected party having voted against the draft plan and considering that:

- the Best Interest of Creditors Test criterion has not been met;
- the condition relating to the adoption of the draft plan by at least one of the classes of affected parties entitled to vote (other than a class of Equity Holders or any other class which, after determination of the value of the debtor as a going concern, it is reasonable to assume it would not be entitled to any payment, if the order of priority of creditors for the distribution of the assets in judicial liquidation proceedings payment in a judicial liquidation was applied (whether in the event of a piecemeal sale or, a court-ordered sale plan)) has not been met; or

- in the event of a cross class-cram-down on Equity Holders, the condition relating to the debtor's value criterion has not been met (i.e. it is reasonable to assume, after determining the value of the debtor as a going concern, that the Equity Holders of the dissenting class or classes would not be entitled to any payment or retain any interest if the order of priority of creditors for the distribution of the assets in judicial liquidation proceedings was applied (whether in the event of a piecemeal sale or, of a court-ordered sale plan));

may petition the court to dispute the same. Following a hearing and after receiving the Public Prosecutor's opinion, the court will, in the same decision, determine the value of the debtor (in respect of which the court is entitled to order the appointment of an expert) and rule on compliance with the aforementioned conditions and on the adoption of the plan.

The decision made by the court regarding the adoption of the plan may be appealed under the ordinary procedure within 10 days from its notification by any affected party that initially challenged the class vote, the debtor, the court-appointed administrator, the creditors' representative or the public prosecutor (or of its communication if the appeal was lodged by the Public Prosecutor). The decision of the court of appeal may be challenged before the French Supreme Court.

In case of failure to adopt the plan in safeguard proceedings, the alternatives are either the termination of these proceedings or the conversion into judicial reorganization proceedings if the end of the safeguard proceedings would certainly lead the debtor to shortly becoming insolvent.

Specific case - Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt write-offs under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also agree the assignment of the priority on a lien or a mortgage, or to release of such security interests. Public creditors examine possible debt write-offs within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax authorities may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Where the plan provides for debt write-offs or rescheduling affecting secured public creditors' claims, the court-appointed administrator can decide to gather those public creditors within a class (or classes) of affected parties called upon to vote on the proposed plan.

Court-administered proceedings - accelerated safeguard

A debtor that is engaged in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) if the following conditions are met:

- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- the debtor must not have been insolvent for more than 45 days when it initially requested the commencement of conciliation proceedings;
- as it is the case for safeguard proceedings, the debtor must face difficulties that it cannot overcome;
- its financial statements must have been certified by an auditor or drawn-up by a chartered accountant; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern which is supported by enough affected parties involved in the proceedings to render its adoption by the relevant classes of affected parties likely within a maximum of two months, extendable for two months, following the commencement of accelerated safeguard proceedings.

The debtor may request the limitation of the scope of the accelerated safeguard proceedings to its financial creditors only, if the nature of its indebtedness is such that a plan could be adopted by such creditors alone.

If the debtor does not meet the thresholds for the constitution of classes of affected parties (see above), the court must order such formation in the decision commencing the proceedings.

The opening of accelerated safeguard proceedings only has effects with regards to the affected parties, i.e. those parties directly affected by the draft safeguard plan prepared by the debtor in the context of its conciliation proceedings.

When the debtor's accounts show that the nature of the indebtedness makes it likely that a plan will be adopted only by creditors having the status of finance companies, credit institutions and equivalent (i.e. those institutions (i) referred to in Articles L. 511-1 and L. 518-1 of the French Monetary and Financial Code (*Code monétaire et financier*), (ii) operating under

the freedom establishment or the freedom to provide services in the territory of the States parties to the agreement on the European Economic Area mentioned in Book V of the French Monetary and Financial Code and (iii) any other entity with which the debtor has entered into a credit transaction, the «Financial Institution»), as well as by all holders of a claim acquired from them or from a supplier of goods or services and, where applicable, bondholders, the debtor may request the commencement of accelerated safeguard proceedings, the effects of which are limited to these creditors. In such case, creditors that are not concerned by the procedure are therefore not affected by the plan. Such creditors will neither be subject to majority rules, nor to the rescheduling or cancellation of their debts.

The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard proceedings apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. The other creditors' debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The accelerated safeguard proceedings have been designed to “fast track” the safeguard proceedings. The regime applicable to accelerated safeguard proceedings is roughly similar to the regular safeguard proceedings, to the extent compatible with the accelerated timing in accelerated safeguard proceedings. Therefore, some provisions relating in particular to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard proceedings.

The regime applicable to standard safeguard proceedings in relation to the constitution of classes of affected parties is broadly applicable to accelerated safeguard proceedings (for example, affected parties will be consulted by way of a class-based consultation on a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) and affected parties may not prepare alternative draft plans as described above (see “*Class-based consultation*”), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is four months (provided the court has decided to extend the initial two-month period).

However, certain provisions relating to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard proceedings.

The plan in the context of accelerated safeguard proceedings is adopted following the same majority rules as in standard safeguard proceedings when classes of affected parties are set up and may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent).

If a plan is not adopted by the affected parties and approved by the court within the applicable deadlines, the court shall terminate the proceedings. If the debtor then becomes insolvent, it must file for judicial reorganization (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

The court cannot reschedule amounts owed to the creditors outside of the class-process and, in particular, cannot impose a term-out. The list of claims (which shall also mention the subordination agreements communicated to the debtor by the creditors prior to the opening of the proceedings) of affected parties to the conciliation proceedings established by the debtor and certified by the statutory auditor or the chartered-accountant shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings, unless the affected parties otherwise elect to make such a filing (see “*Status of creditors during safeguard, accelerated safeguard, judicial reorganization or judicial liquidation proceedings*” below).

Court-administered proceedings - Judicial reorganization proceedings (procédure de redressement judiciaire)

Judicial reorganization (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*) may be initiated against (i.e. by the Public Prosecutor or by a creditor, whether secured or unsecured and regardless of the amount of its claims) or by a debtor only if it is insolvent and, with respect to judicial liquidation proceedings only, if the debtor's recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or judicial liquidation proceedings within 45 days of becoming insolvent if it does not file for conciliation proceedings. If it does not, de jure managers (including directors) and, as the case may be, de facto managers, are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of judicial liquidation proceedings which it determines to be the most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), a controller, the Public Prosecutor or upon its own

initiative, the court may convert judicial reorganization proceedings into liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. In all cases, the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the controllers, the Public Prosecutor and the social and economic committee (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, and pursuant to Article L. 624-20 of the French Commercial Code, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization proceedings, a court-appointed administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months (instead of a maximum of 12 months under safeguard proceedings), and make proposals either for the reorganization of the debtor (by helping the debtor to elaborate a draft judicial reorganization plan, which is similar to a safeguard plan) or, unlike safeguard proceedings, if it appears that a reorganization plan is not possible, the sale of the business (which will occur through an open bid process organized by the court-appointed administrator) or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings, subject to certain specificities.

As in safeguard proceedings, the draft reorganization plan may be adopted by affected parties classes (mandatory for companies (i) with at least 250 employees and an annual net turnover of at least €20.0 million, or (ii) with an annual net turnover of at least €40 million on a standalone basis, or together with other entities they hold or control, within the meaning of Articles L. 233-1 and L. 233-3 of the French Commercial Code, or, in the case of a debtor that does not meet the aforementioned thresholds, upon the debtor's request and with the consent of the supervisory judge, as mentioned for safeguard proceedings).

In particular, the rules relating to creditor consultation (either following a standard consultation or a class of affected parties-based consultation), especially the powers of the court adopting the judicial reorganization plan (*plan de redressement*) in the event of rejection by the creditors of proposals made to them, are similar, subject to certain exceptions including:

- if the debtor does not meet the required thresholds, the authorization to form classes of affected parties may also be requested from the supervisory judge by the court-appointed administrator, without the debtor's approval (in addition to being requested by the debtor);
- any affected party may also submit an alternative draft plan which shall be reported on by the court-appointed administrator and shall be submitted, together with the draft reorganization plan proposed by the debtor, to the vote of the classes of affected parties, provided that such alternative draft plan has been submitted to the debtor and the court-appointed administrator at least 15 days before the date of the vote on the draft plan;
- if the draft reorganization plan or the plan provides for a change in the equity structure or share transfers, prior approval clauses (*clauses d'agrément*) are deemed null and void;
- if the classes of affected parties do not approve the reorganization plan, it may be approved (*arrêté*) by the court at the request of the debtor, the court-appointed administrator (with the debtor's consent), or any affected party and be imposed on the classes that voted against the draft plan (the "**Cross-Class Cram-Down**"), where the plan meets the conditions of the Cross-Class Cram-Down mechanism; and
- if the reorganization plan is not adopted by the classes of affected parties or according to the Cross-Class Cram-Down mechanism, the ability to impose a new plan according to the classic individual consultation (see "Standard consultation" above), and impose payment terms by the court is possible (following individual consultation, the court can impose a term-out plan on dissenting creditors for up to ten years).

At any time during the observation period, the court can, at the request of the debtor, the appointed administrator, the creditors' representative (*mandataire judiciaire*), the Public Prosecutor, any controller or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In addition, Ordinance No. 2021-1193, dated September 15, 2021 modified, the judicial reorganization proceedings to provide for the new Post Money Lien (as defined and detailed above see "*Court-administered proceedings- safeguard*").

In judicial reorganization proceedings, in the framework of individual standard consultation, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by

Article L. 626-3 of the French Commercial Code, the court-appointed administrator may appoint a court officer (*mandataire*) to convene a shareholders' meeting and to vote the restoration of the shareholders' equity up to the amount proposed by the court-appointed administrator on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business in accordance with the process for a sale of the business described below.

In judicial reorganization proceedings if (i) the company (a) has at least 150 employees, or (b) controls (within the meaning of the French Commercial Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and to local employment pool and (iii) the modification of the company's share capital seems to be the only credible way to avoid harm to the national or regional economy and to the employment pool and allows the continued operation of the business as a going concern, following the review of the options for a total or partial sale of the business, and at the request of the court-appointed administrator or the Public Prosecutor, if at least three months have elapsed as from the court decision commencing the proceedings, provided that the shareholders meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholders' meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the company and request that their shares be simultaneously purchased by the transferees. Any consent clause (*clause d'agrément*) is deemed unwritten.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court which may not exceed the duration of the reorganization plan.

If no draft reorganization plan is prepared or if the draft reorganization plan appears obviously incapable of restoring the debtor's viability, the court may decide to adopt a disposal plan, i.e. a plan whereby all or part of the business is sold to a third party which can cherry-pick the assets, contracts and employees, without (subject to certain exceptions) the need to obtain the consent of either the debtor, the creditors or the other party to certain contracts. If such a disposal plan is adopted, the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of their claims. The sale price is generally significantly lower than the aggregate value of the assets, bearing in mind that the courts would endorse the most credible offer that would best ensure the preservation of jobs.

Judicial liquidation proceedings (procédure de liquidation judiciaire)

The objectives of these proceedings is to liquidate the debtor and end its activities, by selling its business, either as a whole or per branch of activity or asset by asset. The activity is ended from the commencement of proceedings, except if a sale of all or part of the business is feasible. In such a case, the court authorises the debtor to continue its activity during a maximum period of three months (renewable once) to implement such a sale.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator (*liquidateur*), which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings, nor does the law limit their duration (except with respect to simplified judicial liquidation proceedings (*procédure de liquidation judiciaire simplifiée*) as see below). The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order of payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in possession.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes of such liquidation scenario, both of which are decided by the court without a vote of the creditors:

- a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) and organize such sale of the business as a going-concern via an asset sale, known as a “sale plan” (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor’s business;
- as part of the bids submitted to the court, the third-party purchaser can cherry-pick assets (including the real estate assets, jobs, and contracts) without the liabilities pertaining to them (with exceptions). The price offered for the transferred assets (including the real estate assets) is usually at a significant discount compared to their *in bonis* market value. The court will tend to favor a credible sale plan, which ensures the sustainability of the business as a going concern, and the preservation of jobs, over the payment of creditors;
- subject to certain exceptions, the court can judicially impose such a sale plan on creditors, including secured creditors and mortgagees as a general principle, the payment of the purchase price operating to release their security interests. By way of exception:
 - a purchaser is obliged to continue to pay the remaining instalments due to creditors having granted financing for the acquisition of assets, used as collateral for such creditors and included in the sale of the business plan, provided that such creditors have filed their claims. In this case, the debtor is released from the payment of these remaining installments;
 - the purchaser will be able to exercise the purchase option under a financial lease only if the outstanding amounts under such lease are repaid (but within the limit of the value of the leased asset as set by agreement between the parties or, failing such agreement, by the court); and
 - only those secured creditors benefitting from a retention right (which is the case for pledges over inventory or certain types of pledges over shares, but not mortgages over real estate assets for example) would be entitled to retain their security interest over the asset on which they have such right (and therefore in practice prevent its sale) until being repaid in full of their claim so secured or unless reaching an agreement with the relevant parties.

Third-party purchasers may also submit combined bids in respect of all or part of the business of several debtors subject to insolvency proceedings, in particular when the key assets are located in different legal entities subject to insolvency proceedings. Again, the price offered for the transferred assets could be significantly less than their *in bonis* market value:

- separate sales of the individual assets of the debtor, in which case the supervisory judge (*juge commissaire*) may decide to:
 - judicial adjudication (*adjudication judiciaire*) through a judicial sale before the enforcement judge (*juge de l'exécution*);
 - amicable adjudication (*adjudication amiable*) through a sale before the notary (*notaire*) (for real estate assets only);
 - launch auction sales (*vente aux enchères*);
 - sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received (the formal authorization of the supervisory judge being necessary to conclude the sale agreement with the bidder); or
 - request, under the supervision of the supervisory judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However, the possibility to implement such process is questioned by certain legal authors and case law in this respect has varied.

If the court adopts a reorganization plan or a sale plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

Secured creditors benefiting from a pledge (*gage / nantissement*) are entitled to enforce their security interest through a court-monitored allocation process (*attribution judiciaire*) (i.e. request the court to transfer ownership of the pledged assets). In any case, secured creditors benefiting from a pledge or a mortgage are entitled to enforce their security interest if the liquidator has not commenced selling the asset subject to the pledge or mortgage within three months from the judgment commencing the liquidation proceedings.

The court will end the proceedings when (a) there are no remaining due liabilities and the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or (b) the continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets or in the event where there are insufficient funds to pay off the creditors, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The court may also commence simplified judicial liquidation proceedings (*procédure de liquidation judiciaire simplifiée*) for small debtors, i.e. those with no real property assets, five employees or fewer, and an annual turnover of less than €750,000. Simplified judicial liquidation proceedings is both a simplified proceedings (the supervisory judge verifies only those claims ranking for distribution (i.e. claims able of being paid)) and an accelerated proceedings (the court shall close the proceedings within six months of their commencement, or within one year of commencement for the debtor with more than one employee and an annual turnover of at least €300,000). The court may extend the duration of the proceedings by a further three months. In all cases, the court may convert the proceedings into classic judicial liquidation proceedings.

The hardening period (période suspecte) in judicial reorganization and judicial liquidation proceedings

The date of insolvency (*date de cessation des paiements*) of a debtor is deemed to be the date of the court decision commencing proceedings, unless, in this decision or a subsequent one, the court sets an earlier date, which may be no earlier than 18 months before the date of such court decision. Also, except in the case of fraud, the date of insolvency may not be set at a date earlier than the date of the final court decision that approved an agreement (homologation) in the context of conciliation proceedings. The date of insolvency is important because it marks the beginning of the hardening period (*période suspecte*), being the period from the date of insolvency of the debtor to the court decision commencing the judicial reorganization or judicial liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are (i) automatically void by the court (the court must declare these transactions void on petition by the court-appointed administrator, the creditor's representative, the court-appointed agent in charge of the supervision of the implementation of the plan, or the Public Prosecutor) or (ii) voidable by the court (subject to the court's discretionary decision on petition by the court-appointed administrator, the creditors' representative, the court-appointed agent in charge of the supervision of the implementation of the plan, or the Public Prosecutor):

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the reciprocal obligations of the other party, payments of debts not due at the time of payment, payments of debts that are due not made in cash, wire transfer, remittance of negotiable instruments, Daily assignment of receivables or any other means commonly used in the ordinary course of business, deposits of cash or monetary instruments ordered by a court decision that has not yet become final to serve as bond or as a precautionary measure in accordance with Article 2350 of the French Civil Code (*Code civil*), contractual security interest or contractual rights of retention constituted on the debtor's assets or rights guaranteeing debts having previously incurred (unless they replace a security interest having at least the same nature and perimeter and with the exception of the Daily assignment of a claim provided for in Articles L. 313-23 et seq. of the French Monetary and Financial Code, made in performance of a framework agreement concluded prior to the date of insolvency), for debts having previously incurred, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), any grant, exercise, or resale relating to stock options made under Article L. 225-177 et seq. of the French Commercial Code, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to Article L. 526-1 of the French Commercial Code., any statutory mortgage attached to judgments of condemnation constituted over the assets of the debtor for debts previously incurred and any assignment (or change in the assignment of the assets) resulting in the impoverishment of the debtor's assets to the benefit of another debtor's estate.
- Transactions that are voidable by the court include:
 - payments of debts due and transactions for consideration; and

- administrative seizure measures (*saisies administratives*), seizures of intangible property (i.e. payment claims, receivables) (*saisie-attribution*) and oppositions;
in each case, if such actions are made during the hardening period, and the party dealing with the debtor knew that the debtor was insolvent at the relevant time;
- transactions relating to the transfer of assets for no consideration and notarized declarations of exemption of assets from seizure pursuant to Article L. 526-1 of the French Commercial Code when entered into during the six-month period prior to the beginning of the hardening period.

Unlike automatically void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only “voidable”.

Third party rights, including bona fide third parties, can be affected by those avoidance provisions.

There is no hardening period prior to successful safeguard or accelerated safeguard proceedings.

Extension of insolvency proceedings

French law provides that, upon the petition of the debtor, the State prosecutor, the court-appointed administrator, the creditors’ representative, the controllers or the liquidator, the insolvency proceedings of a company may be extended to another company, so that their respective assets and liabilities will be treated as belonging to one single insolvency estate, if (i) the debtor is deemed “fictitious,” i.e. a sham, or (ii) the debtor “commingled its assets and liabilities” with another entity, as a result of (a) a generalized disorder in its accounts (i.e. either it proves impossible to determine which assets and liabilities belong to each of them), or (b) the existence of “abnormal financial relationships” (e.g. transfers of assets or funds without consideration).

Status of creditors during safeguard, accelerated safeguard, judicial reorganization or judicial liquidation proceedings

Contractual provisions pursuant to which the commencement of the proceedings, or the insolvency of the debtor triggers the acceleration of the debt or the termination or cancellation of an ongoing contract (or, more generally, that would reduce the debtor’s rights or increase its obligations) are not enforceable against the debtor. Nor are “contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of judicial reorganization proceedings” (in accordance with a decision of the French Supreme Court (*Cour de cassation*) dated January 14, 2014, No. 12-22.909 regarding a judicial reorganization proceedings and in accordance with a decision of the French Supreme Court dated February 22, 2017, No 15-15.942 regarding a safeguard proceedings, which case law is likely to be extended to accelerated safeguard proceedings). However, except in accelerated safeguard proceedings and judicial liquidation proceedings where the continued operation of the business has not been ordered by the court, the court-appointed administrator can unilaterally decide to terminate (or not) ongoing contracts (*contrats en cours*) (except for employment contracts). The continuation of ongoing contracts requires that the debtor fully performs its contractual obligations arising after the commencement of the insolvency proceedings. Hence, the court-appointed administrator can terminate ongoing contracts if it believes the debtor will not be able to continue to perform. The court-appointed administrator can, conversely, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that the debtor fully performs its post-commencement contractual obligations (and provided that, in the case of reorganization or judicial liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of judicial liquidation proceedings, however, automatically accelerates the maturity of all of a debtor’s obligations unless the court orders the continued operation of the business with a view to the adoption of a “disposal plan” (*plan de cession*) (which it may do for a period of three months, renewable once), in which case the acceleration of the obligations will only occur on the date of the court decision adopting the disposal plan for the sale of the business or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment which is deferred by at least one year (however, accrued interest can no longer be compounded);
- the debtor is prohibited from paying debts incurred (i) prior to the date of the court decision commencing the proceedings, or (ii) after the commencement of the proceedings provided they were not incurred for the requirements of the proceedings, or of the observation period, or in consideration of services rendered or goods provided to the debtor during this period, with certain limited exceptions, which essentially cover the set-off of related (*connexes*) debts, payments authorized by the supervisory judge (*juge-commissaire*) to recover assets (whether they are pledged, retained by a creditor based on a retention right or constitute collateral in a security

trust estate (*patrimoine fiduciaire*) for which recovery is justified by the continued operation of the business, to exercise the purchase option under a financial lease, or to pay a carrier requesting payment directly from the debtor;

- debts duly arising after the commencement of the proceedings and that were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien or a Post Money Lien), provided that they are duly brought to the attention of the court-appointed administrator or, failing one, the creditors' representative (*mandataire judiciaire*), or, should they both have ceased to be in office, the court-appointed agent in charge of the supervision of the implementation of the plan or the liquidator within one year of the end of the observation period;
- creditors (or beneficiaries of a security interest over tangible asset granted by a third-party to secure the debt of the debtor) may not initiate or pursue any individual legal action against the debtor or against a guarantor of the debtor where such guarantor is a natural person with respect to any claim arising prior to the court decision commencing the proceedings in the framework of a safeguard, an accelerated safeguard or a reorganization proceedings, if the objective of such legal action is:
 - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);
 - to terminate a contract for non-payment of pre-opening amounts owed to the creditor; or
 - to enforce the creditor's rights against any assets of the debtor, including if such assets secure third party debt, except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset (whether tangible or intangible, movable or immovable) is located in another EU Member State within the European Union, in which case the rights in rem of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation (provided no secondary proceedings are commenced in such EU Member State). Similarly, the rights of a creditor on the debtor's assets located outside France and the EU would only be affected by the French insolvency proceedings if they were to be recognized by the local courts where the assets at stake are located (unless provided otherwise in a treaty to which France is a party).
- any increase to the base of a contractual security interest or a contractual retention right, by any means whatsoever, by adding or supplementing assets or rights, in particular by registration of securities or proceeds supplementing the securities registered in a pledged securities account) is prohibited; any contrary provision, in particular relating to the transfer of future assets or rights of the debtor not yet in existence on the date of the judgment commencing the proceedings, will be held unenforceable as from the date of commencement of the proceedings; by exception, the increase in the base of a contractual security interest may however validly result from an assignment of professional receivables (Daily assignment) pursuant to a master agreement entered into before commencement of the proceedings or from other specific contrary provisions of the French Commercial Code regarding restructuring and insolvency, the French Monetary and Financial Code (*Code monétaire et financier*) or the French Insurance Code (*Code des assurances*); and
- in the context of judicial reorganization or judicial liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrats en cours*), will be required.

A natural person that is the guarantor of the debtor may avail itself of the provisions of a safeguard or of a judicial reorganization plan.

In accelerated safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings. Debts owed to creditors that are not within the scope of the proceedings continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in metropolitan France whose claims and securities arose prior to the commencement of proceedings (as well as the post-commencement non-privileged claims) must file a proof of claim with the creditors' representative within two months (this period is extended to four months for creditors domiciled outside metropolitan

France) of the publication of the court decision commencing the proceedings in the official gazette “*Bulletin officiel des annonces civiles et commerciales*” (by exception, the deadline starts upon receipt of an individual notification for those creditors whose claim arose out of a published contract or who benefit from a published security interest).

Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two- or four-month period referred to above starts to run as from their maturity date. Creditors whose claims or securities have not been submitted during the relevant period, or claims that are not deemed filed with the creditors’ representative, are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

In addition, the holder of a security interest in rem granted by the debtor to secure the debt of a third party must also file a statement of claim with the creditors representative under the same conditions.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors’ representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors’ representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors’ representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the supervisory judge (*juge-commissaire*) rules on the admissibility of the claim. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard proceedings, however the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors (or its chartered certified accountant). Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months’ time limit). Creditors that did not take part in the conciliation proceedings would have to file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a plan for the sale of the business (*plan de cession*) of the debtor whether partial (within the frame of safeguard, judicial reorganization or judicial liquidation proceedings) or total (within the frame of judicial reorganization or judicial liquidation proceedings), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator (usually the former creditor’s representative) in charge of selling the assets of the debtor and settling its debts in accordance with their ranking. However, in practice, where the sale of the business is considered, the court will usually appoint a court-appointed administrator to manage the debtor during the temporary continuation of the business operations and to organize the sale of the business process.

French insolvency legislation assigns priority to the payment of certain preferred creditors, including employees, post-commencement legal costs (essentially, court official fees), creditors who benefit from a New Money Lien or a Post Money Lien, post-commencement privileged creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. This order of priority does not apply to all creditors, for example it does not apply to creditors benefiting from a retention right over assets with respect to their claim related to such asset.

Creditors’ liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor on the following grounds (and may only be held liable on those grounds) provided that such grant was itself wrongful and if the relevant creditor (i) committed a fraud, or (ii) wrongfully interfered (*immixtion caractérisée*) with the management of the debtor or (iii) obtained security or guarantees taken to support the facilities being disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

If a creditor has repeatedly interfered in the company’s management, it can be deemed a de facto manager of such company. In such case, Article L. 651-2 of the French Commercial Code provides that, if judicial liquidation proceedings have been commenced against the debtor, such creditor being deemed de facto manager may be liable bearing the excess of liabilities over the company’s assets, along with the other managers (whether de jure or de facto), as the case may be, if it is established that their mismanagement has contributed to the company’s shortfall of assets. If such conditions are met, French courts will

decide whether the managers should bear all or part of the shortfall amount. However, the liabilities of the company shall not be borne by the managers in case of “simple negligence”.

Fraudulent Conveyance (action paulienne)

French law contains specific provisions dealing with fraudulent conveyance (action paulienne) both in and outside of insolvency proceedings. The action paulienne offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor can be challenged in or outside insolvency proceedings of the relevant person by, as the case may be, the creditors’ representative or the court-appointed agent in charge of the supervision of the implementation of the plan of the relevant debtor, or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if:

- (i) the claim is certain in accordance with Article 1341-2 of the French Civil Code;
- (ii) the person performed such acts without an obligation to do so;
- (iii) the creditor concerned or, in the case of the debtor’s insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and
- (iv) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person’s creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration, in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance.

If a court found that the issuance of the Notes or the granting of a guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes or the granting of such guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor that lodged the claim in relation to the relevant act. As a result of such successful challenges, the noteholders may not enjoy the benefit of the Notes, the guarantees and the value of any consideration that the noteholders received with respect to the Notes and the guarantees could also be subject to recovery from the noteholders and, possibly, from subsequent transferees. In addition, under such circumstances, the noteholders might be held liable for any damages incurred by our or the guarantors’ prejudiced creditors as a result of the fraudulent conveyance.

USE OF PROCEEDS

The gross proceeds from the issuance of the Notes offered hereby is \$750.0 million, before deducting estimated fees and expenses incurred in connection with the offering of the Notes.

We intend to use the gross proceeds of this offering to: (i) redeem our outstanding Senior Notes due 2027; (ii) repay amounts outstanding under our Revolving Credit Facility; (iii) fund cash to our balance sheet for general corporate purposes; and (iv) pay fees and expenses related to the Notes offering.

The following table sets forth the sources and uses of funds in connection with the offering:

Sources of Funds	(in \$ millions)	Uses of Funds	(in \$ millions)
Notes offered hereby	750.0	Redemption of the Senior Notes due 2027 ⁽¹⁾	350.0
		Repay amounts outstanding under our Revolving Credit Facility ⁽²⁾	317.3
		Fund cash to balance sheet ⁽³⁾	82.7
Total Sources	750.0	Total Uses	750.0

- (1) Represents the amount necessary to redeem the Senior Notes due 2027 (excluding the payment of accrued interest).
- (2) Represents the amount necessary to fully repay amounts outstanding under the Revolving Credit Facility (excluding the payment of the accrued interest thereon). As of December 31, 2025, €143.0 million was outstanding under our Revolving Credit Facility. As of March 12, 2026, €270.0 million was outstanding under our Revolving Credit Facility, such amount presented in this table in USD calculated using the average of the daily closing exchange rates for the euro and U.S. dollars given by the Banque de France index over the applicable twelve-month period, which as of December 31, 2025 was \$1.1750 to €1.00. As of the Issue Date, after giving effect to the offering and the use of proceeds, our Revolving Credit Facility will be undrawn and €750.0 million will be available for borrowing.
- (3) Represents amounts that will be used to fund general corporate purposes and to pay the estimated aggregate financing and other professional fees and expenses in connection with the offering of the Notes.

This offering is not conditioned upon the redemption of the Senior Notes due 2027. This offering memorandum is not a notice of redemption of the Senior Notes due 2027. Any redemption of the Senior Notes due 2027 is made solely by the notice of redemption delivered pursuant to the indenture for the Senior Notes due 2027.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of the Issuer, as derived from our audited consolidated financial statements as at and for the year ended December 31, 2025, on an actual basis and on an adjusted basis to give effect to the issuance of the Notes offered hereby and the application of the proceeds thereof as described under “Use of Proceeds” and certain subsequent events described below.

This table should be read in conjunction with “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited consolidated financial statements as at and for the year ended December 31, 2025, and notes thereto, included elsewhere in this offering memorandum.

	As of December 31, 2025	
	Actual	As adjusted ⁽¹⁾
	(in € millions)	
Cash and cash equivalents plus cash management financial assets ⁽²⁾⁽⁶⁾	498.5	568.9
Total debt (including current portion):		
Revolving Credit Facility ⁽³⁾	143.0	—
Senior Notes due 2027 ⁽⁴⁾⁽⁶⁾	297.9	—
Senior Notes due 2029 ⁽⁵⁾	350.0	350.0
Senior Notes due 2030 ⁽⁵⁾⁽⁶⁾	297.9	297.9
Senior Notes due 2032 ⁽⁵⁾	550.0	550.0
Notes offered hereby ⁽⁶⁾⁽⁷⁾	—	638.3
Other SNF Group indebtedness ⁽⁸⁾	318.3	318.3
Subsidiary indebtedness ⁽⁹⁾	33.5	33.5
Lease liabilities	64.3	64.3
Other	2.1	2.1
Total debt (including current portion)	2,057.0	2,254.4
Total shareholders’ equity	2,911.1	2,911.1
Total capitalization	4,968.1	5,165.5

- (1) As adjusted column gives effect to the issuance of the Notes offered hereby and the application of the proceeds thereof. As of December 31, 2025, €143.0 million was outstanding under our Revolving Credit Facility. As of February 28, 2026, €280.0 million was outstanding under our Revolving Credit Facility, and an additional €17.5 million of subsidiary debt has been drawn since January 1, 2026 under a local revolving credit line. We intend to use approximately \$317.3 million of proceeds from the offering due to €10 million already reimbursed by March 12, 2026 (excluding the payment of the accrued interest thereon) to fully repay all amounts outstanding under our Revolving Credit Facility. As of the Issue Date, after giving effect to the offering and the use of proceeds, our Revolving Credit Facility will be undrawn and €750.0 million will be available for borrowing.
- (2) As adjusted cash does not take into account fluctuations in cash following December 31, 2025, other than adjustments to give effect to the offering of the Notes.
- (3) As of the Issue Date, after giving effect to the offering and the use of proceeds, our Revolving Credit Facility will be undrawn and €750.0 million will be available for borrowing. See “Description of Other Indebtedness—Revolving Credit Facility.”
- (4) The Senior Notes due 2027 will be repaid in full with the proceeds of the offering of the Notes offered hereby. This offering is not conditioned upon the redemption of the Senior Notes due 2027. This offering memorandum is not a notice of redemption of the Senior Notes due 2027. Any redemption of the Senior Notes due 2027 is made solely by the notice of redemption delivered pursuant to the indenture for the Senior Notes due 2027. See “Description of Other Indebtedness—Senior Notes due 2027 and Senior Notes due 2030.”
- (5) The Senior Notes due 2029, the Senior Notes due 2030 and the Senior Notes due 2032 will not be redeemed with the proceeds of the offering of the Notes offered hereby and will remain outstanding in full. See “Description of Other Indebtedness—Senior Notes due 2029,” “Description of Other Indebtedness—Senior Notes due 2027 and Senior Notes due 2030,” and “Description of Other Indebtedness—Senior Notes due 2032.”
- (6) Amounts have been translated at \$1.1750 to €1.00, which is the closing exchange rate for the euro and U.S. dollars given by the Banque de France as of December 31, 2025.
- (7) Represents the aggregate principal amount of the Notes offered hereby, without giving effect to issuance costs.
- (8) Represents the amount outstanding under the EIB Loan and other indebtedness of the SNF Group as of December 31, 2025.
- (9) Represents borrowings by SNF HC, SNF (China) Flocculant Co. (“SNF China”), Limited, SNF (UK) Limited (“SNF UK”) and SNF India Private Limited (“SNF India”) pursuant to several term loans and other bank financings, working capital facilities at our Japanese subsidiary and several small working capital facilities at our other subsidiaries. Some of these financings are secured by our or our subsidiaries’ property, equipment or receivables. For additional information on our other indebtedness, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Notes, Senior Credit Facilities and Other Indebtedness—Other Indebtedness.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum.

We believe we are the world's largest producer by revenue and volume of polyacrylamide, or "**PAM**," a water-soluble specialty chemical used in water treatment, oil and petroleum applications (including enhanced oil recovery, or "**EOR**"), mineral extraction, pulp and paper manufacturing and other industries. PAM has a broad variety of industrial and commercial uses as a flocculant, which facilitates the separation of suspended solids from water, as a viscosity modifier, which alters the thickness of liquids, and as a drag reducer, which decreases the pressure drop along a segment of pipe. In addition to PAM, of we estimate we produced 58% of global output in 2025 and from which we generated approximately 82% of our 2025 revenue, we also produce and sell related specialty chemicals such as coagulants, which are used primarily in water treatment, and monomers. We also sell dispersants, which are used in the paper, household products and mining industries; mining reagents, which are used in the minerals processing industry; and equipment that facilitates the utilization of PAM. For the year ended December 31, 2025, we had revenue of €4,603.5 million and EBITDA of €816.5 million.

We operate our business through four geographic zones: EMEA (Europe, the Middle East and Africa), North America, Latin America and Asia Pacific. Our revenue by geographic zone as a percentage of total revenue for the years ended December 31, 2023, 2024 and 2025 are set forth in the table below:

	Year Ended December 31,		
	2023	2024	2025
Revenue			
EMEA	24%	25%	24%
North America	41%	40%	41%
Latin America	9%	9%	10%
Asia Pacific	26%	26%	25%

Factors Affecting our Business

Raw Material Costs

We are exposed to commodity price risks relating to raw materials and supplies, which accounted for approximately half of our purchases and changes in stock and other charges in 2025. Many of our raw materials are derived from propylene, a petroleum derivative. We purchase raw materials from a variety of sources through multi-year contracts (typically indexed on propylene prices). Propylene has historically been subject to significant price increases, driven in part by increases in petroleum prices and also by increased demand, without a comparable increase in the supply of propylene. Supply and demand for propylene can also, at times, vary by region. We have taken, steps in recent years to mitigate the risk of increasing raw material prices by (i) regularly increasing prices of our products, in order to pass on raw material price increases to customers, and (ii) changing customer billing cycles, so that raw material price increases can be passed on to customers at the time the products are delivered to customers and not at the time they place their orders. We have also negotiated pricing arrangements with customers to permit regular increases in prices to reflect increases in raw material costs.

As a result, increases in raw material prices can be passed on to customers more quickly than in the past. Petroleum prices and propylene prices are subject to significant volatility. At the beginning of 2022, the war between Russia and Ukraine intensified the already rising cost pressures from 2021, which had been driven by increased demand following the COVID-19 pandemic. Propylene prices remained particularly high in Europe and the United States, leading to multiple price hikes in both regions. Although prices started to decline in May 2022, they remained elevated in Europe. This decline was offset by soaring energy prices in the third quarter of 2022, particularly in Europe, where another price increase was introduced in October. By late November 2022, China lifted its zero-COVID policy after months of strict enforcement. In 2023 and 2024, propylene prices in Asia averaged 27% below European levels and 13% below U.S. prices, reflecting ample supply in Asia, stable but elevated costs in Europe, and significant price volatility in the United States. In 2025, European propylene prices averaged 47% above both Asian and U.S. levels, reflecting the continued challenges faced by the European chemical industry amid persistently high costs and subdued demand. In the United States, production was not disrupted by Winter Storm Fern, which impacted Northern Mexico, the Southern and Northeastern United States and Canada in late January 2026. As a result, the propylene market is entering the first quarter of 2026 with a cautiously optimistic outlook. In Asia, propylene prices strengthened in January 2026, driven by outages in the on-purpose propylene sector, solid polypropylene market conditions, and firmer energy and feedstock prices across the region.

We will continue to face some delays in passing on any raw material price increases to our customers because not all of our customer contracts allow such price increases. For example, with respect to our water treatment contracts with municipalities, we typically agree to a fixed price contract over a set period of time, often one year. We however have a very large number of municipal contracts, which are renewed throughout the year, thus enabling us to progressively adapt to market prices.

End User Demand

We have long-term contracts with some of our customers, especially in the oil industry. We typically receive orders for our products and deliver them within two to four weeks of the order being made. Customers may not order our products at regular intervals during the year, as they may draw upon their own inventories for longer periods of time. We tend to shift production from one product to another to fulfill customer orders. As a result, there can be short term fluctuations in sales from one product line compared to another, due to these variations in order flow. While we have significantly increased the prices of our products over the last eight years, we have not experienced a lower demand for our products. Our products are typically critical or necessary products for our customers and there are currently no cost-effective substitutes available. Moreover, our products typically represent a small portion of end users' cost of goods sold, so price increases of our products have less financial impact on these end users.

Foreign Exchange Exposure

Our global operations expose us to currency exchange rate fluctuations, affecting our sales in countries with local currencies other than the euro and subjecting us to translation effects arising from differences between the reporting currency of our consolidated financial statements and the functional currency of certain subsidiaries. For the year ended December 31, 2025, 83% of our revenues were generated in non-euro currencies, particularly the US dollar, British pound, Brazilian real, Japanese yen, South Korean won, and Chinese yuan renminbi. A significant portion of these foreign currency sales is conducted by our subsidiaries in their functional currency, which does not create transactional exchange rate risk at their level. However, our financial results remain linked to the conversion of these subsidiaries' financial results from local currencies to euro.

The main sources of our transactional foreign exchange risk arise from invoicing flows between Group companies when products or services are billed or purchased in a currency other than their functional currency. This includes export flows from production subsidiaries in Europe, the United States and China, which typically invoice in their functional currency or in US dollars rather than the local currency of the sales subsidiaries. Additionally, we are exposed to import flows of goods from external suppliers who invoice us in US dollars. These factors contribute to translation currency effects that significantly impact the valuation of assets held outside the eurozone and liabilities denominated in non-euro currencies.

While selling products in one currency and incurring manufacturing costs in another may create further exposure, we believe that our global presence helps mitigate these risks. This is because we maintain substantial manufacturing operations in our three key sales regions—North America, Europe, and Asia—where we often incur costs in the same currency in which we generate sales.

Relationships with Distributors

Our operating results are influenced by the different distribution channels we use, as their varying margins can impact profitability. Approximately 24% of our sales come from around 750 distributors, who provide broad market coverage through an extended sales force. However, distributor sales typically have lower gross margins than direct sales and rely on the performance of individual distributors. Additionally, we generally have non-exclusive agreements with these distributors, who offer technical assistance and on-site service to end users. As a result, our performance may be affected by shifting market trends in regions where these distributors operate. Many of them also often service niche markets, such as boiler and cooling water applications. Rather than specializing in PAM products, these distributors are general chemical suppliers who package our products with other chemical products to on-sell them to end users. Our results of operations may therefore also be affected by the market and size in which the distributor operates.

Industry Trends

Generally, the demand for our products in the municipal water treatment market is quite stable and relatively insensitive to economic cycles.

Our products are used by end users in a variety of industrial end markets, which vary in their sensitivity to changes in the general economic environment. The market for the PAM we sell for eventual use in the mining industry, for example, is driven by demand for mining products. Recently, this industry has increased its demand significantly, although such demand in this market has historically been cyclical. Similarly, demand for oil and gas products, especially in the fracking industry, and pulp and paper products will also affect the demand for our products that end users in each of these respective industries use.

The remainder of our sales is to markets such as the cosmetics and personal care, textiles and agriculture markets, which are also characterized by less cyclical.

The market for EOR has a long time horizon, as decisions by end users to use the EOR polymer injection process, given the large capital commitment required, results in a long term need for our product by such end users, thus demand for EOR products is not likely to be cyclical.

Despite the challenging economic conditions in 2009 and the sharp drop in oil prices in 2015, our sales volume declined by only 3% and 1%, respectively, highlighting the stability of our markets, while we also increased revenue and EBITDA during the economic downturns of 2020 (post-COVID-19) and 2022–2023 (amid rising inflation and interest rates). We have also increased our EBITDA to over €800.0 million since 2023, due to large price increases introduced in 2022.

Critical Accounting Policies and Estimates

Our significant accounting policies or changes in accounting policies are summarized in the notes to our audited consolidated financial statements included herein. See Note 2 to our financial statements as of and for the year ended December 31, 2025 included in this offering memorandum. We prepare our consolidated financial statements in conformity with IFRS (as adopted by the European Union).

Basis of Presentation

We calculate the effect of forex or foreign exchange in any period by calculating the foreign exchange rate translation of the financial results of each of our affiliates which report in currencies other than euro by converting these results from their local currency into euro at the end of each quarter. These foreign exchange rate translations are calculated: (i) for income statement items, using the average of the daily closing exchange rates given by the Banque de France index over that period; and (ii) for balance sheet items, using the closing exchange rate given by the Banque de France index exchange rates for that period. We measure the effect of foreign exchange rate translation in any period, and calculate our constant currency results, by converting the financial results of our affiliates which report in currencies other than euro into euro at the exchange rates applicable to the preceding comparable period.

We calculate the effect of volume changes on revenue in any particular period by calculating the difference between the revenue actually achieved in the preceding comparable period and that which would have been recorded if the volume for the period in question had been sold at a price equal to the average daily price for the preceding comparable period. We calculate the effect of price changes on revenue in any particular period by calculating the difference between the revenue actually achieved and that which would have been recorded if the volume for the period in question had been sold at the mix price structures applicable to our customers for the preceding comparable period.

Consolidated Results of Operations

The following table summarizes our consolidated results of operations for the years ended December 31, 2023, 2024 and 2025.

	Year Ended December 31,		
	2023	2024	2025
	<i>(in € millions, except percentages)</i>		
Consolidated Income Statement Data⁽¹⁾			
Revenue	4,518.9	4,713.5	4,603.5
Raw materials and transportation costs.....	(2,678.1)	(2,763.6)	(2,653.9)
Gross profit	1,840.9	1,949.9	1,949.6
% Revenue	40.7%	41.4%	42.4%
Manufacturing costs.....	(860.3)	(942.6)	(1,027.5)
% Revenue	19.0%	20.0%	22.3%
Marketing & distribution expenses.....	(175.0)	(199.3)	(214.2)
Research and development expenses.....	(62.7)	(63.8)	(70.5)
General & administrative expenses	(125.1)	(153.2)	(168.8)
Selling, general & administrative expenses	(362.8)	(416.4)	(453.5)
% Revenue	8.0%	8.8%	9.9%
EBIT⁽²⁾	617.8	591.0	468.6
% Revenue	13.7%	12.5%	10.2%
Depreciation and amortization	284.0	309.4	348.0
EBITDA⁽³⁾	901.8	900.3	816.5
% Revenue	20.0%	19.1%	17.7%
Non-recurring income/(loss).....	(63.7)	(34.9)	(27.5)

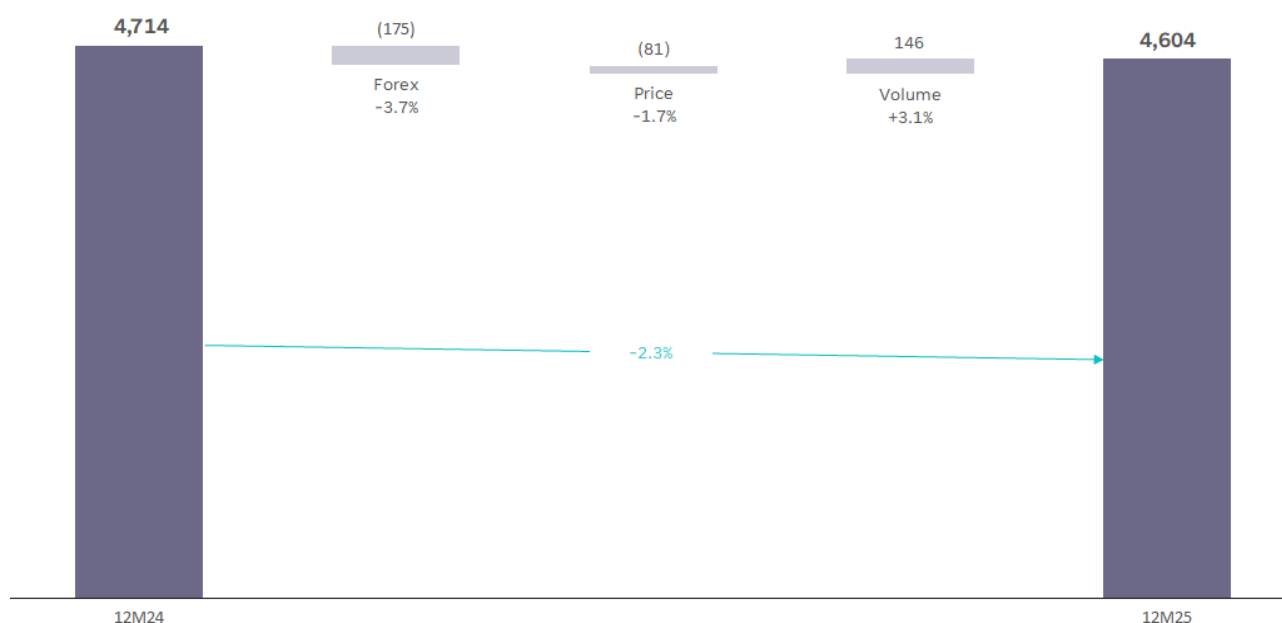
Financial result.....	(63.5)	(94.6)	(97.0)
Share in profit or loss of associates	0.6	0.8	1.2
Income tax	(117.8)	(130.2)	(73.8)
Income after tax	373.4	332.1	271.4
Net income – attributable to non-controlling interest	(8.1)	(6.3)	(4.9)
Net Income – attributable to the Group	365.3	325.8	266.5
% Revenue	8.1%	6.9%	5.8%

- (1) The figures presented in this table are extracted from the Issuer's consolidated financial statements that are included elsewhere in this offering memorandum.
- (2) EBIT corresponds to Recurring operating income.
- (3) EBITDA is defined as EBIT (Recurring operating income) plus depreciation, amortization and changes to provisions. EBITDA is not a recognized measurement under IFRS, and you should not consider it an alternative to the applicable IFRS measurements.

Year ended December 31, 2025 compared to the year ended December 31, 2024

Revenue

Revenue decreased by €110.0 million, or 2.3%, from €4,713.5 million for the year ended December 31, 2024 to €4,603.5 million for the year ended December 31, 2025. Foreign exchange rate translation had a negative impact of approximately 3.7% on our revenues, primarily due to the depreciation of the US Dollar, Chinese Renminbi, Korean Won, and Indian Rupee versus the Euro. Despite this, our total growth in constant currency was 1.4%, driven by a 3.1% increase in volume, which offset a 1.7% decrease in price. The following graph breaks down the growth in revenue from 2024 to 2025 (in € millions):



Raw Materials and Transportation

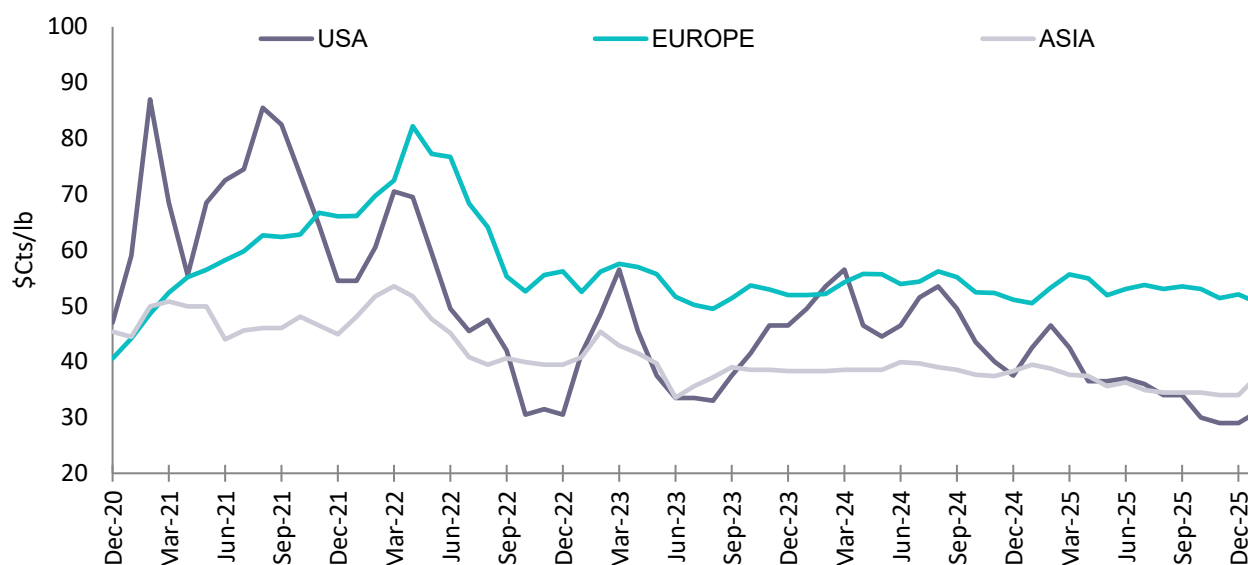
Raw materials and transportation costs decreased by €109.7 million, or 4.0%, from €2,763.6 million for the year ended December 31, 2024 to €2,653.9 million for the year ended December 31, 2025. As a percent of revenue, raw materials and transportation costs were 58.6% in 2024, compared to 57.7% in 2025.

Gross Profit

Gross profit decreased by €0.3 million from €1,949.9 million for the year ended December 31, 2024 to €1,949.6 million for the year ended December 31, 2025. As a percentage of revenue, gross profit margin was 42.4% in 2025, compared to 41.4% in 2024.

	Year Ended December 31,	
	2024	2025
	(in € millions, except percentages)	
Revenue.....	4,713.5	4,603.5
Gross profit.....	1,949.9	1,949.6
Gross profit margin (% revenue).....	41.4%	42.4%

The following graph illustrates the evolution of propylene prices, our main feedstock, since December 2020.



At the beginning of 2022, the war between Russia and Ukraine intensified the already rising cost pressures from 2021, which had been driven by increased demand following the COVID-19 pandemic. Propylene prices remained particularly high in Europe and the United States, leading to multiple price hikes in both regions. Although prices started to decline in May 2022, they remained elevated in Europe. This decline was offset by soaring energy prices in the third quarter of 2022, particularly in Europe, where another price increase was introduced in October. By late November 2022, China lifted its zero-COVID policy after months of strict enforcement. In 2023 and 2024, propylene prices in Asia averaged 27% below European levels and 13% below U.S. prices, reflecting ample supply in Asia, stable but elevated costs in Europe, and significant price volatility in the United States.

In 2025, European propylene prices averaged 47% above both Asian and U.S. levels, reflecting the continued challenges faced by the European chemical industry amid persistently high costs and subdued demand. In the United States, production was not disrupted by Winter Storm Fern, which impacted Northern Mexico, the Southern and Northeastern United States and Canada in late January 2026. As a result, the propylene market is entering the first quarter of 2026 with a cautiously optimistic outlook. In Asia, propylene prices strengthened in January 2026, driven by outages in the on-purpose propylene sector, solid polypropylene market conditions, and firmer energy and feedstock prices across the region.

Manufacturing costs

Manufacturing costs increased by €84.9 million, or 9.0%, from €942.6 million for the year ended December 31, 2024 to €1,027.5 million for the year ended December 31, 2025. As a percent of revenue, manufacturing costs increased to 22.3% for the year ended December 31, 2025, compared to 20.0% for the year ended December 31, 2024.

Marketing & distribution expenses

Marketing & distribution expenses increased by €14.9 million, or 7.5%, from €199.3 million for the year ended December 31, 2024 and to €214.2 million for the year ended December 31, 2025. As a percent of revenue, marketing & distribution expenses increased to 4.7% for the year ended December 31, 2025, compared to 4.2% for the year ended December 31, 2024.

Research and development expenses

Research and development expenses increased by €6.7 million, or 10.5%, from €63.8 million for the year ended December 31, 2024 to €70.5 million for the year ended December 31, 2025. As a percent of revenue, research and development expenses were 1.5% in 2025 compared with 1.4% in 2024.

General & administrative expenses

General & administrative expenses increased by €15.6 million, or 10.2% from €153.2 million for the year ended December 31, 2024 to €168.8 million for the year ended December 31, 2025. As a percent of revenue, general & administrative expenses increased to 3.7% for the year ended December 31, 2025, compared to 3.3% for the year ended December 31, 2024.

Selling, general & administrative expenses (SG&A)

Selling, general & administrative expenses increased by €37.1 million, or 8.9% from €416.4 million for the year ended December 31, 2024 to €453.5 million for the year ended December 31, 2025. As a percent of revenue, selling, general & administrative expenses increased to 9.9% for the year ended December 31, 2025, compared to 8.8% for the year ended December 31, 2024.

EBIT (Recurring operating income)

EBIT decreased by €122.4 million, or 20.7%, from €591.0 million for the year ended December 31, 2024 to €468.6 million for the year ended December 31, 2025. EBIT as a percentage of revenue was 12.5% in 2024 and 10.2% in 2025.

Depreciation and amortization

Depreciation and amortization increased by €38.6 million, or 12.5%, from €309.4 million for the year ended December 31, 2024 to €348.0 million for the year ended December 31, 2025. Out of the total depreciation and amortization charges in 2025, €23.2 million pertained to the impact of IFRS 16.

EBITDA

EBITDA decreased by €83.8 million, or 9.3%, from €900.3 million for the year ended December 31, 2024 to €816.5 million for the year ended December 31, 2025. EBITDA as a percentage of revenue was 17.7% in 2025 and 19.1% in 2024.

Non-recurring income/(loss)

Non-recurring loss decreased by €7.4 million, or 21.2%, from a loss of €34.9 million for the year ended December 31, 2024 to a loss of €27.5 million for the year ended December 31, 2025. Of the 2025 total, €10 million relates to acquisition and integration costs, €4 million to one-off storage costs, €3 million to legal expenses, and €3 million to project-related losses.

Financial result

Financial result decreased by €2.4 million, or 2.5%, from a loss of €94.6 million for the year ended December 31, 2024 to a loss of €97.0 million for the year ended December 31, 2025. Out of this 2025 total, interest expense on our debt accounted for €67 million. Foreign exchange gains and others had a negative impact of €27.7 million.

	Year Ended December 31,	
	2024	2025
	(in € millions)	
Gross interest expenses	(61.6)	(69.9)
Income from cash and cash equivalents	2.9	1.5
Other financial income and expenses	12.1	24.2
Currency gains/(losses)	(17.2)	(27.7)
Net book value of financial assets sold	(6.0)	0.0
Reversals of/(additions to) amortization and provisions	(24.8)	(25.1)
Total.....	(94.6)	(96.9)

Income tax

Income tax decreased by €56.4 million, or 43.3%, from €130.2 million for the year ended December 31, 2024 to €73.8 million for the year ended December 31, 2025.

Net income – attributable to non-controlling interest

Net income – attributable to non-controlling interest increased by €1.4 million, or 22.6%, from negative €6.3 million for the year ended December 31, 2024 to negative €4.9 million for the year ended December 31, 2025.

Net income – attributable to the Group

Net income – attributable to the Group decreased by €59.3 million, or 18.2%, from €325.8 million for the year ended December 31, 2024 to €266.5 million for the year ended December 31, 2025. As a percent of revenue income was 5.8% in 2025, compared with 6.9% in 2024.

The following table illustrates the evolution of our revenue, gross profit, EBIT, EBITDA and net income for the periods set forth therein.

	Year Ended December 31,	
	2024	2025
	(in € millions, except percentages)	
Revenue.....	4,713.5	4,603.5
<i>By Geography</i>		
North America.....	40%	41%
Latin America.....	9%	10%
Asia Pacific.....	26%	25%
Europe.....	20%	20%
Middle East and Africa.....	5%	4%
<i>By End-Market</i>		
Municipal water treatment.....	25%	25%
Industrial water treatment.....	17%	17%
Paper.....	10%	10%
Oil & gas.....	24%	25%
Mining.....	11%	11%
Monomers.....	5%	4%
Specialties.....	8%	8%
Gross profit.....	1,949.9	1,949.6
EBIT (Recurring operating income) ⁽¹⁾	591.0	468.6
EBITDA ⁽²⁾	900.3	816.5
Net income.....	325.8	266.5

(1) EBIT corresponds to Recurring operating income.

(2) EBITDA is defined as EBIT (Recurring operating income) plus depreciation, amortization and changes to provisions. EBITDA is not a recognized measurement under IFRS, and you should not consider it an alternative to the applicable IFRS measurements

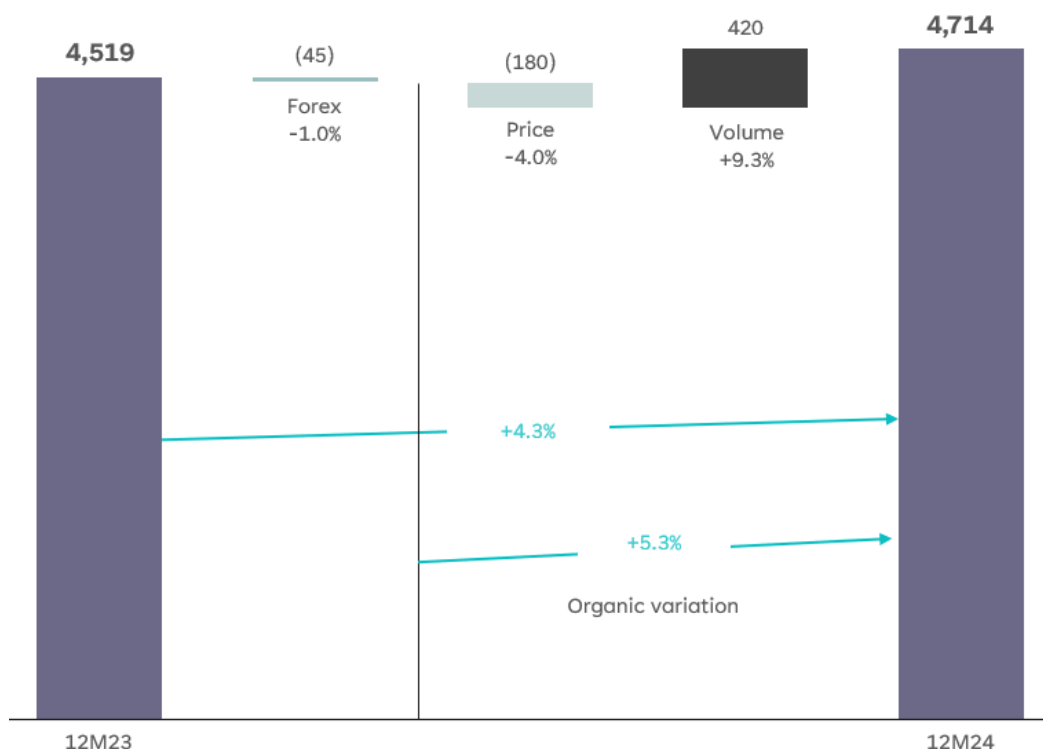
Year ended December 31, 2024 compared to the year ended December 31, 2023

Revenue

Revenue increased by €194.6 million, or 4.3%, from €4,518.9 million for the year ended December 31, 2023 to €4,713.5 million for the year ended December 31, 2024. Foreign exchange rate translation had a negative impact of approximately 1.0% on our revenues, primarily due to the depreciation of the Japanese Yen, Chinese Yuan, Korean Won, and Brazilian Real against the Euro. Despite this, our total growth in constant currency was 5.3%, driven by a 9.3% increase in volume, which offset a 4.0% decrease in price.

The following graph breaks down the growth in revenue from 2023 to 2024:

(€ million)



Raw Materials and Transportation

Raw materials and transportation costs increased by €85.5 million, or 3.2%, from €2,678.1 million for the year ended December 31, 2023 to €2,763.6 million for the year ended December 31, 2024. As a percent of revenue, raw materials and transportation costs were 59.3% in 2023, compared with 58.6% in 2024.

Gross Profit

Gross profit increased by €109.0 million, or 5.9%, from €1,840.9 million for the year ended December 31, 2023 to €1,949.9 million for the year ended December 31, 2024. As a percentage of revenue, gross profit margin was 40.7% in 2023, compared to 41.4% in 2024.

	Year Ended December 31,	
	2023	2024
	(in € millions, except percentages)	
Revenue.....	4,518.9	4,713.5
Gross profit.....	1,840.9	1,949.9
Gross profit margin (% revenue).....	40.7%	41.4%

Manufacturing costs

Manufacturing costs increased by €82.3 million, or 9.6%, from €860.3 million for the year ended December 31, 2023 to €942.6 million for the year ended December 31, 2024. As a percent of revenue, manufacturing costs increased to 20.0% for the year ended December 31, 2024, compared to 19.0% for the year ended December 31, 2023.

Marketing & distribution expenses

Marketing & distribution expenses increased by €24.3 million, or 13.9%, from €175.0 million for the year ended December 31, 2023 to €199.3 million for the year ended December 31, 2024. As a percent of revenue, marketing & distribution expenses increased to 4.2% for the year ended December 31, 2024, compared to 3.9% for the year ended December 31, 2023.

Research and development expenses

Research and development expenses increased by €1.1 million, or 1.8%, from €62.7 million for the year ended December 31, 2023 to €63.8 million for the year ended December 31, 2024. As a percent of revenue, research and development expenses remained stable at 1.4% for the years ended December 31, 2024 and 2023.

General & administrative expenses

General & administrative expenses increased by €28.1 million, or 22.5%, from €125.1 million for the year ended December 31, 2023 to €153.2 million for the year ended December 31, 2024. As a percent of revenue, general & administrative expenses increased to 3.3% for the year ended December 31, 2024, compared to 2.8% for the year ended December 31, 2023.

Selling, general & administrative expenses (SG&A)

Selling, general & administrative expenses increased by €53.6 million, or 14.8%, from €362.8 million for the year ended December 31, 2023 to €416.4 million for the year ended December 31, 2024. As a percent of revenue, selling, general & administrative expenses increased to 8.8% for the year ended December 31, 2024, compared to 8.0% for the year ended December 31, 2023.

EBIT (Recurring operating income)

EBIT decreased by €26.8 million, or 4.3%, from €617.8 million for the year ended December 31, 2023 to €591.0 million for the year ended December 31, 2024. EBIT as a percentage of revenue was 13.7% in 2023 and 12.5% in 2024.

Depreciation and amortization

Depreciation and amortization increased by €25.4 million, or 8.9%, from €284.0 million for the year ended December 31, 2023 to €309.4 million for the year ended December 31, 2024. Out of the total depreciation and amortization charges in 2024, €21.2 million pertained to the impact of IFRS 16.

EBITDA

EBITDA decreased by €1.5 million, or 0.2%, from €901.8 million for the year ended December 31, 2023 to €900.3 million for the year ended December 31, 2024. EBITDA as a percentage of revenue was 19.1% in 2024 and 20.0% in 2023. IFRS 16 had a positive impact on our EBITDA of €20.3 million for the year ended December 31, 2024.

Non-recurring income/(loss)

Non-recurring loss decreased by €28.8 million, or 45.2%, from a loss of €63.7 million for the year ended December 31, 2023 to a loss of €34.9 million for the year ended December 31, 2024. Out of this 2024 total amount, €11.2 million relates to prior year costs incurred in China, €10.0 million to project losses incurred in UEA and India, and €6.0 million to legal and integration costs.

Financial result

Financial result decreased by €31.1 million, or 49%, from a loss of €63.5 million for the year ended December 31, 2023 to a loss of €94.6 million for the year ended December 31, 2024. Out of this 2024 total, interest expense on our debt accounted for €61.6 million. Foreign exchange gains and others had a negative impact of €17.2 million.

	Year Ended December 31,	
	2023	2024
	(in € millions)	
Gross interest expenses	(67.4)	(61.6)
Income from cash and cash equivalents	4.0	2.9
Other financial income and expenses	18.5	12.1
Currency gains/(losses)	(18.6)	(17.2)
Net book value of financial assets sold	1.2	(6.0)
Reversals of/(additions to) amortization and provisions	(1.3)	(24.8)
Total.....	(63.5)	(94.6)

Income tax

Income tax increased by €12.4 million, or 10.5%, from €117.8 million for the year ended December 31, 2023 to €130.2 million for the year ended December 31, 2024. The average corporate income tax rate has been 28.21% in 2024.

Net income – attributable to non-controlling interest

Net income – attributable to non-controlling interest decreased by €1.8 million, or 22.2%, from negative €8.1 million for the year ended December 31, 2023 to negative €6.3 million for the year ended December 31, 2024.

Net income – attributable to the Group

Net income – attributable to the Group decreased by €39.5 million, or 10.8%, from €365.3 million for the year ended December 31, 2023 to €325.8 million for the year ended December 31, 2024. As a percent of revenue income was 6.9% in 2024, compared with 8.1% in 2023.

Liquidity and Capital Resources

Our principal sources of funds have been cash generated from our operating activities and long-term borrowings. Our ability to service our capital needs, service our obligations under our indebtedness and fund our ongoing operations will depend upon our ability to generate cash. Our principal uses of cash are to fund capital expenditures, working capital and debt service obligations, and also to fund existing and potential expenditures relating to joint ventures, including the purchase of outstanding interests from third parties. We have traditionally required significant amounts of capital to build new manufacturing facilities, although ongoing capital requirements for maintenance of existing facilities are limited. As we continue to grow both organically and through strategic acquisitions, we constantly evaluate opportunities to add manufacturing assets in key markets.

Consolidated Cash Flow Statement

The following table summarizes our consolidated cash flow statement as of and for the years ended December 31, 2023, 2024 and 2025.

	Year Ended December 31,		
	2023	2024	2025
Cash flow from operations (before impact of working capital items and tax and interest paid).....	865.3	868.1	788.7
Net cash from operating activities.....	737.6	679.7	491.4
Net cash used in investing activities ⁽¹⁾	(537.8)	(676.0)	(643.6)
Net cash from / (used in) financing activities.....	(32.4)	(72.8)	193.6
Closing cash and cash equivalents plus cash management financial assets.....	516.9	494.6	498.5

(1) Net cash used in investing activities reflects mainly capital expenditures and financial investments.

For the full year 2025, our cash flow from operations (before impact of working capital items and tax and interest paid) totaled €788.7 million, compared with €868.1 million in 2024 and €865.3 million in 2023.

Net cash from operating activities decreased by €188.3 million, or 27.7%, from €679.7 million for the year ended December 31, 2024, to €491.4 million for the year ended December 31, 2025. The operating cash flow has been negatively impacted by our working capital, which has increased by €140.0 million during 2025. Net cash from operating activities decreased by €57.9 million, or 7.8%, from €737.6 million for the year ended December 31, 2023, to €679.7 million for the year ended December 31, 2024. Net operating cash flow was slightly negatively impacted by a €5 million increase in working capital during 2024. The decrease was mainly attributable to a €119.5 million decrease in cash used in inventories and work in progress.

Net cash used in investing activities decreased by €32.4 million, or 4.8%, from €676.0 million for the year ended December 31, 2024, to €643.6 million for the year ended December 31, 2025. Net cash used in investing activities includes €485.9 million allocated to capital expenditures (excluding intangible assets, net of disposals of property, plant and equipment), consistent with our investment plan and €101.6 million related to acquisitions. Net cash used in investing activities increased by €138.2 million, or 25.7%, from €537.8 million for the year ended December 31, 2023, to €676.0 million for the year ended December 31, 2024. Net cash used in investing activities includes €494 million allocated to capital expenditures, consistent with our investment plan, and €150.5 million dedicated mainly to four acquisitions. Among these acquisitions, two are based in the United States, one in Latin America, and one in Asia.

Net cash from financing activities increased by €266.4 million from outflows of €72.8 million for the year ended December 31, 2024, to inflows of €193.6 million for the year ended December 31, 2025. Net cash used in financing activities increased by €40.4 million from €32.4 million for the year ended December 31, 2023, to €72.8 million for the year ended December 31, 2024.

As of December 31, 2025, we had cash and cash equivalents of €498.5 million on a consolidated basis, compared with €494.6 million for the year ended December 31, 2024. Including the undrawn portion of our bank facilities of €665.7 million, our total liquidity as of December 31, 2025, was €1,164.2 million, compared with €1,058.8 million at the end of 2024. As of December 31, 2024, we had cash and cash equivalents of €494.6 million on a consolidated basis compared with €516.9 million

as of December 31, 2023. Including the undrawn portion of our bank facilities of €564.2 million, our total liquidity as of December 31, 2024, was €1,058.8 million, compared with €1,144.2 million at the end of 2023.

Senior Notes, Senior Credit Facilities and Other Indebtedness

As of December 31, 2025, our total debt was €2,057.0 million, compared with €1,944.9 million as of December 31, 2024. As of December 31, 2025, our adjusted net debt was €1,580.3 million, compared with €1,424.7 million as of December 31, 2024. A breakdown of total borrowings is presented below as of December 31, 2023, 2024 and 2025.

	At December 31,		
	2023	2024	2025
	(in € millions)		
Senior Notes.....	1,333.5	1,373.8	1,495.7
Revolving Credit Facility.....	158.0	206.0	143.0
Other SNF Group debt.....	247.4	247.6	318.3
Subsidiary Indebtedness.....	63.5	38.8	33.5
IFRS 16 lease liabilities.....	65.7	76.3	64.3
Other.....	(0.6)	2.4	2.1
Total Debt	1,867.5	1,944.9	2,057.0
Adjustments as per bank facility.....	12.7	(25.6)	21.8
Cash and cash equivalents plus cash management financial assets.....	(516.9)	(494.6)	(498.5)
Adjusted Net Debt	1,363.3	1,424.7	1,580.3

Senior Notes

On September 24, 2020, we issued €350.0 million principal amount of 2.625% senior notes due 2029 (the “**Senior Notes due 2029**”). As part of the offering of the Senior Notes due 2029, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

On September 20, 2021, we issued \$350.0 million principal amount of our 3.125% senior notes due 2027 (the “**Senior Notes due 2027**”) and \$350.0 million principal amount of our 3.375% senior notes due 2030 (the “**Senior Notes due 2030**”). We intend to redeem the Senior Notes due 2027 with part of the proceeds from the Notes offering. As part of the offering of the Senior Notes due 2027 and the Senior Notes due 2030, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

On March 20, 2025, we issued €550.0 million principal amount of our 4.500% senior notes due 2032 (the “**Senior Notes due 2032**”). As part of our offering of the Senior Notes due 2032, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

Revolving Credit Facility

On June 27, 2023, we entered into an unsecured €750.0 million senior revolving credit facility (the “**Revolving Credit Facility**”). As of December 31, 2025, €143.0 million were outstanding under the Revolving Credit Facility. As of March 12, 2026, €270.0 million were outstanding under the Revolving Credit Facility. We intend to fully repay the amount outstanding under the Revolving Credit Facility (including the payment of the accrued interest thereon) with part of the proceeds from the Notes offering. See “*Description of Other Indebtedness—Revolving Credit Facility.*”

EIB Loan

On October 3, 2018, we entered into a new facility with the European Investment Bank (EIB), as amended on October 9, 2019, for a total amount of €180.0 million at a fixed rate of 1.75%, available to SNF Group (formerly SPCM, SA) with a maturity of eight years and a bullet amortization. This loan is unsecured and ranks equally with our Notes and Revolving Credit Facility. For more information on our Revolving Credit Facility, see “*Description of Other Indebtedness—EIB Loan.*”

ICBC Loan

On December 19, 2024, we entered into a new facility with the Industrial and Commercial Bank of China, Paris Branch for a total amount of CNH 600.0 million at a fixed rate of 3.8% if drawn in CNH or at a rate of EURIBOR plus 140 bps if drawn in euro. The ICBC Loan has a five-year maturity from the drawing date and a bullet amortization. On January 6, 2025

we drew CNH 600.0 million from the facility. This loan is unsecured and ranks equally with the Notes, the Senior Notes and the Revolving Credit Facility. See “*Description of Other Indebtedness—ICBC Loan.*”

Factoring

On April 30, 2009, SNF SAS, our French subsidiary, entered into certain factoring arrangements of indefinite duration with Factocic, S.A., or “Factocic” (in France), pursuant to which SNF SAS has undertaken to sell certain of its accounts receivable to Factocic. The agreement with Factocic was amended on December 30, 2011 in order to eliminate any residual risk of recourse to the company. In 2016, we entered into a similar factoring arrangement with Wells Fargo in the United States. As a result of these arrangements, we no longer account for our factoring arrangements as debt. See Note 4.15.1 to our financial statements as of and for the year ended December 31, 2025 included in this offering memorandum. As of December 31, 2025, we had total receivables transferred of €81.0 million.

Other Indebtedness

Our other indebtedness includes borrowings by the Issuer, SNF Holding Company (“**SNF HC**”), SNF China, SNF UK and SNF India, working capital facilities at our Japanese subsidiary and several small working capital facilities at our other subsidiaries. Other indebtedness also includes accrued interest reflected on our balance sheet.

Borrowings by the Issuer under bank financing arrangements, other than the Revolving Credit Facility, the EIB Loan and the ICBC Loan, amounted to €65.2 million as of December 31, 2025, mainly including:

- A €50.0 million facility agreement with Lyonnaise de Banque entered into on February 15, 2018, as amended on April 1, 2019, which accrues interest at a fixed rate of 0.47% and of which €50.0 million was outstanding as of December 31, 2025.
- A €12.8 million facility agreement with Banque Rhône-Alpes entered into on September 30, 2011.

Bank debts correspond mainly to loans taken out, in the United States (€26.4 million) and in France (€318.3 million). In May 2021, SNF Group (formerly SPCM SA) repaid a bilateral line of €50.0 million that had expired.

Borrowings by SNF HC or its subsidiaries under bank financing arrangements other than the Revolving Credit Facility amounted to € 26.6 million as of December 31, 2025.

Our worldwide subsidiaries have entered, and will continue to enter into, working capital facilities with local financial institutions in order to operate their businesses and manage cash flows.

Ratios

As of December 31, 2025, our adjusted net debt to EBITDA ratio increased to 1.94x from 1.58x as of December 31, 2024, and from 1.51x as of December 31, 2023.

As of December 31, 2025, our adjusted net debt to shareholders’ equity ratio increased to 0.54x from 0.49x as of December 31, 2024 and 0.55x as of December 31, 2023.

For the purpose of calculating the leverage ratio associated with our bank covenant, we use the average exchange rate between euros and U.S. dollars for the year instead of the closing rate.

Contractual Obligations and Commercial Commitments

We have entered into several long-term contractual obligations and commercial commitments as described below. In general, we do not have long-term contractual commitments with our customers or suppliers where we are required to purchase or sell products or supplies at fixed prices.

We have also used capital leases and, particularly in the case of our French manufacturing facility at Andrézieux, sale and leaseback arrangements as part of our financings. These sale and leaseback arrangements are capitalized and reported as capital leases.

See Note 6.1 to our audited consolidated financial statements for a summary of our contractual obligations and payments due by period. See Note 4.13 to our audited consolidated financial statements for the year ended December 31, 2025 for a breakdown of our outstanding indebtedness by maturity.

Hedging Activities

We do not hold any hedging instruments.

Capital Expenditures

We have historically made capital investments in order to, among other things, increase our production lines, modernize our facilities and build new manufacturing facilities. We also regularly review acquisition and investment opportunities. We may fund these investments through internally generated funds and the issuance of debt or a combination of these methods. Our capital expenditures are driven largely by our development of new manufacturing facilities and, therefore, will fluctuate in accordance with the construction status and start-up of our facilities. A significant portion of our capital expenditures is discretionary and can be reduced on relatively short notice.

Our capital expenditures (excluding intangibles) for 2023, 2024 and 2025 were €452.1 million, €498.3 million, and €488.8 million respectively. In 2023, our investments focused on process improvements and capacity expansions, particularly in France (€192 million), the United States (€171 million), and Asia (€65 million), reflecting our ongoing commitment to enhancing operations in key regions. This trend continued in 2024, with capital expenditures aimed at further process improvements and capacity expansion, mainly in France (€171 million), the United States (€188 million), and Asia (€75 million). In 2025, our capital expenditures were primarily directed towards the United States (€183.9 million), France (€139.4 million) and China (€65.8 million).

INDUSTRY OVERVIEW

Polyacrylamide, or “**PAM**,” is a water-soluble polymer that is mainly used as a flocculant, which facilitates the separation of suspended solids from liquids, as a viscosity modifier, which alters the thickness of liquids and as a drag reducer, which decreases the pressure drop along a segment of pipe. PAM has a variety of applications, including waste water treatment, drinking water production, enhanced oil recovery, or “**EOR**,” other oil and petroleum applications, mineral extraction, pulp and paper manufacturing, agricultural aids, textile additives, personal care ingredients and home care ingredients.

PAM is commercially available in various liquid or solid states and in different physical forms, the most common being powder, microbead, solution, and emulsion (suspended in another substance with which it does not mix).

Water Treatment Applications

Water treatment applications provide water treatment chemicals and associated process chemicals across a broad spectrum of industries, institutions and municipalities. Waste water is often first treated with a coagulant, which lowers particles’ resistance to each other. The waste water is then treated with a flocculant, which acts to combine the primary particles neutralized by the coagulant. The primary function of PAM’s use as a flocculant in both the municipal and industrial markets is to remove harmful waste from water by clumping suspended solids together so that they settle more quickly. Settled waste and sludge is then separated and then removed from the treated water. Flocculants are also used for sludge dewatering, a process that separates the liquid and solid portions of sludge, thus reducing the costs of sludge disposal.

Flocculants are classified according to their electrostatic properties and by their use, depending on the chemical properties of the water that is being treated:

- *Anionic*, which have a negative charge, are usually copolymers of acrylamide and acrylic acid (used to a limited extent in water treatment, but used primarily for mining applications and EOR);
- *Non-ionic*, which have a neutral charge and are acrylamide-based (used in a variety of industrial, mining, papermaking and municipal waste water applications); and
- *Cationic*, which have a positive charge and are most often copolymers of acrylamide and cationic monomers (used primarily in waste water applications).

There is an increasing shift away from inorganic coagulants, such as aluminum or ferric salts, in favor of organic PAM, mainly due to stricter environmental rules on disposal of waste materials. The benefits of organic polymers are twofold: although more expensive, organic polymers may perform better (i.e., they require less dosage); secondly, aluminum or ferric salts themselves contaminate water by releasing soluble metal ions into the water system, which then need to be removed, and organic PAM is ecologically better and more versatile in applications.

The worldwide market for drinking and waste water treatment chemicals can be divided into three primary end-use segments based on their application: municipal, commercial and industrial. The key end markets for water treatment products are the industrial sector and the municipal market. Municipalities typically purchase chemicals for waste water, and, to a lesser extent, drinking water treatments, directly from manufacturers. Industrial users typically purchase PAM from resellers or service companies that provide water treatment chemicals as well as services. Typical end markets served by full service water treatment packages include aerospace, chemical, pharmaceutical, steel, power, food and beverage, medium and light manufacturing, metalworking and institutions such as hospitals, universities and hotels.

Demand in the specialty water treatment chemicals market is driven by: (i) rapid development and investment in industrial and municipal water treatment networks in emerging markets such as China and India; and (ii) more stringent legislation due to increased public and environmental concerns, particularly in developing countries. Growth in the municipal segment is, to a greater extent, dependent on the budgetary allocations made by municipalities; growth in the industrial sector is tied to the growth in business activity. Gains in the water treatment chemicals market will result from increasing use of them in developing nations. In developed regions, advances will be prompted by continuing shifts within the industrial sector toward higher-value, lower-volume specialty chemicals and proprietary formulations over low-cost commodity chemicals. Gains in the industrial market will result from rising production of end-use products, in particular pulp and paper and chemical products.

In many developed nations, use of more expensive, environmentally compliant products has been prompted by tightening regulations regarding drinking water, industrial process water, and municipal and industrial effluent. Demand has also been stimulated by continuing trends in most manufacturing industrial markets and the utilities sector toward greater use of recycled water, which tends to create more problems with microbial growth, corrosion and scale deposition.

Oil and Petroleum Applications

Oil and petroleum applications serve the processing and water treatment needs in the petroleum market, including the oil recovery market. The use of PAM in these applications facilitates oil and gas production through oil and water separation, flow assurance and drag reduction, and also improves operating process efficiencies, product yields and product quality. Among other uses, PAM can be used to enhance drilling fluids (for example, in fresh-water or salt-water muds), in hydraulic fracturing (a widely-used method of increasing production from an oil or gas well, in which fluids are pumped down a natural gas or oil well at pressures sufficient to create fractures in a hydrocarbon-bearing rock formation, which allows hydrocarbons to flow more freely to the surface), to help balance pressure in a reservoir so that more oil or gas may be removed, to stimulate production, and to descale the well bore.

PAM is also used in enhanced oil recovery, or “**EOR**,” which is perhaps the most common category of modern oil recovery methods and involves injecting water that contains polymer into a reservoir, which causes the remaining oil to more easily move through the reservoir’s porous rock and towards a well bore. Polymers can be used alone or in conjunction with surfactants, which lower the water’s surface tension and increase its wetting and spreading capabilities so that it can pick up more oil on the way to the well bore. Depending on regional and oil field variations, in primary oil recovery approximately 10-15% of the original crude oil in a reservoir is recovered, leaving more than 85% of the oil in the ground. In secondary recovery, another 10-15% of the original oil in the reservoir can be recovered by flooding the area with water. However, at this stage, more than 70% of the oil remains in the reservoir. In EOR, PAM is introduced into an oil reservoir with water, leading to a total of 35-50% of the oil being recovered from a reservoir. Polymer flooding has been used and technically proven in the United States since the 1970s. In the mid-1980s, polymer flooding was introduced in China, where it became a major and highly successful oil recovery method. The total cost of the polymer flooding technology is approximately \$6 per barrel which, despite current low oil prices, makes it an attractive oil recovery method. The market for polymer flooding technologies has increased rapidly since 2006, especially in the United States, China and Canada. Polymer flood pilots are being built in numerous geographies and we expect the market will continue to grow very steadily in the coming years.

PAM is also used in extraction processes used on oil sands, and we have a significant market for these applications in Canada.

Pulp and Paper Applications

Process chemicals are used throughout all phases of the papermaking process for all grades of paper to enhance the manufacturing process, improve product quality and performance and enhance the properties of the end product. Pulp and paper chemicals include pulp and fiber treatment chemicals, such as: (i) de-inking agents, which are used early in the paper making process to prepare the pulp for production; (ii) processing aids, such as defoamers, pitch-control agents and retention and drainage aids, which are used to improve the efficiency of paper production; and (iii) functional chemicals, such as sizing agents and strength aids, which impart various properties to the finished product. The main application of PAM in the paper industry is as a retention aid, using flocculants to retain size particles. Water treatment chemicals are also used in paper mills, and are designed to optimize water usage and/or improve water quality, maintain the integrity of and extend asset lives as well as assist end users in complying with environmental and other regulatory requirements.

Quality requirements for new and existing products, productivity, costs and environmental issues in the papermaking process are the main driving forces for research and development activities, capital investment, growth in consumption and selection of specialty paper chemicals.

The increased use of state-of-the-art machinery and production technologies in paper mills has created new applications for chemical additives. Cost-containment initiatives have been undertaken by papermakers to increase mill productivity and efficiency through increased use of specialty paper chemicals as an alternative to capital expenditures. For example, faster machine speeds necessitate better and quicker drainage, increasing demand for drainage and retention aids, the main applications for PAM. Additionally, increased speeds will require greater web sheet strength, which can be achieved through the use of strength additives that enhance bonding between fibers. Processing aids such as defoamers, pitch control agents and retention and drainage aids serve to enhance the efficiency of the paper production process and optimize water costs.

Increased environmental consciousness, technological advances, and the lower cost of recycled paper as well as a commitment by papermakers to invest in new recycling capacity have also facilitated this transition. The use of recycled paper in paper production requires the use of specialty paper chemicals such as de-inking and pulping agents.

Mining Applications

Chemicals are used in a variety of applications in the mining industry. Generally, they are used in metal (such as copper, silver, and aluminum) and coal mining to increase the amount of materials extracted from the earth.

In mining applications, PAM is used as a flocculant in mineral extraction to separate aqueous mineral suspensions into their component solid and liquid phases. For example, PAM is used in a process called “leaching,” in which a metallic compound is extracted from an ore by dissolving it in a suitable solvent, such as water, sulfuric acid, or sodium cyanide solution. The target metal is then removed from the “pregnant” leach solution by the introduction of a chemical, such as PAM. In many cases, the mineral particles settle out of suspension very slowly, so that the liquid-solid separation is slow and incomplete. To improve the settling rate, high molecular weight organic polymers (flocculants) are used to aggregate the suspended particles, and cause the efficient separation of the solids from the aqueous suspending medium.

As a mining reagent, PAM can be used, for example, in aluminum processing (to reduce solids in thickener outflow, to improve filtration, as a scale-reducer and to increase capacity) and coal processing (to increase the grade of coal recovered, and to improve coal recovery).

Monomers and Coagulants

Monomers are chemicals involved in polymerization as the main building block. The monomer will be repeated several times in the polymer and can be blended with other monomers to form copolymers, terpolymers, etc. The typical number of repeating units in a polymer varies from 10 for dispersants, to 1,000 for coagulants and up to 500,000 for flocculants.

We are the largest producer of acrylamide through an enzymatic process where acrylonitrile is converted to acrylamide in mild and clean conditions. We produce ADAME as an intermediate product for the production of ADAME MeCl, the quat ammonium monomer used for the production of cationic PAM. We produce the DADMAC monomer used to produce quat ammonium polymers. Ecolab, Ashland, 3F and BASF are also producers of quat monomers.

Quat ammonium polymers are one type of water-soluble polymer used in water treatment and mineral processing. Highly charged polymers are used as coagulants; lower charged polymers are used as flocculants.

PolyDADMAC and polyamine are the main organic coagulants found in the market. They cause the agglomeration by destabilization of finely divided particles into larger particles in water treatment, which can then be removed by settling and/or filtration.

Other PAM Applications

PAM is also used in other applications, for example as agricultural aids, textile additives, personal care ingredients or home care ingredients. Process chemicals and services are used to enhance the performance and productivity of numerous processes. Cosmetic ingredients are used to improve the stability and performance of skin and hair care products. Process chemicals also include a variety of odor control products used in institutional and industrial applications. The market for these products varies with the market for the end products created.

BUSINESS

Overview

Our Company

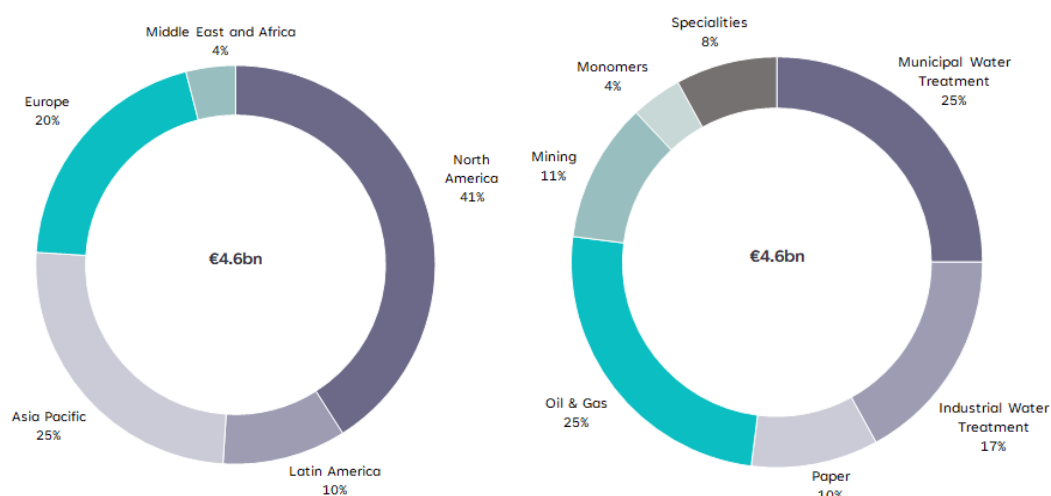
We believe we are the world's largest producer of polyacrylamide, or PAM, a water-soluble specialty chemical used in water treatment, oil and gas applications (including enhanced oil recovery, or EOR), mineral extraction, pulp and paper manufacturing and other industries. PAM has a broad variety of industrial and commercial uses as a flocculant, which facilitates the separation of suspended solids from water, as a viscosity modifier, which alters the thickness of liquids, and as a drag reducer, which decreases the pressure drop along a segment of pipe. In addition to PAM, of which we estimate we produced 58% of global output in 2025 and from which we generated approximately 82% of our 2025 revenue, we also produce and sell related specialty chemicals such as coagulants, which are used primarily in water treatment, and monomers. We also sell dispersants, which are used in the paper, household products and mining industries; and equipment that facilitates the utilization of PAM. For the year ended December 31, 2025, we had revenue of €4.6 billion and EBITDA of €0.8 billion. For a reconciliation of EBITDA to Recurring operating income see “—Summary Historical Consolidated Financial Information.”

Since we were founded in 1978, we have implemented a strategy of organic growth and selective acquisitions of manufacturing operations to create an international manufacturing and sales platform that has enabled us to achieve a leading global share of our chosen markets. We benefit from large modern manufacturing facilities in France, the United States, China, India and South Korea and several smaller manufacturing facilities around the world, and from a direct sales force that reaches more than 50,000 customers. We also benefit from a distribution network that consists of approximately 750 independent resellers around the world. We believe that our products are sold in more than 145 countries and that we reach more than 500,000 end users worldwide.

We offer a large product portfolio of more than 1,100 product formulations tailored to address end-user requirements, which we sell to a diversified customer base across multiple industries. Of our 2025 revenue, we estimate that municipal water applications accounted for approximately 25%, industrial water treatment applications accounted for approximately 17%, oil and gas applications accounted for approximately 25%, mining applications accounted for approximately 11%, pulp and paper applications accounted for approximately 10%, other specialty applications, such as agricultural aids, construction chemicals, textile, home and personal care products, accounted for approximately 8%, and monomer sales accounted for approximately 4%.

In 2025, our sales were also geographically diverse and, of our 2025 revenue, 41% came from North America, 10% from Latin America, 25% from Asia Pacific, 20% from Europe, 4% from the Middle East and Africa.

Revenue by Industry and Geography for the year ended December 31, 2025



Historical Background

We began producing flocculants for water treatment under the name Streichenberger in 1968 with a license from a small English chemical company. In 1970, Streichenberger was purchased by a French subsidiary of British Petroleum, which

resold the company eight months later to a subsidiary of W.R. Grace.

In 1978, our then-technical director, René Pich, led a management buyout from W.R. Grace. Following the buyout, we began to develop our research and development, production, and sales capacities. Approximately 38 years ago, we began our U.S. operations with the acquisition of our current Riceboro, Georgia site, and following that, made several key acquisitions to increase U.S. capacity. Key events in our history since 1999 are as follows:

- **1999:** At our Riceboro, Georgia site, we brought additional DMAEA production lines online, which increased the capacity of this plant to approximately 48,000 metric tons per year. We also increased PAM production in France by approximately 20,000 metric tons, and emulsion PAM by approximately 10,000 metric tons. We also increased emulsion PAM and powder PAM capacity at our Eyang joint venture in South Korea, and founded our Taixing, China operations, to produce water treatment and EOR chemicals.
- **2000:** In the United States, we added an additional 10,000 metric tons per year capacity in powder PAM and emulsion PAM, as well as increased Mannich PAM capacity. In France, we added an additional 10,000 metric tons per year capacity in powder and emulsion PAM, and brought additional polyamine lines online. We also opened new PAM manufacturing plants in Indonesia and Australia, and built additional production lines at our Taixing manufacturing facility in China.
- **2001-2002:** We built two additional PAM production lines at our Taixing site, and completed the acquisition of our business in India, which currently has powder PAM capacity of 10,000 metric tons annually.
- **2003:** Construction of our new Andrézieux site for PAM production and the expansion of powder PAM production lines in France, with additional expansions to PAM and monomer production lines in the United States.
- **2007:** Award of the first large EOR construction contract for PDO in Oman.
- **2008:** We built two additional 20,000 metric tons per year PAM production lines at our Riceboro, Georgia site.
- **2009:** We purchased 1,000 acres of land in Plaquemine, Louisiana for the construction of a new PAM manufacturing facility.
- **2011:** We started operations in our new plant in Plaquemine, Louisiana.
- **2014:** We acquired the remaining 50% shares of our joint venture with OCI / Eyang in South Korea.
- **2016:** We started operating a new acrylamide line in our plant in Ulsan, South Korea.
- **2017:** We started operations in our new PAM plant in Rudong, China.
- **2019:** We started operating a third PAM line in our plant in Rudong, China.
- **2020:** We started operating a fourth PAM line in our plant in Rudong, China.
- **2021:** We started operating our second PAM plant in India located in Gandhidham, Gujarat.
- **2024:** We started operating a fifth PAM powder line in our plant in Plaquemine, Louisiana.
- **2025:** We started operating a sixth PAM line in our plant in Rudong, China. By the end of 2025, our existing PAM production capacity was approximately 1,670,000 metric tons.

Throughout our history, we have continued to innovate, back integrating several of our key raw materials and, in particular, beginning to produce bioacrylamide using the enzymatic process and making key investments in products for mining reagent manufacturing.

Competitive Strengths

We believe that we have the following key strengths:

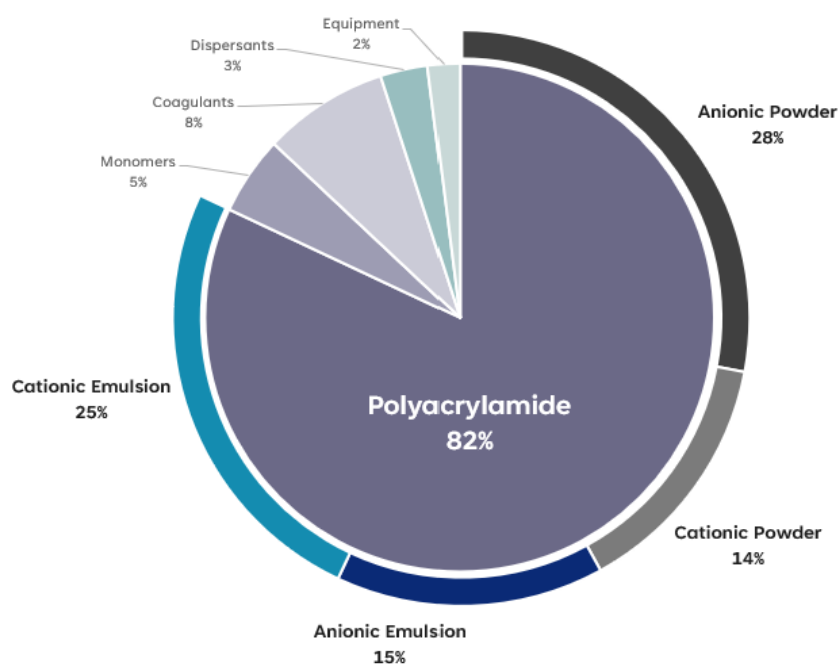
World Leader with 58% of Production Capacity

We believe we are the world's largest producer of PAM, accounting for approximately 58% of global production capacity in 2025. At our 23 facilities, we currently have the capacity to produce approximately 1,670,000 metric tons of PAM per year in active equivalent ("active equivalent" is determined based on the concentration of PAM in its different forms to reconcile its dilution in liquid, emulsion or powder in determining production and capacity). Our leading market position has allowed us to develop expertise in the research and development, production, marketing and sales of PAM that ultimately benefits a broad end user base. We are also a market leader in each of the principal regions we address, including North America, Europe/Africa and Asia-Pacific, with approximately 73%, 51% and 51% of the production capacity in such regions, respectively.

Large Product Portfolio Distributed Across Geographies and Industries to a Highly Diversified and Loyal Customer Base

We have a range of more than 1,100 product formulations. These formulations take a number of different physical forms such as powders, beads, emulsions, liquids and dispersions, depending on their end use. Our products also have a number of different chemical properties (anionic, cationic, non-ionic) and a number of different molecular forms (linear, branched, cross-linked, comb, star). Our knowledge in combining these different characteristics gives us the ability to tailor our products to specific applications and the specific requirements of end users. We industrialized more than 150 new products in 2025.

2025 Sales by Products



We have broadened our product range by diversifying into additional products in industries where end users require bundled products. We can provide our primary product, PAM, in connection with other products, such as coagulants, which are also used in water treatment. We have successfully employed this strategy for many end users, especially municipal and mining end users. Furthermore, for water treatment applications, we sell certain products to our resellers who have their own specialized product lines that complement ours to better serve markets such as the boiler or cooling water treatment markets.

Our business model is diversified across industries, applications, customers and geographies. We market and sell our products in four primary markets: water treatment, oil and gas, mining, and paper industries, complemented by several other niche markets including agricultural, construction, textile and home and personal care industries. Our primary product, PAM, has a variety of industrial and commercial applications in these industries as a flocculant, viscosity modifier and drag reducer. We also produce a range of other products, including coagulants, monomers, dispersants, activated carbon inorganic coagulants and defoamers, which also support different applications across the industries we service.

Our customers represent a variety of stable consumer, municipal and industrial end markets. Our customers include municipalities, pulp and paper companies, oil and gas companies, mining companies and companies in several other industries

that use our products for water treatment and, in the case of oil and gas and mining companies, to improve the extraction of oil and minerals. In particular, we sell PAM and other products to numerous municipalities and major cities in Europe and North America for treatment of their water. Most of our customers have had relationships with us for a number of years, and we believe that our customer retention rate is high.

Modern and Geographically Diverse Production Capacity Combined with High R&D Focus

We have designed and built large, cost-effective and high-quality manufacturing facilities in France, the United States, South Korea, India and China that we believe are among the most modern in the industry. We have eight major plants in France, the United States, India, China, and South Korea, as well as 15 additional production sites. By having major manufacturing sites in our key markets, we are able to provide our products more quickly to our customers and end users, and have chosen sites where we will be able to expand. Additionally, our costs in any particular currency in these markets generally match the currency in which sales are realized, thereby reducing our exchange risks for these markets. Our revenues and expenses are mainly generated or incurred in US dollars, euro and Chinese yuan, which for the year ended December 31, 2025 accounted for 46%, 17% and 13%, respectively, of our revenues, and for 46%, 16% and 14%, respectively, of our operating expenses. We have also established a standard design for our main production lines, which has enabled us to shorten construction time, to simplify maintenance across our different sites and to provide the flexibility to shift production from region to region as needed.

Our existing PAM production capacity is approximately 1,670,000 metric tons. We also currently have one new PAM plant that is being commissioned in Indonesia, located in Cikande, covering approximately 21 hectares. Additionally, we continuously assess opportunities and regularly invest in our existing plants to expand production capacity, introduce new product lines, enhance manufacturing efficiency, improve energy and GHG emission performance, and reduce manufacturing costs.

We continuously monitor technical feedback from end users to enhance and expand our product range, and we develop new production formulations by working closely with targeted end users. We have four main research and development centers and 21 application laboratories at which we develop and test new product formulations. Our technical experts from research and development and on-field technical support represent a group of about 325 field specialists and, 535 scientists and technicians, of which approximately 33% are located in France, with the remainder being split between the United States, China and our other field operations. We introduce more than 150 new product formulations every year and have approximately 1,297 active patents in multiple jurisdictions. Our technical know-how relates to the production of PAM and our other products and involves expertise in monomer development, the polymerization process, and polymer production as well as performance applications for our customers. We have leveraged our technical expertise and research efforts to develop our sixth generation of bacteria used for the production of monomers and our fourth generation of polymer production units, enabling significant improvements in our production capacity and efficiency across our global operations. We also work with our customers in order to develop and provide tailored applications for our products and to optimize their ability to end users.

Efficient Pass-through Pricing Policies and Broad and Flexible Distribution Channels Resulting in Strong Profitability

We sell to approximately 50,000 customers, including approximately 750 distributors and resellers, and we believe that in total we reach more than 500,000 end users. In 2025, no single customer accounted for more than 3% of our revenue, and our ten largest customers represented approximately 15% of our revenue. For the year ended December 31, 2025, 70% of our total revenue came from direct customers, 24% from distributors, and 6% from service-driven resellers, with revenue distributed across oil and gas applications (25%), monomer sales (4%), industrial water treatment applications (17%), and pulp and paper applications (10%).

We directly sell our products in more than 60 countries through our local subsidiaries. We also benefit from our own sales team of approximately 650 salespeople and a global network of resellers who distribute our products in more than 145 countries. We have implemented a strategy that has enabled us to cover our market segments globally. We have established operations in three key markets: Europe, North America and Asia-Pacific, with the ability to service clients directly from manufacturing sites located in each of these areas.

While we are exposed to raw material price fluctuations, including fluctuations in the price of propylene, we are able to pass such cost increases on to our customers through formula-based contracts and price lists that are regularly updated to reflect market costs of raw materials, each of which represented 34% and 44% of our sales in 2025, respectively. Fixed price contracts are mainly used in the municipal water treatment end-market, while contracts used in our oil & gas and industrial water treatment end-markets are well balanced between price lists and formula-based contracts. Our pass-through pricing policies allow us to maintain control of our margins.

Our marketing efforts are generally tailored to customer type:

- high volume and low service end users are approached directly by our global sales team. These end users are typically required to deal directly with product manufacturers, not resellers, and include many large municipalities, as well as mining and oil companies; and
- lower volume and more specialized end users are often covered by our network of resellers, giving us access to a substantial extended global sales force. In addition, we have established strategic relationships with a number of the large service-driven resellers who provide high-end services to their customers.

In recent years we have increased the share of revenue generated by our direct sales force from an estimated 25% in 2005 to an estimated 70% in 2025, which has contributed to our enhanced profitability.

Leading sustainability platform

We have been dedicated to sustainability and have placed significant focus on minimizing the environmental impact of our activities and reducing the footprint of all our industrial sites.

Our products address the issue of water scarcity, which is exacerbated by population growth, increasing urbanization and standards of living and more complex regulation. We aim to preserve natural resources in all our markets through water treatment, extraction of key minerals and optimization of hydrocarbon resources. More specifically, we are instrumental in water treatment for about one billion people and in cleaning and recycling water for over 500,000 industrial sites. We constantly strive to optimize our mining processes which can be potentially pivotal to the energy transition, achieving lower levels of water consumption and hydrocarbon emissions for the production of oil.

Our focus on clean water and sanitation, climate action, reasonable consumption and production and life on land, and the overall alignment of our activities with the United Nations Sustainable Development Goals (“SDGs”), has been recognized with awards, high sustainability ratings and metrics, consistently superior to our peers across the environmental Key Performance Indicators (“KPIs”).

Attractive End-markets’ Volume Growth Potential

We market and sell our products across four primary end-markets: water treatment, oil and gas, mining, and paper, complemented by several niche applications including agriculture, construction, textile, and home and personal care, which have demonstrated stable year-on-year volume growth since 2015. Overall, the total volume of our end-markets grew at a CAGR of approximately 8% over the ten-year period from 2015 to 2025.

Water treatment, including both municipal and industrial applications, is expected to be one of the main short-term demand drivers. Between 2015 and 2025, municipal water treatment proved to be a stable and resilient market, growing at a CAGR of approximately 6%, while industrial water treatment also grew at a CAGR of approximately 6%. Increasing urbanization and rising living standards are driving higher investment in water infrastructure, particularly in Eastern Europe, Asia and, to a lesser extent, South America, which we expect to support further demand for PAM and other water treatment products.

Oil and gas applications drove overall growth between 2015 and 2025, with the market growing at a CAGR of approximately 11%. Growth has primarily been driven by hydraulic fracturing, where our products are used as drag reducing agents, and by enhanced oil recovery (EOR), which enables operators to increase yields from existing wells. In hydraulic fracturing, our products significantly reduce friction in fluid transport, lowering the energy required for extraction. We also provide integrated solutions combining advanced polymer technologies, specialized equipment, and logistics capabilities that support customers’ stimulation operations. In EOR, we believe we have established a leading position following the acquisition of EOR technologies from Dow Chemical in 1987 and Pfizer Oil Division in 1992, which we have continued to develop and improve. As of December 31, 2025, there were 208 ongoing EOR projects globally, compared to 114 in June 2010 and 86 in December 2008, reflecting increasing interest in polymer flooding as producers seek to improve recovery while reducing CO₂ emissions from existing wells.

Both the mining and paper applications markets grew at a CAGR of approximately 7% and 9%, respectively, between 2015 and 2025. Over the same period, our growth in these segments outpaced the underlying markets, reflecting continued market share gains supported by the strong performance of our products and significant headroom for further penetration. In mining, we support leading operators in improving mineral recovery, plant throughput, and operational reliability across key process stages including beneficiation, tailings management, filtration, dust control, and water treatment. In the paper industry, we provide specialty chemicals for both papermaking and effluent treatment, improving process efficiency and product quality while addressing key operational challenges such as retention, contaminant control, strength, runnability, sizing, and defoaming.

Proven Operating and Financial Track Record Supported by a Conservative Financial Policy

We have generated stable cash flow in recent years, due to both the increasing scarcity of key natural resources which has increased our sales and our various cost initiatives to improve the profitability of our existing and new plants. Between 2005 and 2025, our revenues grew at a CAGR of 10% and our EBITDA grew at a CAGR of 12%, showing a strong and resilient operational and financial track record.

Our sound investment strategy and financial policy have led to continuously improved ratings in the past fifteen years and improved leverage and gearing ratios. As of December 31, 2025, our corporate ratings assigned by Moody's and S&P were Baa3 and BB+, respectively compared to B1 and BB- in 2010. On March 13, 2026, our corporate rating assigned by S&P was raised to BBB-. As of December 31, 2025, our net debt to EBITDA ratio increased to 1.94x as compared with 1.58x as of December 31, 2024. As of December 31, 2025, our net debt to shareholders' equity ratio increased to 0.54x as compared with 0.49x as of December 31, 2024.

Experienced Management

We believe our experience helps us identify growth and investment opportunities in new areas, products lines and target industries in order to strengthen our leading position in the industry. We have a professional and committed management team, consisting of executives with significant experience in the chemical industry, marketing, product development and acquisitions, who are focused on successfully implementing our business strategy and have a successful track record of growing our business and enhancing our profitability. Our chief executive officer, Pascal Remy, has over 25 years of experience in the specialty chemical industry.

Business Strategy

Help Battle Water Scarcity and Preserve Natural Resources

We are focused on geographic and industry specific markets with high volume growth potential for our products driven by the increased scarcity of natural resources, especially water. Indeed, by providing products to treat water for use in both industrial and municipal application, optimize mining processes, enhance oil recovery for existing reserves and reduce water needs for mining and oil and gas extraction processes, we prove instrumental in battling water scarcity and preserving natural resources.

In the water treatment market, which represented 42% of our sales for the year ended December 31, 2025, we treat water for over one billion people, and clean and recycle water at over 500,000 industrial sites.

In the mining market, which represented 11% of our sales for the year ended December 31, 2025, our products are used for the optimization of mining processes and reduction of water needs as well as the extraction of key materials essential to the energy transition.

In the oil and gas market, which represented 25% of our sales for the year ended December 31, 2025, oilfield operators using our polymers in their polymer flooding operations for EOR are able to reduce the water and CO₂ needed to produce a barrel of oil. Polymer floods lead to three to six times less water and two to six times less CO₂ per barrel of oil, as compared to water flooding. These reductions are primarily achieved through a more efficient sweep of oil within the reservoir, resulting in water cut reduction and, ultimately, a decrease in required pumping energy at the producers and less taxing on fluid separation equipment and processes.

In addition to our role in battling water scarcity and preserving natural resources in our end-markets, we also strive to minimize the environmental impact of our own activities and reducing our footprint on all our industrial sites. Our efforts to reduce our water consumption have allowed us to use 20% less water than we needed ten years ago to produce one ton of finished product. We constantly monitor our water consumption by installing flow meters, detecting leaks and upgrading fire circuits and are focused on finding ways to optimize our use of water by, for example, recovering rainwater and recycling water from boiler washings or condensates

We are also committed to preserving natural resources by continuous improvement of our manufacturing sites to reduce energy needs, including through the design and purchase of energy-efficient equipment. We have developed a range of more than one thousand products that help to preserve our natural resources, promote recycling and improve the efficiency of industrial processes. Our key focus areas are aligned to the United Nations 2030 Agenda for Sustainable Development including, among others, good health and well-being, clean water and sanitation, sustainable cities and communities, responsible consumption and production and life below water.

In October 2025, EcoVadis awarded SNF a Platinum Medal, placing the company among the top 1% of all evaluated companies. SNF achieved an overall score of 87/100, reflecting an advanced ESG performance. This recognition underscores

SNF's strong commitment to sustainability, responsible business practices, and ethical governance. The high environmental score (86/100) reflects our ongoing efforts to reduce our carbon footprint, enhance resource efficiency, and develop sustainable water treatment solutions. Our social and human rights score (89/100) acknowledges SNF's dedication to workplace safety, non-discrimination, and human rights standards. Additionally, our sustainable procurement score (90/100) highlights our commitment to responsible sourcing throughout our supply chain.

Maintain our Chemical and Engineering Technical Leadership

We believe that our technical capabilities in the applications for PAM result from our knowledge of the needs of end users and from our ability to continually adapt our product range to provide innovative solutions to our customers. We have also continued to develop specific products for value-added resellers. Some of our most innovative resellers are also focusing on niche markets for our products that could represent potential new markets. We are supporting these needs, so long as we stay within our core chemical and manufacturing competencies and address the needs of our customers and we constantly seek to improve the quality of our products.

Reinvest Cash Flow in Operations

We have historically invested a significant majority of our cash flow from operations back into our business in order to increase our production capacity, improve the quality of our operations, and make investments in existing projects and new strategies, such as our EOR business. We have a history of very low dividend distribution, and we plan to follow this pattern in the future.

Focus on Low Cost Production Advantages

We continue to seek to reduce our costs of production. We also continue to focus on internal volume growth in order to increase our revenue and achieve economies of scale. We strive to enhance manufacturing productivity and will continue to make investments to achieve this aim. We will seek to increase plant capacity at existing plants to spread our fixed costs and to build new plant capacity in new markets where we believe there is strong market demand, such as India, Indonesia, China, the United Kingdom, France, and the United States.

Expand our geographic reach outside of Europe with focus on APAC

As part of our strategic priority to expand our geographic reach, particularly outside Europe, we are focusing on Asia-Pacific region ("APAC"), where we see the greatest growth potential. To support this expansion, we have begun constructing a new 21-hectare plant in Cikande, Indonesia, which will produce acrylamide and PAM powder for the Asian market and is expected to be commissioned in the second half of 2026.

Our Products

We have over 1,100 separate and distinct product formulations, which encompass a number of product categories and product types. We produce PAM (used as a flocculant, viscosity modifier, and drag reducer), monomers, coagulants (organics: polyDADMAC, polyamine, and inorganics: aluminum, ferric salts), superabsorbents and dispersants.

These products are used in a variety of forms:

- physical (powders, beads, emulsions, liquids and dispersions);
- chemical (anionic, cationic and non-ionics); and
- molecular (linear, branched, cross-linked, comb and star).

The breakdown of our product lines as a percentage of 2025 revenue is as follows:

PAM	82%
Monomers	5%
Coagulants.....	8%
Dispersants	3%
Equipment	2%

PAM

By physical form, 42% of our 2025 revenue came from the sale of powder PAM and 40% of our 2025 revenue came from the sale of emulsion and liquid PAM. Of our 2025 revenue from the sale of PAM, anionic powder represented 28%, cationic powder represented 14%, anionic emulsion represented 15% and cationic emulsion represented 25%.

PAM is used in three main families of applications:

- flocculation (used for water treatment, and in pulp/paper and mining applications);
- viscosity modification (used in the oil industry, as a thickener textile printing paste and for other uses, such as home and personal care); and
- drag reduction (used in hydraulic fracturing).

PAM for Flocculation

Flocculation is currently the main application of PAM. Flocculation is the mechanism by which suspended solids are separated from water. This application is widely used in potable water production, in municipal and industrial waste water treatment, in dredging, and in sludge dewatering. Flocculation also facilitates technical processes such as the production of paper (as a retention aid and drainage aid, and for pitch control) or in mining, for mineral extraction (hydro metallurgy and ore-matrix separation).

PAM for Viscosity Modification

The main market for this application is EOR. Other applications for PAM used as viscosity modifiers include textile, construction, home and personal care products. In textile applications, PAM is used as a thickener for printing paste.

PAM for Drag Reduction

Hydraulic fracturing currently is the main technology used for shale oil and gas exploitation and is the main drag reduction application for PAM. PAM is used to significantly reduce the pressure drop and the energy necessary to pump the fracturing fluid downhole.

Monomers

To improve and strengthen our competitive position, we also produce acrylamide and cationic monomers, the main building blocks of PAM and cationic PAM.

We have built plants to produce acrylamide using a new process based on enzyme technology developed in coordination with Mitsubishi Rayon Co., Ltd., (formerly Dia-Nitrix). This new bio-acrylamide process is based on a low-temperature and pressure-free bio-reaction, as opposed to a high-pressure, high-temperature chemical reaction, and has the advantage of being safer for the environment than its alternatives. This new process reduces the capital investment required for a given capacity, and we believe that our new plants have more efficient processes than those of our competitors. It is also a cheaper form of production. We have built production lines in France, China, South Korea India, the United Kingdom, Australia and the United States with this process.

From acrylamide, we also produce and sell acrylamide derivatives, such as N-methylol acrylamide.

In the United States, in France and in China, we have also built large plants for cationic monomer production, used in conjunction with acrylamide monomers to produce cationic PAM. Both acrylamide and cationic monomers are used internally and also sold on the open market.

In the United States, we have also a large plant for cationic monomer used for the production of coagulants mostly (Dadmac).

Coagulants

The organic and inorganic coagulants we produce are used in water treatment alongside flocculants, and our sales of coagulants are facilitated by our leading market position in flocculant production. In the United States, China and Europe, we have a significant amount of capacity to produce the organic coagulants Poly Dimethyldiallylammonium chloride (PolyDADMAC) and polyamines, which are used mainly in potable water applications.

Miscellaneous Products

We carry products that complement our other product offerings, such as dispersants (used in paper, household products, and for mining), activated carbon, xanthan gum, ethylene peroxide, anti-odor agents and defoamers.

Equipment and Engineering

We also construct and sell equipment to facilitate the utilization of PAM by our customers. In 2025, 2% of our revenue was generated by equipment sales.

Marketing and Sales

We market and sell our products in four primary markets: (i) water treatment; (ii) oil and gas; (iii) mining; and (iv) paper industries, complemented by other niche applications. Municipal water treatment comprised 25% of 2025 revenue and industrial water treatment applications accounted for 17%. Other markets include oil and gas applications, comprising 25% of 2025 revenue and which includes EOR, shale oil and gas exploitation and drilling applications; mining applications, which comprised 11% of 2025 revenue and includes polymer and reagent applications; and pulp and paper applications, which comprised 10% of 2025 revenue. Other specialty applications, which comprised 8% of 2025 revenue, include products used as agricultural aids, construction chemicals, various textile additives, personal and home care ingredients. 4% of 2025 revenue came from sales of monomers.

We believe we have a flexible market channel, which enables us to have wide market coverage and to tailor the service support associated with the products we sell to the needs of customers. Approximately 70% of our sales are made directly to end users in more than 60 countries through our local subsidiaries and through our sales team of about 650 salespeople. These direct sales are generally made following a bid process, typically for a year term, to large municipalities that require direct access to manufacturers. We also sell directly to some oil and mining companies. In some circumstances we will alter the services that we offer in order to meet our customers' needs. For example, in our contracts with PDO, we agreed to provide primary contractor service for the construction of a polymer solution and injection facility and a water treatment facility in addition to offering our product supply services. For our applications that require a high level of service, we also make sales through service-driven resellers, which include Ecolab (Nalco), Solenis (Hercules, Drew and BASF) and Syensqo following the Syensqo Acquisition. Approximately 6% of our sales are made through service-driven resellers.

Approximately 24% of our sales are made through approximately 750 distributors, who can provide broad coverage of the end-user market through an extended sales force and distribute our products in more than 145 countries. Generally, we have non-exclusive agreements with these distributors, who typically supply technical assistance and on-site service to end users. Such distributors also often service niche markets, such as boiler and cooling water applications. These distributors are typically not exclusively PAM distributors, but rather general chemical distributors, who package our products with other chemical products to on-sell them to end users.

In the water treatment market, the majority of our business is conducted without a contract, under pricing agreements that may be renegotiated periodically, typically on a quarterly basis. Generally, our customers give us two to three weeks' notice of their product requirements, and send orders by fax or internet to individual production facilities. For example, if an order comes in from the United States, that order is filled from our production facilities in the United States. While shipping costs generally make it expensive to shift production from a facility in one region to a facility in a different region, (e.g., to fill a European order from our U.S. production facilities), to the extent orders come in from regions where we do not have significant manufacturing capabilities or cannot produce certain products on their own, as our smaller production facilities target a narrower range of products, we can fill those orders from one of several of our production facilities.

Generally, prices are computed based on a formula that includes, among other things, raw material costs, and may include transportation costs. Pursuant to these arrangements, we are often required (given applicable notice periods) to match lower prices for the same materials offered by our competitors. If we cannot match these lower prices, our customers may purchase products from our competitors.

Where we conduct our business through contracts, a smaller percentage of our business is done through short-term, fixed-price contracts resulting from competitive bids. The remainder of our business is done through longer-term formula-based contracts or contracts with prices linked to a constantly updated price list that corresponds to raw material prices (particularly propylene). In 2025, our sales under formula-based contracts, fixed-price contracts and price list-correlated contracts accounted for 34%, 22% and 44% of our total revenue, respectively.

Raw Materials

The main raw materials we use are derived from petroleum or gas (in the form of propylene and acrylonitrile), for which we have multiple sources in various parts of the world. Acrylamide is the basic building block of PAM and the primary raw material we exploit ourselves. We produce our own acrylamide and do not rely on outside sources (and also produce acrylamide for sale to customers and competitors).

We use the following raw materials, most of which are derived from propylene — a petroleum derivative — and which are acquired from one to two key suppliers in each region, when we do not produce them ourselves:

- acrylonitrile;
- acrylate of dimethylamino ethyl, or ADAME;

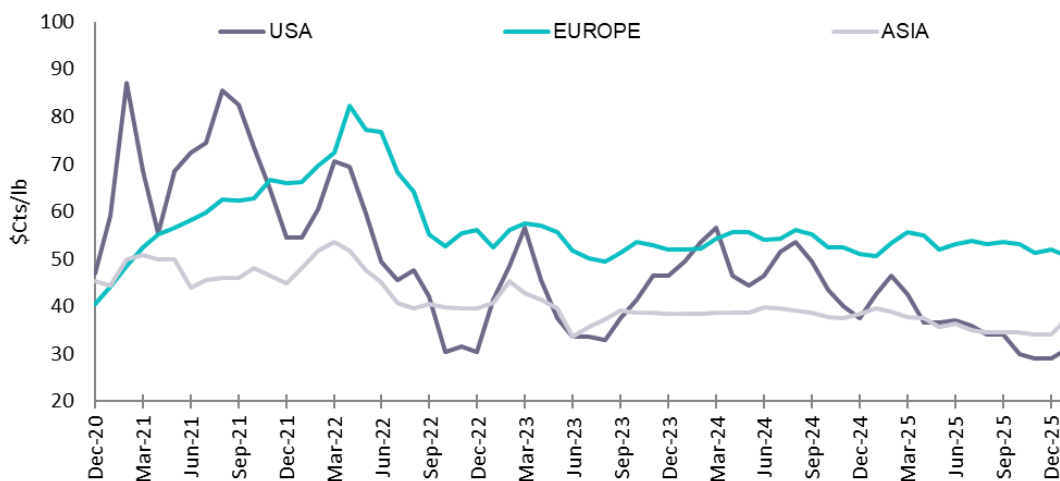
- methacrylate of dimethylamino ethyl, or MADAME;
- acrylamide-tertiary butyl sulphonic acid, or ATBS;
- glacial acrylic acid;
- methyl chloride;
- epichlorhydrin;
- dimethylamine, or DMA;
- methyl acrylate;
- dimethylamino ethyl alcohol, or DMOH; and
- allyl chloride.

We also purchase large volumes of caustic soda, aliphatic hydrocarbons and surfactants as processing additives for our PAM.

We have long-standing relationships with each of our raw material suppliers. Because of our size, we are able to take advantage of volume discounts offered by these suppliers.

Most of our raw materials are derived from propylene, a derivative of petroleum, and thus the market for our raw materials is highly variable, varying based on propylene prices, which fluctuate based on supply and demand, and, to a lesser extent, petroleum prices.

The following graph illustrates the evolution of propylene prices since December 2020.



Most of our contracts for our significant raw materials are multi-year contracts that are generally allowed to be extended on a period-to-period basis after the end of the contract (usually a tacit renewal), which allows us to guarantee a minimum volume of raw material supply. However, generally the price we pay for our raw materials is adjusted on a quarterly or monthly basis, based on a formula made up of variables including propylene or other base material prices, and/or transport costs. Pursuant to these contracts we are generally also allowed (based on applicable notice periods) to require our supplier to match lower prices for the same materials offered by other suppliers in the market. If our suppliers cannot match lower prices, we have the right to be released from some or all of our obligations under the supply contract. A small portion of our purchases of raw materials are spot transactions.

We carry an inventory of all raw materials of approximately two weeks, and, in some cases, longer, in order to avoid raw material shortages. Generally, we purchase raw materials in the same currency in which we sell the finished products, so there is limited foreign exchange risk exposure.

Research and Development

We benefit from our research and development effort, comprising about 325 field specialists and, 535 scientists and technicians, who are located primarily in France, the United States and China and are dedicated to the research and development of all applications we use, including powders, beads, emulsions, dispersions, liquids and water in water emulsions. We have four main research and development centers and 21 application laboratories at which we develop and test new product formulations. We introduce a number of new products or formulations every year and have approximately 1,297 active patents in multiple jurisdictions. In 2025, our research and development expenses represented 1.5% of our revenue.

Our technical expertise is centered on four key areas of competence:

- monomer development;
- polymerization processes;
- polymer products; and
- performance application.

We have an agreement with Mitsubishi Rayon Co for the license of the biological process for the manufacture of acrylamide. Through this license, we have access to the latest generation of enzymes, allowing us to continuously improve the efficiency of our manufacturing processes; we are currently using the sixth-generation enzyme, which has allowed us to significantly increase capacity without additional capital expenditure. See “—*Joint Ventures and Partnerships.*”

We believe that continued research and development activities are critical to maintaining our leadership position in the industry and will provide us with a competitive advantage as we seek additional business with new and existing end users, distributors and resellers.

Intellectual Property

We do not rely substantially on patents or trademarks to do our business. Generally, much of our production comes from products that are already in the public domain, although we do selectively pursue patent applications to preserve our intellectual property rights relative to our competitors.

Our material trademarks include FLOQUAT (coagulants) and FLOPAM (drinking water and waste water), FLOFOAM, ODORFLO, FLOSPERSE (dispersants), and METALSORB (waste water), FLOPRINT, FLOFIX, FLOLINE, FLOLUX (all last four for textile), FLOSOFT (home care), FLODRILL, FLOPERM, FLOJET, SUPERPUSHER, FLOCOMB and FLOPAAM (all last six for oil and mining), FLOBOND and AQUASORB (agriculture), and FLOCARE (personal care).

We own or have licenses to use a portfolio of patents relating to a large number of products and processes, and have accumulated know-how that we believe produces better quality, low-cost products. We currently have a number of active patents in the United States, European Union and worldwide. We also have registered U.S. and E.U. trademarks covering our products.

We have a perpetual license agreement with Mitsubishi Rayon Co. for the production of biologic acrylamide. See “—*Joint Ventures and Partnerships.*”

Employees

As of December 31, 2025, we had 9,388 employees, of which 1,730 were located in France. We believe that our relationship with our employees is generally good, and we generally have low employee turnover.

As of December 31, 2025, some of our employees were members of labor unions and subject to collective bargaining agreements with us. We believe that our relationship with these labor unions is generally good. We have not had any major strikes or work stoppages in our manufacturing facilities due to labor disputes in the past ten years.

Properties

Existing Plants and Properties

Our principal administrative offices and research facilities are located in Andrézieux, France. We own all of our manufacturing facilities and have a network of small leased sales offices throughout the world.

A list of our current production facilities is as follows:

Continent/ Region	Country	City	Size in hectares, if material	Major products manufactured
Americas	United States	Riceboro, GA	210	PAM copolymers in different physical forms, such as gels, powders, emulsions, dewatered emulsions and solutions, Mannichs, wet strength resins, superabsorbents, dispersants, acrylamide monomer and derivatives, ADAME and MADAME, ADAME Quat
Americas	United States	Plaquemine, LA	405	PAM powder and emulsion copolymers, acrylamide monomer
Americas	United States	Dolton, IL		PolyDADMAC, Mannichs
Americas	United States	Longview, WA		Liquid transfer
Americas	United States	Los Angeles, CA		Mannichs, anionic solution polyacrylamides, co-polymers, alum blends
Americas	United States	Pearlington, MS (Port Bienville)	15	DADMAC monomer, polyDADMAC, polyamines
Americas	United States	Taylor, PA		Mannichs, co-polymers, wet strength resins
Americas	United States	Wayne, MI	37/47	Mannichs, polyDADMAC, melamine formaldehyde resins, ADAME Quat
Americas	Canada	Edmonton, AB		Powder transfer
Americas	Mexico	Toluca		PAM liquid copolymer, liquids, dispersants
Americas	Brazil	Camaçari	75	PAM copolymers in emulsions and solutions, dispersants
				PAM copolymers in different physical forms, such as gels, powders, dewatered emulsions, emulsions and solutions, acrylamide monomer, dicyandiamide resins, dispersants, ADAME monomer, ADAME Quat, polyamines, DADMAC monomer, polyDADMAC
Asia	China	Taixing	30	PAM powder copolymers, acrylamide monomer, heavy metal chelating agents
Asia	China	Rudong	60	PAM copolymers in different physical forms such as gels, powders, emulsions and solutions, dispersants, acrylamide monomer
Asia	South Korea	Ulsan	10	PAM in emulsions and water-in-water emulsions forms, liquids
Asia	Japan	Aomori, Kanagawa, Yamaguchi	6	Liquids, dispersants
Asia	Indonesia	Cikande	30	Emulsions, liquids, acrylamide monomer
Asia	India	Vizakhaptnam	30	PAM powder copolymers, liquids, dispersants, acrylamide monomer
Asia	India	Gandhidham	47	Emulsions, liquids
Oceania	Australia	Lara, Victoria	20	PAM copolymers in different physical forms, such as beads, gels, powders, spray dried powders, emulsions, dewatered emulsions and solutions, Mannichs, wet strength resins, superplasticisers, polyDADMAC, dispersants, acrylamide monomer and derivatives
Europe	France	Andrézieux	90	ADAME Quat, polyamines, polydadmac, inorganic coagulants
Europe	France	Saint-Avoid	20	Paper applications monomer
Europe	France	Dunkerque	35	PAM emulsion copolymers
Europe	United Kingdom	Teesside	25	

In France, we are using only half of the land capacity of our existing site. Likewise, at our manufacturing facilities in the United States and China, we have the ability to expand production.

Our existing PAM production capacity is approximately 1,670,000 metric tons. The PAM production capacity in metric tons (active equivalent) of our different facilities as of December 31, 2025, in terms of PAM powder and PAM emulsion is as follows:

	PAM Powder Capacity	PAM Emulsion Capacity
Andrézieux and Saint-Avoid, France.....	145,000	128,000
Teesside, United Kingdom	—	41,000
Plaquemine, Louisiana.....	105,000	120,000
Riceboro, Georgia and other USA	130,000	232,000
Ulsan, South Korea.....	85,000	27,000
Camaçari, Brazil	—	27,000
Aomori, Japan.....	—	15,000
Taixing, China	205,000	128,000
Rudong, China	150,000	—
Gandhidham, India	50,000	20,500

	<u>PAM Powder Capacity</u>	<u>PAM Emulsion Capacity</u>
Vizag, India	—	33,000
Lara, Australia	—	20,500
Other	—	6,500

Plants under Construction or Planning

We have begun construction of our new plant in Indonesia, located in Cikande, covering approximately 21 hectares. This facility will produce acrylamide and PAM powder to serve the Asian market. The plant is expected to be commissioned in the second half of 2026.

Additionally, we continuously assess opportunities and regularly invest in our existing plants to expand production capacity, introduce new product lines, enhance manufacturing efficiency, improve energy and GHG emission performance, and reduce manufacturing costs.

Joint Ventures and Partnerships

We have a policy of seeking out joint ventures with knowledgeable partners with particular expertise in strategic areas related to our products.

Mitsubishi Rayon Co. (formerly Dia-Nitrix)

We have a perpetual license agreement with Mitsubishi Rayon Co., Ltd., for a biological process known as the “immobilized process” to manufacture acrylamide. Through this partnership, we have access to the latest generation of enzymes, enabling us to continuously improve the efficiency of our manufacturing processes. We are currently using the sixth-generation enzyme, which has significantly increased capacity without requiring additional capital expenditure. A seventh generation with enhanced performance has been finalized and will be rolled out in the coming years.

Competition

We operate in a highly competitive pricing environment, and face significant competition in all of the markets in which we operate. Among other areas, we compete with market competitors on PAM, coagulant and monomer pricing, product line and type, the availability of supply, scheduling and order timing, and quality.

Regulation

We are subject to the requirements of environmental and occupational safety and health laws and regulations in the United States and other countries. These include laws and regulations pertaining to the discharge of materials into the environment, pertaining to the manufacture, transportation, storage, handling and disposal of hazardous substances and hazardous wastes, or otherwise relating to the protection of the environment.

Under some of these laws and regulations, a current or previous owner or operator of a facility may be liable for the removal or remediation of hazardous materials at the facility and nearby areas. Such laws typically impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous materials. In addition, under various laws governing the generation, transportation, treatment, storage or disposal of solid and hazardous wastes, owners and operators of facilities may be liable for removal or remediation, or other corrective action at areas where hazardous materials have been released. The costs of removal, remediation or corrective action may be substantial. The presence of hazardous materials in the environment at any of our facilities, or the failure to abate such materials promptly or properly, may adversely affect our ability to operate such facilities. Certain of these laws also impose liability for investigative, removal and remedial costs on persons who dispose of or arrange for the disposal of hazardous substances at facilities owned or operated by third parties. In certain instances, liability for such costs is retroactive, strict, and joint and several; it may also include obligations to investigate and clean up environmental contamination on or from our current or former properties or at off-site locations to which we sent wastes. Under these laws and regulations, we may have these obligations without regard to fault or the legality of the conduct that contributed to the contamination and liability for the entire cost of a cleanup can be imposed on any responsible party.

The activities and plants at our production facilities are subject to a variety of laws and regulations, including requirements relating to the emission of pollutants into the ground, waters and the atmosphere and the generation, transportation, treatment, storage and disposal of solid and hazardous wastes. We are also subject to laws that regulate the manufacture, processing, and distribution of chemical substances and mixtures, as well as the disposition of certain hazardous substances. Further, non-compliance or alleged non-compliance with environmental and product safety regulations may result

in the local government forcing us to modify plant operations, or even result in the seizure or the permanent or temporary discontinuation of the operations of our non-conforming plants.

National and international laws regulate the production, marketing and use of chemicals, and all major developed countries have their own chemical control legislation. The most significant rules and regulations impacting our business are those in force in the European Union (covering all the member states), the United States, Canada, Japan, China, South Korea and Australia. Some facets of the regulations in these regions are continuously being revised, with input from us.

These regulations are subject to expansion or enhancement. Any new or tightened regulations could lead to increases in the direct and indirect costs we incur in manufacturing and delivering products to the end users and resellers we supply. For example, the European Parliament and Council adopted extensive new chemical legislation which went into force in 2007 and which impacts the manufacturers, importers and distributors and users of all chemicals, not just those chemicals which are considered to be hazardous to human health and the environment. The ongoing implementation of this regulation, referred to as “REACH” (Registration, Evaluation and Authorisation of Chemicals), means that all chemical companies and user companies are faced with additional costs to conduct their businesses in the European Union and the European Economic Area. Similarly, extensive new chemical regulation programs in China and South Korea are creating additional costs for chemical producers and users in those countries.

In the European Union, within the framework of the former Existing Substances Regulation (793/93/EEC) (replaced by REACH), risk assessments were completed and risk reduction strategies were implemented for most of the major raw materials the Company uses. The conclusions and recommendations of the European Union in this respect have not resulted in any further regulatory burden on us, as they have confirmed the safety of both our manufacturing facilities and the products we place on the market. These risk assessments, along with those carried out by the Organisation for Economic Development, or OECD, as part of the High Production Volume Chemicals Program, are datasets that have been and will be used for the evaluation of our major raw materials under the REACH regulations. Acrylamide has been registered under REACH in the highest tonnage band. A full registration dossier was submitted with all studies required under REACH. The increase in the costs of compliance and potential regulatory burdens for us in Europe overall should be less significant than for other producers of chemical products because polymers, the greatest share of our production, are exempted from the registration and evaluation requirements of REACH.

In the United States, we contributed to the recent review of acrylamide by the Environmental Protection Agency (EPA) within the Integrated Risk Information System (IRIS) program by providing industry input. The information contained in IRIS database is used to determine regulatory decisions on allowable emissions to air and water and workplace exposure levels. We submitted an extensive set of new data obtained through our scientific research program, which was used to update IRIS with respect to acrylamide. The risk level for exposures to acrylamide was increased 10-fold, indicating acrylamide is much less toxic than previously assessed. The new (and less stringent) risk factor allows for increased air emissions and so allows the projected expansion of our Riceboro, Georgia site.

We are equally active in all the other regulatory issues that impact our business in the United States. For example, we subscribed to EPA’s High Production Volume Challenge Program as a participant in producer consortiums.

A further regulatory initiative which we support and in which we are involved is the United Nations’ Globally Harmonized System of Classification and Labeling, or GHS. This system is intended to globally harmonize classification and labeling of chemicals not only in the supply chain but also for their transport by land, water and air. GHS has been introduced in the EU, the U.S., the People’s Republic of China and elsewhere and will continue to be adopted by various countries over the next few years, resulting in regulatory coherence and minimization of resources and costs required for compliance.

The introduction of new product lines requires us to seek inventory listings in all the major regions stated above, for example the Toxic Substances Control Act (TSCA) Chemical Inventory in the United States. For certain specially controlled applications, such as the treatment of drinking water and the production of food-contact paper, we have made many successful submissions to agencies such as the U.S. Food and Drug Administration (FDA), the German Federal Institute for Risk Assessment (BfR), and the French Agency for Food, Environmental and Occupational Health & Safety (ANSES).

Legal Proceedings

We are involved in various disputes and litigation arising in the ordinary course of our business. None of these matters is expected to have a material adverse effect on our financial position, results of operations or cash flow.

Insurance

We insure our buildings and plant equipment, for property damage with insurance policies which we believe are generally in accordance with market practice and provide for adequate coverage amounts. We also have insurance covering our operations, including business interruption insurance, liability, worker compensation, marine and product liability

insurance, which we believe to be appropriate in amounts and level of coverage in accordance with customary industry practices.

MANAGEMENT

Directors and Executive Officers

The following table presents our directors as of the date of this offering memorandum:

Name	Age	Title
Pascal Remy	65	Chairman of the Board of Directors and Chief Executive Officer (<i>Président Directeur Général</i>)
René Pich	85	Senior Executive Vice President (<i>Directeur Général Délégué</i>)
John Pittman	58	President of SNF USA
Loïc Faucheur	48	Chief Financial Officer
Virginie Malnoy	44	Chief Compliance Officer
Caroline Dumond	54	Director (<i>Administrateur</i>)
Richard Saint-Sauveur	75	Director (<i>Administrateur</i>)
Thierry Lemonnier	72	Director (<i>Administrateur</i>)

The business address of our directors is Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France. The following is a brief description of the present and past business experience of each of our directors.

Pascal Remy

Pascal Remy has been our Chairman of the Board of Directors and Chief Executive Officer since November 2010. Prior to his appointment as Chairman and CEO, Mr. Remy was our President and a member of our Board of Directors, beginning in December 2005. Mr. Remy has over 25 years of experience in the chemical and water treatment industry, and was previously Senior Vice President of Nalco (now part of Ecolab) and President of Degremont. Before joining us, Mr. Remy was operating partner of a Chicago-based private equity fund. Mr. Remy holds graduate degrees from the Massachusetts Institute of Technology, Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées.

René Pich

René Pich graduated with a degree in chemistry from the Institut de Chimie et Physique Industrielle (Lyon). Mr. Pich started his career as a researcher on polymerization in Rhodiaceta and then Streichenberger before being appointed as Polyacrylamide Technical Director of British Petroleum. In 1978, Mr. Pich founded SNF and became the first Chairman of our Board of Directors and Chief Executive Officer of SNF. Mr. Pich resigned from this position in November 2010 and became Senior Executive Vice President. Mr. Pich has been a member of our Board of Directors since 1978.

John Pittman

John Pittman holds a BA in Mechanical Engineering from the Georgia Institute of Technology and a MBA from the Warrington College of Business at the University of Florida. Mr. Pittman has worked in the chemical industry for about 30 years, initially with Vinings/Kemira, where he had various roles in Sales and Sales Management primarily focused on the global Mining, Oil & Gas markets. More recently, Mr. Pittman was the Regional Market Director of Oil & Gas for Solvay USA. Mr. Pittman joined SNF in 2017 and is currently President of SNF USA. Mr. Pittman was appointed as a board member of SNF Group in 2019.

Loïc Faucheur

Loïc Faucheur graduated from Montpellier SupAgro with a degree in engineering and from AgroParisTech with a Master of Science in Computer Sciences. Mr. Faucheur began his career in finance as an auditor with PricewaterhouseCoopers. Mr. Faucheur has over 20 years of experience in finance positions in consulting and Fortune Global 500 corporations (AB Volvo, Casino Group), both in France and in the United States. Mr. Faucheur joined SNF Group in April 2011 as Group Controller and has been appointed Vice President Finance in May 2013 and Chief Financial Officer in March 2021. Mr. Faucheur was appointed as a board member of SNF Group in 2025.

Virginie Malnoy

Virginie Malnoy holds a Master's Degree from EDHEC Business School and a Master's Degree from the Faculty of Law and Political science of Nice Sophia Antipolis. She has worked for 14 years for international law firms in Monaco, her area of expertise being business law. She joined SNF in 2019 as Corporate Law Manager for the SNF Group, and has been a member of the Board of Directors since 2021.

Caroline Dumond

Caroline Dumond has an engineering degree from École Polytechnique Féminine (EPF). She has held several positions as engineer, Chief Production Officer, Chief Industrial Officer and joint venture manager including at Air Liquide. In 2016, she was certified as a corporate director by Sciences Po Paris and the IFA (Institut Français des Administrateurs). Since 2018,

she is CEO and founding partner of Les Premières Sud, a business incubator promoting inclusion and women's entrepreneurship to help start-ups innovate and grow with high social impact. She has been a member of the Board of Directors since 2003.

Richard Saint-Sauveur

Richard Saint-Sauveur graduated from ESC Lille and received an MBA degree from HEC. Mr. Saint-Sauveur has 40 years of experience in the chemical industry and has held various technical, commercial and management positions within Roquette, Lafarge, Orkem and Elfatochem. Mr. Saint-Sauveur was Director of the acrylic business unit of Elfatochem before joining SNF in 1999 as Group Purchasing Director. Mr. Saint-Sauveur was appointed as a board member of SNF Group in 2011.

Thierry Lemonnier

Thierry Lemonnier graduated from the Ecole Nationale Supérieure de Géologie (Nancy) and from Stanford University. He joined Total in 1979, where he held various management positions, among which were Chief Financial Officer (CFO) of the Refining and Marketing branch from 1993 to 1999 and CFO of the Chemical branch from 2001 to 2006. He was CFO and member of the Executive Committee of Arkema from 2006 until his retirement at the end of 2018. Mr. Lemonnier was appointed as a board member of SNF Group in 2019.

Compensation of Directors and Management

An aggregate of €4.4 million was paid to our senior managers and board members in 2025.

Retirement Plan Information

Non-union employees in the United States hired prior to January 1, 2009, are eligible to participate in the Defined Benefit Pension Plan (the “**DBP**”). The DBP provides for normal retirement benefits in the form of a monthly annuity when the employee reaches age 65, or at a reduced amount starting at age 55 if the employee retires early, subject to the plan's vesting and service requirements. The maximum benefits payable are equal to 40% of the average annual compensation, subject to certain maximums, for the five full calendar years prior to the employee's retirement from service. As of December 31, 2025, 309 people were participants in the DBP, split as follows: 157 active employees, 113 former employees no longer in the company and 39 retired people. At this date, the DBP was overfunded by €8.2 million.

Non-Union employees in the United States hired on or after January 1, 2009, are eligible to participate in a Defined Contribution Plan called the Retirement Savings Plan (the “**RSP**”). The company contributes 2% of eligible wages on a quarterly basis and may make an additional discretionary contribution up to 2% on an annual basis. There is no defined future benefit obligation associated with this RSP and thus, no provision has been recorded as of December 31, 2025.

Additionally, all union and non-union employees are eligible to participate in a traditional 401(k) Defined Contribution Plan. The company contributes a matching contribution equal to 50% of an employee's elective deferrals, up to a maximum of 5% of the employee's annual compensation. The Internal Revenue Code also imposes an annual limit on employee pre-tax salary deferrals. For 2025, this limit is \$23,500 plus an additional \$7,500 catch-up contribution for employees aged 50 to 59 and 64 or older, or an additional \$11,250 for employees aged 60 to 63.

For our French employees, we pay a duty to the French government for each employee. We also pay a premium to our employees when they retire, which amount is determined pursuant to the collective bargaining agreement applicable to them. This premium is accounted as a provision for a contingent liability. The amount of the provision is reassessed every year, based on the profile of our employees, and is audited by our statutory auditors.

PRINCIPAL SHAREHOLDERS

The Company is privately held and owned by an irrevocable U.S.-based trust whose potential beneficiaries are charities. The trust is administered by a trustee and Mr. René Pich, one of our founders and our current Senior Executive Vice President, is the protector.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are not a party to any material related party transactions with our executive officers or directors.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Notes due 2029

On September 24, 2020, we issued €350.0 million principal amount of 2.625% senior notes due 2029 (the “**Senior Notes due 2029**”). As part of the offering of the Senior Notes due 2029, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

Senior Notes due 2027 and Senior Notes due 2030

On September 20, 2021, we issued \$350.0 million principal amount of our 3.125% senior notes due 2027 (the “**Senior Notes due 2027**”) and \$350.0 million principal amount of our 3.375% senior notes due 2030 (the “**Senior Notes due 2030**”). We intend to redeem the Senior Notes due 2027 with part of the proceeds from the Notes offering. As part of the offering of the Senior Notes due 2027 and the Senior Notes due 2030, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

Senior Notes due 2032

On March 20, 2025, we issued €550.0 million principal amount of our 4.500% senior notes due 2032 (the “**Senior Notes due 2032**”). As part of our offering of the Senior Notes due 2032, we entered into an indenture with the trustee, as defined therein, which contains certain restrictions on our ability to incur additional debt, pay dividends, dispose of our assets and other restrictions.

Revolving Credit Facility

General

On June 27, 2023, we entered into an unsecured €750.0 million revolving credit facility (with an accordion of up to €200.0 million) (the “**Revolving Credit Facility**”). The Issuer is the borrower under the Revolving Credit Facility. As of December 31, 2025, €143.0 million were outstanding under the Revolving Credit Facility. As of March 12, 2026, €270.0 million were outstanding under the Revolving Credit Facility. Amounts repaid under the Revolving Credit Facility may be re-borrowed. As adjusted for the offering, the Revolving Credit Facility will be undrawn.

The following is a summary of certain provisions of the Revolving Credit Facility, but it does not purport to be complete. Terms defined in the Revolving Credit Facility shall bear the same meaning in this section unless otherwise defined in this section.

The final maturity of the Revolving Credit Facility is June 27, 2028, the fifth anniversary of the Revolving Credit Facility, subject to the exercise of two extension options. Pursuant to the terms of the Revolving Credit Facility, we have the option to extend the Termination Date by one year prior to the first anniversary and a further option to extend such Termination Date by one year (if the first extension option was exercised) or two years (if the first extension option was not exercised) prior to the second anniversary, subject to the consent of the Lenders. On May 22, 2024, we utilized the first extension option and extended the final maturity by one year to June 27, 2029. On May 9, 2025, we utilized the second extension option and extended the final maturity by one year to June 27, 2030.

Interest Rate and Fees

The amounts outstanding under the Revolving Credit Facility bear interest at a rate based on the applicable reference rate, which is either EURIBOR for loans in euros or Adjusted SOFR for loans in US dollars, plus the applicable margin. The initial margin is set at 85 basis points per annum, subject to adjustment based on the Leverage Ratio, with possible adjustments ranging from as high as 170 basis points per annum to as low as 70 basis points per annum. The commitment fee for undrawn, uncanceled amounts under the Revolving Credit Facility is 35% of the applicable margin. The utilisation fee varies from 10 basis points to 40 basis points per annum, depending on the percentage of the drawn amount relative to the total commitments amount. As customary for this type of transaction, we were also required to pay upfront fees, an agency fee, and a documentation agent fee.

Prepayment

Mandatory prepayments are required to be made in some circumstances under the Revolving Credit Facility. Mandatory prepayment of all outstanding amounts and cancellations of all commitments under the Revolving Credit Facility will be required upon the occurrence of:

- a change of control if required by a lender, as defined in the Revolving Credit Facility;
- with respect to any lender, illegality affecting that lender; and
- FATCA Event (if a lender notifies the Agent of a FATCA Event and only subject to certain conditions).

The Issuer has also the ability to voluntarily cancel, with prior notice, the whole or any part of the Available Revolving Facility, subject to certain conditions. The Issuer may also voluntarily prepay the whole or any part of any Loan under the Revolving Credit Facility by providing prior notice to the Agent, depending on whether it is a Term Rate Loan or a Compounded Rate Loan. The prepayment must be in a minimum amount of \$2,500,000 or €2,500,000 depending on the currency of the relevant loan, and must be in whole multiples of \$500,000 or €500,000 respectively. The prepayment can be made without any premium or penalty, but is subject to any Break Costs.

Certain Covenants

The Revolving Credit Facility agreement contains numerous operating and financial covenants relating to, among other things:

- maintenance covenants in respect of our leverage ratio covenant,
- delivery of financial statements, reports, and notices,
- limitations on liens,
- limitations on sales and other disposals of assets,
- limitations on mergers and consolidations,
- limitations on acquisitions, joint ventures and equity investments,
- limitations on financial indebtedness,
- compliance with laws and regulations, including environmental laws and anti-corruption laws,
- insurance.

The Leverage Ratio, which corresponds to Consolidated Net Debt divided by Consolidated EBITDA, must be less than 4.00:1.

At December 31, 2025, we were in compliance with all covenants under the Revolving Credit Facility.

Events of Default

The Revolving Credit Facility agreement contains events of default, including failure to make payments when due thereunder, breach of covenants, representations and warranties, default under other agreements relating to indebtedness (including the Notes offered hereby), certain events of liquidation, bankruptcy or similar events and the occurrence of a Material Adverse Change as defined under the Revolving Credit Facility.

Governing Law

The Revolving Credit Facility is governed by French law.

EIB Loan

General

On October 3, 2018, the Issuer, as borrower, entered into a €180.0 million 8-year term loan (the “**EIB Loan**”) with the European Investment Bank (EIB), as amended on October 9, 2019. The proceeds from the EIB Loan were primarily used to finance investments in our Dunkirk site, the deployment of new technologies on our Andrézieux production site, as well as for financing research and development for the period 2019-2022.

The following is a summary of certain provisions of the EIB Loan, but it does not purport to be complete.

Interest Rate and Fees

The amounts outstanding under the EIB Loan bear interest at a fixed rate of 1.75%, plus mandatory costs.

Prepayment

Mandatory prepayments of outstanding amounts and cancellations of commitments under the EIB Loan will be required upon the occurrence of:

- a decrease of the cost of the Project (as defined in the EIB Loan) below 50% of the total commitments under the EIB Loan;
- a voluntary prepayment of Other Indebtedness (as defined in the EIB Loan), subject to certain exceptions;
- a Change of Control (as defined in the EIB Loan);
- change of law; and
- illegality affecting the lender.
- Mandatory prepayments will also be required, subject to certain exceptions, reinvestment rights and thresholds, with respect to the net proceeds of certain asset disposals.

Events of Default

The EIB Loan contains certain customary events of default (subject to certain thresholds), including failure to make payments when due thereunder, breach of covenants or representations and warranties, cross-default (including the notes offered hereby), insolvency proceedings or creditors' process, audit qualification, unlawfulness or invalidity of the Finance Documents (as defined in the EIB Loan) and the occurrence of a material adverse effect (as defined under the EIB Loan).

Governing Law

The EIB Loan is governed by French law.

ICBC Loan

General

On December 19, 2024, the Issuer, as borrower, entered into a CNH 600.0 million five-year term loan (the "**ICBC Loan**") with the Industrial and Commercial Bank of China, Paris Branch. We drew the ICBC Loan on January 6, 2025, the proceeds of which were primarily used to repay drawn amounts under the Revolving Credit Facility.

The following is a summary of certain provisions of the ICBC Loan, but it does not purport to be complete.

Interest Rate and Fees

The amounts outstanding under the ICBC Loan bear interest at a fixed rate of 3.8% if drawn in CNH or EURIBOR plus 140 basis points, plus mandatory costs.

Prepayment

Mandatory prepayments of outstanding amounts and cancellations of commitments under the ICBC Loan will be required upon the occurrence of:

- a Change of Control (as defined in the ICBC Loan);
- change of law; and
- illegality affecting the lender.

Events of Default

The ICBC Loan contains certain customary events of default (subject to certain thresholds), including failure to make payments when due thereunder, breach of covenants or representations and warranties, cross-default (including the notes offered hereby), insolvency proceedings or creditors' process and the occurrence of a material adverse effect (as defined under the ICBC Loan).

Governing Law

The ICBC Loan is governed by French law.

Other Indebtedness

Our other indebtedness includes borrowings by the Issuer, SNF HC, SNF China, Limited, SNF UK and SNF India pursuant to several term loans and other bank financings, working capital facilities at our Japanese subsidiary and several small working capital facilities at our other subsidiaries. Some of these financings are secured by our or our subsidiaries' property, equipment or receivables. For additional information on our other indebtedness, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Senior Notes, Senior Credit Facilities and Other Indebtedness—Other Indebtedness.*" As of December 31, 2025, €33.5 million was outstanding under these borrowings.

DESCRIPTION OF NOTES

The \$750,000,000 5.626% Senior Notes due 2031 (the “Notes”) have been issued under an indenture, dated as of the Issue Date (the “Indenture”), among SNF Group as issuer (the “Issuer”), BNY Mellon Corporate Trustee Services Limited as trustee (the “Trustee”), The Bank of New York Mellon SA/NV, Dublin Branch as transfer agent and registrar, and The Bank of New York Mellon, London Branch as paying agent.

The following summaries of certain provisions of the Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the terms and conditions of the Notes and the Indenture, including the definitions therein of certain terms. Copies of the Indenture are available at the principal executive offices of the Issuer, at the office of the Trustee, and at the office of any paying agent. As used herein, the term “Holder” or “Noteholder” means the person in whose name a note is registered in the register (the “Register”) which the Issuer will cause the registrar to maintain for the Notes.

General

The Notes will:

- be senior unsecured obligations of the Issuer;
- at all times rank *pari passu* in right of payment among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application;
- be effectively subordinated to all existing and future secured Indebtedness of the Issuer and its Subsidiaries to the extent of the value of the assets securing such Indebtedness (other than to the extent that such assets also secure the Notes on an equal and ratable basis); and
- be effectively subordinated to all existing and future Indebtedness of Subsidiaries of the Issuer.

The Issuer is entitled, without the consent of the Holders, to issue additional Notes under the Indenture on the same terms and conditions (other than the original issue date, the issue price and interest commencement date) (the “Additional Notes”). The Notes and the Additional Notes, if any, will be treated as a single class for all purposes of the Indenture, including waivers and amendments; provided that unless such Additional Notes are issued under a separate CUSIP number, such Additional Notes must be fungible with the Notes for U.S. federal income tax purposes. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of Notes”, references to the Notes include any Additional Notes actually issued.

As of December 31, 2025, on an as adjusted basis giving effect to the issuance of the Notes in this offering and the application of the proceeds therefrom, (i) on a standalone basis, the Issuer would have had approximately €2,254.4 million of indebtedness outstanding, €2.4 million of which would have been secured indebtedness and €64.3 million of which would have been capital leases, and (ii) the Issuer’s subsidiaries would have had approximately €33.5 million of third-party indebtedness outstanding, excluding the impact of IFRS 16 and capitalized financing costs.

The Indenture does not limit the amount of Indebtedness or other obligations that may be incurred by the Issuer or any of its Subsidiaries.

The Issuer has issued Notes in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Notes will mature on March 31, 2031. The Notes will not be entitled to the benefit of any mandatory sinking fund.

The Notes will bear interest at the applicable Rate of Interest (including the Issue Date, payable semi-annually, in arrears, on March 31 and September 30 of each year commencing on September 30, 2026 (each, an “Interest Payment Date”), to the person in whose name the relevant Note (or any predecessor of the relevant Note) is registered at the close of business on the March 15 or September 15 that precedes the respective Interest Payment Date, whether or not a Business Day (each, a “record date”). Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

“Interest Period” means the period commencing on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period commencing on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Rate of Interest” means 5.626% per annum.

Ranking

The Notes will not be secured by any of the Issuer's assets. As a result, by owning the Notes, a Noteholder will be one of the unsecured creditors of the Issuer. The Notes will not be subordinated to any of the Issuer's other unsecured debt obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. In the event of a bankruptcy, liquidation or reorganization proceeding against the Issuer, the Notes would rank equally in right of payment with all of the Issuer's other senior unsubordinated debt.

Methods of Receiving Payments on the Notes

All payments on the Notes will be made at the office or agency of the paying agent unless the Issuer elects to make interest payments by check mailed to the Holders at their address set forth in the Register.

Subject to any applicable abandoned property law, the Trustee and the paying agents will pay to the Issuer upon its request any monies held by them for the payment of principal of or interest on the Notes that remains unclaimed for two years, and, thereafter, Holders entitled to such monies must look to the Issuer for payment as their general creditor. After the return of such monies by the Trustee or the paying agents to the Issuer, neither the Trustee nor the paying agents will be liable to the Holders in respect of such monies.

Paying Agent and Registrar for the Notes

The Bank of New York Mellon, London Branch will initially act as paying agent and The Bank of New York Mellon SA/NV, Dublin Branch will initially act as transfer agent and registrar. The Issuer may change the paying agent, the transfer agent or the registrar without prior notice to the Holders.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The Issuer, the registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Any transfer documents will be available at the Issuer's principal executive offices, as well as at the offices of the Trustee, registrar and transfer agents, and at the offices of the transfer agent. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any Notes selected for redemption. Also, the Issuer is not required to transfer or exchange any Notes for a period of 15 days before a selection of Notes to be redeemed.

Redemption

The redemption price at maturity date will be 100.000% of nominal amount.

Optional Redemption

Except as described below, the Notes are not redeemable at the Issuer's option. The Issuer is not, however, prohibited from acquiring the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not otherwise violate the terms of the Indenture.

Prior to February 28, 2031 (one month prior to their maturity date) (the "Par Call Date"), the Issuer may redeem the Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes to be redeemed matured on the relevant Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the redemption date, and
- (2) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date and any Additional Amounts (as defined below) payable in respect thereof.

On or after the Par Call Date, the Issuer may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the redemption date and any Additional Amounts (as defined below) payable in respect thereof.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) – H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities–Treasury constant maturities–Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the relevant Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the relevant Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the relevant Par Call Date, as applicable. If there is no United States Treasury security maturing on the relevant Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the relevant Par Call Date, one with a maturity date preceding the relevant Par Call Date and one with a maturity date following the relevant Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the relevant Par Call Date. If there are two or more United States Treasury securities maturing on the relevant Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository’s procedures) at least 10 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed. Notice of redemption may be conditional.

In the case of a partial redemption, selection of the notes for redemption will be made pro rated by distribution of principal, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. Notwithstanding the foregoing, for so long as the Notes are held by DTC (or another depository), the redemption of the Notes shall be done in accordance with the policies and procedures of the depository. No Notes of a principal amount of \$200,000 or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to the Note will state the portion of the principal amount of the Note to be redeemed. A new Note in a principal amount equal to the unredeemed portion of the Note will be issued in the name of the holder of the Note upon surrender for cancellation of the original Note.

Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes or portions thereof called for redemption.

The Issuer may at any time purchase Notes in the open market or otherwise at any price.

Redemption for Changes in Withholding Taxes

The Issuer may redeem the Notes, in whole but not in part, at any time upon giving not less than 10 nor more than 60 days’ prior notice to the Holders (which notice must be given in accordance with the procedures described in “—*Selection and Notice*”), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, up to but excluding the date fixed by the Issuer for redemption (a “Tax Redemption Date”) and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay

Additional Amounts with respect to the Notes, and the Issuer cannot avoid any such payment obligation taking reasonable measures available to it, as a result of:

- (1) any change in, or amendment to, the laws or treaties (or any regulations, or rulings promulgated thereunder) of the relevant Tax Jurisdiction (as defined below) affecting taxation which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of the Indenture (or, if a relevant Tax Jurisdiction has been added since the date of the Indenture, the date on which such Tax Jurisdiction became a relevant Tax Jurisdiction under the Indenture); or
- (2) any change in, or amendment to, the existing official written position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice), which change or amendment has not been publicly announced as formally proposed before and becomes effective on or after the date of the Indenture (or, if a relevant Tax Jurisdiction has been added since the date of the Indenture, the date on which such Tax Jurisdiction became a relevant Tax Jurisdiction under the Indenture).

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment of Additional Amounts if a payment in respect of the Notes were then due and unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of counsel in the relevant Tax Jurisdiction to the effect that there has been such change or amendment which would entitle the Issuer to redeem the Notes hereunder an officers' certificate and to the effect that the Issuer cannot avoid any obligation to pay Additional Amounts by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new paying agent where this would be reasonable); provided that changing the jurisdiction of the Issuer is not a reasonable measure for the purposes of this section.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment, withholding or other governmental charge, including penalties, interest and other liabilities related thereto (collectively, "Taxes") unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer (including any successor entity), is then incorporated, organized, engaged in business (directly or indirectly) or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction by or through which payment is made (including the jurisdiction of any paying agent) or any political subdivision thereof or therein (each, a "Tax Jurisdiction"), will at any time be required to be made on any payments made by or on behalf of the Issuer under or with respect to the Notes, the Issuer will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments (including Additional Amounts) after such withholding, deduction or imposition will equal the respective amounts which would have been received in respect of such payments in the absence of such withholding, deduction or imposition; provided, however, that no Additional Amounts will be payable with respect to:

- (1) any Taxes, to the extent such Taxes would not have been imposed but for the Holder or the beneficial owner (or a fiduciary, settlor, beneficiary, member or shareholder of such Holder, if such Holder is an estate, a trust, a partnership, a limited liability company or a corporation) of the Notes being a citizen or resident or national of, incorporated or carrying on a business in, the relevant Tax Jurisdiction in which such Taxes are imposed other than Taxes imposed due to the holding of such Note or enforcement of rights thereunder or the receipt of payments in respect thereof or any other connection with respect to the Notes;
- (2) any Taxes, to the extent such Taxes are imposed or withheld as a result of the failure of the Holder of the Notes or beneficial owner of the Notes to comply with any written request, made to that Holder or beneficial owner in writing at least 15 days before any such withholding or deduction would be payable, by the Issuer to provide timely and accurate information concerning the nationality, residence or identity of such Holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from all or part of such Taxes, but in each case, only to the extent the Holder or beneficial owner is legally able to do so;
- (3) any Taxes imposed as a result of the presentation of a Note for payment (where Notes are in the form of Certificated Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

- (4) any Taxes which would have been avoided by the Holder presenting the relevant Note (if presentation is required) or requesting that such payment be made to another paying agent;
- (5) any estate, inheritance, gift, sales, use, transfer, capital gains, personal property or similar Tax;
- (6) any Taxes that are imposed otherwise than by deduction or withholding from payments made under or with respect to the Notes; or
- (7) any combination of items (1) through (6) above.

Notwithstanding anything to the contrary in the preceding paragraph, neither the Issuer nor any paying agent nor any other person shall be required to pay any Additional Amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the “Code”), as of the date hereof (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (including non-U.S. laws implementing such intergovernmental agreements).

Furthermore, no Additional Amounts shall be paid with respect to any payment on a Note to a Holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to receive the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder;

In addition to the foregoing, the Issuer will also pay and indemnify the Holder for any present or future stamp, issue, registration, transfer, court or documentary Taxes, or any other excise or property Taxes or similar levies or Taxes which are levied by a relevant Tax Jurisdiction on or in connection with the issuance, execution, delivery, registration or enforcement of any of the Notes, the Indenture, or any other document or instrument referred to therein, or the receipt of any payments with respect thereto.

If the Issuer becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Issuer will deliver to the Trustee on a date which is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer shall notify the Trustee promptly thereafter) an officers’ certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers’ certificate must also set forth any other information reasonably necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date. The Issuer will provide the Trustee with documentation evidencing the payment of Additional Amounts.

The Issuer will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer will furnish to the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or if, notwithstanding the Issuer’s efforts to obtain receipts, receipts are not obtained, other evidence of payments by the Issuer. Such certified copies or other evidence shall be available upon request by a Holder to the Trustee.

Whenever in the Indenture or in this “Description of Notes” there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner of its Notes, and will apply, mutatis mutandis, to any jurisdiction in which any successor Person to the Issuer is incorporated, organized, engaged in business or resident for tax purposes or any jurisdiction from or through which any payment on the Notes is made and any political subdivision thereof or therein.

Change of Control

If a Change of Control Repurchase Event occurs, unless the Issuer has exercised its right to redeem the Notes in full, the Issuer will offer to repurchase any and all of the Holder’s Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a Change of Control payment (the “Change of Control Payment”) in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date. Within 30 days following any Change of

Control Repurchase Event, the Issuer will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control Repurchase Event (including, but not limited to, information with respect to the Issuer's *pro forma* net income, cash flow and capitalization after giving effect to the Change of Control Repurchase Event) and offering to repurchase Notes on the date (the "Change of Control Payment Date") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. If the Change of Control Repurchase Event has been publicly announced but has not occurred at the time the notice of the Change of Control Offer is mailed to Holders, the Change of Control Offer may be conditional on the consummation of such Change of Control Repurchase Event occurring prior to or concurrent with the repurchase. The Issuer will comply with the requirements of any relevant securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Repurchase Event provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, subject to extension if necessary to comply with the provisions of any applicable law, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The paying agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided that* such new Notes will be in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control Repurchase Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control Repurchase Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "*—Optional Redemption,*" unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control Repurchase Event, conditioned upon the consummation of such Change of Control Repurchase Event, if a definitive agreement is in place for the Change of Control Repurchase Event at the time the Change of Control Offer is made. The closing date of any such Change of Control Offer made in advance of a Change of Control Repurchase Event may be changed to conform to the actual closing date of the Change of Control Repurchase Event, provided that such closing date is not earlier than 30 days nor later than 60 days from the date the Change of Control Offer notice is mailed as described in the first paragraph of this section.

The definition of Change of Control Repurchase Event includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Subsidiaries taken as a whole to another Person or group may be uncertain.

If and for so long as the Notes are listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF, and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Repurchase Event may be waived or modified with the written consent of the holders of a majority in aggregate principal amount of the then outstanding Notes.

Restrictions under certain of the agreements governing our existing or future Indebtedness may prohibit the prepayment of the Notes upon a Change of Control Repurchase Event. Consequently, if we are unable to prepay any such Indebtedness containing such restrictions or obtain requisite consents, the Issuer may not be able to fulfill its repurchase obligations to holders of the Notes that exercise their repurchase rights following a Change of Control Repurchase Event, thereby resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under such other Indebtedness.

Purchases and Cancellations

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold, subject as provided below.

All Notes which are purchased or redeemed by the Issuer will cease to be considered to be outstanding and will be cancelled and accordingly may not be reissued or sold save that any Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes.

Covenants

The Indenture provides that the following restrictive covenants will be applicable to the Issuer.

Negative Pledge

So long as any Note remains outstanding, the Issuer will not and will procure that none of its Material Subsidiaries will create or permit to subsist any Security Interest (other than a Security Interest created on any asset acquired by the Issuer or any Material Subsidiary for the sole purpose of financing or refinancing that acquisition, or existing on such asset at the time of its acquisition, provided that the value of such Security Interest does not exceed the value of the corresponding asset) upon the whole or any part of its present or future assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any guarantee of Relevant Indebtedness without (i) at the same time or prior thereto, equally and ratably securing the Issuer's obligations under the Notes until such time as such Relevant Indebtedness is no longer secured by such Security Interest, or (ii) providing such other security for the Notes as may be not materially less beneficial to the Holders.

Consolidation, Merger, Sale or Conveyance

The Issuer may not consolidate with or merge into, or convey or transfer its properties and assets substantially as an entirety to, any Person, unless (i) the successor Person must expressly assume, by a supplemental indenture, the due and punctual payment of the principal of, premium, if any, and interest on all the outstanding Notes, and the performance of every covenant in the Indenture on the part of the Issuer to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after giving of notice or lapse of time or both, would become an Event of Default, will have happened or be continuing; and (iii) the Issuer will have delivered to the Trustee an Officers' Certificate and Opinion of Counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger, conveyance or transfer (other than a lease), such successor corporation or limited liability company or similar entity will succeed to and be substituted for the Issuer as obligor on the Notes, with the same effect as if it had been named in the Indenture as such obligor.

For purposes of this covenant, the conveyance or transfer of all the property of one or more Subsidiaries of the Issuer, which property, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all the property of the Issuer on a consolidated basis, will be deemed to be the transfer of all or substantially all the property of the Issuer.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee and make available to the Holders and potential investors:

- (1) within 120 days after each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2026:
 - (a) information substantially similar in scope to the information included in this offering memorandum, including

the information under the captions entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Management,” “Certain Relationships and Related Transactions,” “Principal Shareholders” and “Description of Other Indebtedness,” as well as a description of material recent developments (but excluding “Industry Overview”); (b) to the extent such statements may be produced based on information reasonably available, pro forma income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; and (c) audited consolidated statements of income and statements of cash flow of the Issuer (or any predecessor company of the Issuer) as of and for the most recent three fiscal years and balance sheets as of the two most recent fiscal years, including appropriate footnotes to such financial statements, for and as of the end of such fiscal year, and the report of the independent auditors on such financial statements;

- (2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer, commencing with the quarter ending March 31, 2026, information including: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) to the extent such statements may be produced based on information reasonably available, pro forma income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of material commitments and contingencies; (d) material recent developments; and (e) a presentation of EBITDA; and
- (3) promptly after the occurrence of a material acquisition, disposition, restructuring, senior management changes, change in auditors, the entering into of an agreement that will result in a Change of Control Repurchase Event or any other material event, in each case, a report containing a description of such event.

The Issuer will also make available copies of all reports required by clauses (1) through (3) above on (i) the Issuer’s website (and maintain for a period of at least three years after posting), (ii) to the newswire or other service of Bloomberg L.P. or, if Bloomberg L.P. does not then operate any such service, any similar agency and (iii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, at the offices of the Luxembourg Listing Agent in Luxembourg.

In addition, for so long as any Notes remain outstanding and during any period which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer will agree that it will furnish to the holders of Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Furthermore, within 20 Business Days subsequent to the date of the publication of the reports described in (1) and (2) above, the Issuer shall hold a conference call for current and prospective holders of the Notes in which at least one member of the senior management of the Issuer shall participate. Notice of such conference calls shall be deemed a report required by clause (3) above and will state the date, time and dial-in number and shall be published at least one Business Day in advance of such conference call.

All reports made pursuant to this covenant shall be made in, or translated to, the English language.

Certain Definitions

The following terms have the following definitions in the Indenture:

“Business Day” means each day (other than a Saturday or a Sunday) on which banks are open for general business in Luxembourg, Paris, France, London, England and New York City.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d) of the Exchange Act) other than a Principal or a Related Party of a Principal, provided that so long as such surviving or transferee person is a Subsidiary of a parent Person, no “person” shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such “person” shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such parent Person;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as defined above), other than the Principals and their Related Parties, becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer, measured by voting power rather than number of shares; provided that so long as the Issuer is a Subsidiary of a parent Person, no “person” shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such “person” shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such parent Person.

“Change of Control Offer” has the meaning assigned to that term in the Indenture.

“Change of Control Repurchase Event” means the occurrence of both a Change of Control and a Rating Event.

“DTC” means The Depository Trust Company.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

A “guarantee” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; and
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness.

The term “guarantee” will not apply to a guarantee of intercompany Indebtedness among the Issuer and the Subsidiaries or among the Subsidiaries.

“Indebtedness” means any financial indebtedness of any Person for money borrowed or raised.

“Investment Grade Rating” means: (1) a rating of BBB- or higher (or the equivalent at such time) by S&P; (2) a rating of Baa3 or higher (or the equivalent at such time) by Moody’s; (3) a rating of BBB- or higher (or the equivalent at such time) by Fitch; or (4) the equivalent rating category of any Rating Agencies substituted for S&P, Moody’s or Fitch.

“Issue Date” means the first date of issuance of Notes under the Indenture.

“Material Subsidiary” means any Subsidiary of the Issuer whose net assets represent at least 10% of the consolidated net assets, as applicable, of the Issuer and its consolidated Subsidiaries, as calculated by reference to the then latest audited accounts or consolidated accounts, as the case may be, of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated Subsidiaries.

“Obligations” means, with respect to any Indebtedness any principal, interest (including, without limitation, post-petition interest), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes, the Indenture.

“Officers’ Certificate” means a certificate signed on behalf of the Issuer by an authorized signatory of the Issuer that meets the requirements set forth in the Indenture.

“Opinion of Counsel” means a written opinion of counsel, who may be an employee of or counsel for the Issuer (except as otherwise provided in the Indenture).

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, joint-stock company, trust, organization, limited liability company or state or agency of a state or other entity.

“Principals” means Mr. René Pich and his estate, spouse, siblings, ancestors, heirs and lineal descendants, and spouses of any such Persons, the legal representatives of any of the foregoing, and the trustee of any bona fide trust of which one or more of the foregoing are the principal beneficiaries or the grantors or any other Person that is controlled by any of the foregoing or trustee of any replacement trust to any such trust.

“Rating Agency” means with respect to the Notes: (1) each of Moody’s, S&P or Fitch; or (2) if any of Moody’s, S&P or Fitch ceases or is unable or unwilling to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Issuer’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by the Issuer as a replacement agency for any or all of Moody’s, S&P or Fitch, as the case may be.

“Rating Event” means with respect to the Notes:

- (1) if on the date of the first public announcement of an event that constitutes a Change of Control the Notes are then rated by any two Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the Notes by one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes), which causes the Notes to no longer have an Investment Grade Rating from both Rating Agencies; or
- (2) if on the date of first public announcement of an event that constitutes a Change of Control the Notes are not then rated by any two Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the Notes by at least one of the Rating Agencies on or within 90 days of the date of the Change of Control (which period shall be extended for an additional 90 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the Notes), which decrease results in the rating on the Notes by such Rating Agency to be lower than the rating of the Notes issued by such Rating Agency immediately preceding the public announcement of the event that constitutes the relevant Change of Control.

“Related Party” means:

- (1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or
- (2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

“Relevant Indebtedness” means any Indebtedness for borrowed money, which is in the form of or represented by any Note, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over the counter market).

“Securities Act” means the U.S. Securities Act of 1933, as amended, or any successor statute or statutes thereto.

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

“Subsidiary” means, in relation to any Person (the “first Person”) at any particular time, any other Person (the “second Person”) (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

Other Covenants

The Indenture contains certain other covenants relating to, among other things, the maintenance of corporate existence and maintenance of books and records. Copies of the Indenture are available at the principal executive offices of the Issuer and at the offices of the Trustee and the paying agent.

Events of Default

The Indenture provides that each of the following events constitutes an Event of Default with respect to the Notes:

- (i) a failure to pay any amount of principal or premium, if any, in respect of the Notes within five days of the due date for payment thereof or failure to pay any amount of interest in respect of the Notes within 30 days of the due date for payment thereof;
- (ii) failure by the Issuer or any of its Subsidiaries to comply with the provisions described under the caption “—*Change of Control*”;
- (iii) failure to observe or perform any other term, agreement, covenant, warranty or obligation contained in the Notes or the Indenture not otherwise expressly included as an Event of Default in (i) above, and such failure continues for 90 days after notice, by registered or certified mail or the equivalent thereof in a Relevant Jurisdiction, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes, specifying such failure and requiring it to be remedied and stating that such notice constitutes a notice of default under the Indenture;
- (iv) default under any mortgage, indenture, loan agreement or other instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Material Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Material Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default:
 - (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its stated maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates to €100.0 million (or its equivalent in any other currency or currencies) or more;

- (v) (a) the Issuer or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (b) an administrator or liquidator of the Issuer or any Material Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is appointed (or application for any such appointment is made), provided that in case of involuntary bankruptcy or reorganization filing, the event of default will exist if such filing is not dismissed within 90 days, or (c) the Issuer or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it;
- (vi) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Material Subsidiary; or
- (vii) any event occurs which under the laws of the jurisdiction of incorporation of the Issuer has an analogous effect to any of the events referred to in (v) and (vi) above.

If an Event of Default specified in clause (v), (vi) or (vii) above will occur, the maturity of all outstanding Notes will automatically be accelerated and the principal amount of (and premium, if any, on) the Notes, together with accrued interest thereon, will be immediately due and payable. If any other Event of Default will occur and be continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer (and to the Trustee if given by Holders), declare the principal amount of (and premium, if any, on) the Notes, together with accrued interest thereon, immediately due and payable. The right of the Holders to give such acceleration notice will terminate if the event giving rise to such right will have been cured before such right is exercised. Any such declaration may be annulled and rescinded by written notice from the Holders of a majority of the aggregate principal amount of the Notes then outstanding to the Issuer if all amounts then due with respect to the Notes are paid (other than amounts due solely because of such declaration) and all other defaults with respect to the Notes are cured.

In case the Issuer will fail to comply with its obligations under the Indenture or the Notes and such failure will be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders will have offered to the Trustee indemnity and/or security and/or prefunding satisfactory to it. Subject to the immediately preceding sentence, the Holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, to the extent such action does not conflict with the provisions of the Indenture or applicable law.

No Holder of any Note will have any right to institute any proceeding with respect to the Indenture or the Notes or for any remedy thereunder, unless (i) such Holder has previously given to the Trustee written notice of a continuing Event of Default and (ii) the Holders of at least 25% in aggregate principal amount of the outstanding Notes will have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee, (iii) such Holder or Holders have offered to the Trustee indemnity and/or security and/or prefunding satisfactory to it, (iv) the Trustee for 60 days after receipt of such notice has failed to institute any such proceeding and (v) no direction inconsistent with such request will have been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding Notes.

Currency Indemnity

The Issuer will pay all sums payable under the Indenture or the Notes solely in U.S. Dollars. In accordance with the procedures described in the Indenture, any amount that a Holder, the Trustee or any agent appointed under the Indenture receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to such Holder or other recipient from the Issuer will only constitute a discharge of its payment obligation, to the greatest extent permitted under applicable law, to the extent of the U.S. Dollar amount which the Holder or other recipient is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which the Holder or other recipient is able to do so.

Defeasance

The Issuer may at any time terminate all of its Obligations with respect to the Notes (“Defeasance”), except for certain Obligations, including those rights, protections, immunities and indemnities applicable to the Trustee and other agents appointed under the Indenture and those regarding any trust established for a Defeasance, to replace mutilated, destroyed, lost or stolen Notes and to maintain agencies in respect of Notes. The Issuer may at any time terminate its Obligations under the Indenture with respect to the covenants described above under “—Covenants” (as well as certain of the covenants described under “Other Covenants”), including its obligation to make Change of Control Offers, and any omission to comply with such Obligations will not constitute a default with respect to the Notes issued under the Indenture (“Covenant Defeasance”). In order to exercise either Defeasance or Covenant Defeasance, the Issuer must irrevocably deposit in trust, for the benefit of the Holders of the Notes, with or as directed by the Trustee money in U.S. Dollars or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient to pay the principal of, premium, if any, on and interest on (including Additional Amounts) such Notes when such payments are due or to the redemption date specified by the Issuer in accordance with the terms of the Indenture without reinvestment and comply with certain other conditions, including:

- to exercise Defeasance, the Issuer must deliver to the Trustee an opinion of U.S. tax counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of tax counsel will confirm that, the Holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Defeasance had not occurred and (c) an opinion of counsel in the jurisdiction of incorporation of the Issuer to the effect that the Holders will not recognize income, gain or loss for the income tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to income tax on the same amounts, in the same manner and at the same times as would have been the case if such Defeasance had not occurred; and
- to exercise Covenant Defeasance, the Issuer must deliver to the Trustee (a) an opinion of U.S. tax counsel reasonably acceptable to the Trustee confirming that the Holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and (b) an opinion of counsel in the jurisdiction of incorporation of the Issuer to the effect that the Holders will not recognize income, gain or loss for income tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to income tax in such

jurisdiction on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred.

Notices

Notices to Holders of (a) non-global, definitive Notes will be given to them by first-class mail, postage prepaid, at their registered addresses set forth in the register maintained by the registrar and (b) Global Notes will be given to them by delivery of such notices to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, and so long as it is required by the rules of such exchange, all notices to Holders of Notes from the Issuer will be published in English on the website of the Luxembourg Stock Exchange (<http://www.luxse.com>).

Notices will be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Amendments and Waivers

The Indenture may be amended by the Trustee and the Issuer for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform the text of the Indenture or the Notes to any provision of this “*Description of Notes*” to the extent that such provision in this “*Description of Notes*” was intended to be a verbatim recitation of a provision of the Indenture or the Notes, to provide for the assumption of the Issuer’s obligations under the Indenture and the Notes, as permitted under the Indenture, to secure the Notes, or in any manner which may be deemed necessary or desirable and which will not adversely affect the interests of any of the Holders of the Notes in any material respect, to all of which each Holder will, by acceptance thereof, consent.

Modification and amendments to the Indenture or to the terms and conditions of the Notes may also be made, and future compliance therewith or past default by the Issuer (other than a default in the payment of any amount, including in connection with a redemption, due on the Notes or in respect of covenant or provision which cannot be modified and amended without the consent of the Holders of all Notes so affected) may be waived, either with the written consent (including consents obtained in connection with a tender offer or exchange offer for the Notes) of the Holders of at least a majority in aggregate principal amount of outstanding Notes, or by the adoption of resolutions at a meeting of Holders of the Notes by the Holders of at least a majority in aggregate principal amount of the outstanding Notes; provided, however, that no such modification or amendment to either the Indenture or to the terms and conditions of the Notes may, without the consent or the affirmative vote of the Holder of each Note so affected:

- change the stated maturity of the principal of or any installment of interest with respect to any Note or reduce the principal amount of or interest with respect to any Note;
- change cash prices at which the Notes may be redeemed by the Issuer;
- change the currency in which, or change the required place at which, payment with respect to principal of or premium or interest with respect to the Notes is payable;
- change the time at which any Note may be redeemed;
- reduce the above-stated percentage of principal amount of outstanding Notes required to modify or amend the Indenture or the terms or conditions of the Notes or to waive any future compliance or past default;
- make any change in the provisions of the Indenture described under “—*Additional Amounts*” that adversely affects the rights of any Holder; or
- make any change to the provisions of the Indenture or the Notes that adversely affect the contractual ranking of the Notes.

Governing Law; Jurisdiction

The Notes and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer has consented to the jurisdiction of the Federal and New York State courts located in the City of New York, Borough of Manhattan and have appointed an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture or the Notes.

Form, Denomination and Title

The Notes will be represented by Regulation S Global Notes (as defined below) and Restricted Global Notes (as defined below) (each sometimes referred to herein as a “global note” and together sometimes referred to herein as the “Global Notes”).

Notes issued in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, “Regulation S Global Notes”) and will be deposited with a custodian for DTC and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

Notes issued to qualified institutional buyers in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (collectively, “Restricted Global Notes”) and will be deposited with a custodian for DTC and registered in the name of DTC or its nominee.

Restricted Global Notes and Regulation S Global Notes will be subject to certain restrictions on transfer and will bear legends to that effect as described under “Transfer Restrictions”. Prior to or on the 40th day after the settlement date, beneficial interests in Regulation S Global Notes may only be transferred to a person who takes delivery in the form of an interest in Restricted Global Notes upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in Restricted Global Notes may be transferred to a person who takes delivery in the form of an interest in Regulation S Global Notes, whether before, on or after such 40th day, only upon receipt by the Trustee of a written certification from the transferor (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

The Issuer has initially appointed The Bank of New York Mellon SA/NV, Dublin Branch at its office in Dublin specified on the inside back cover hereof as registrar and transfer agent for the Notes, and The Bank of New York Mellon, London Branch at its office in London specified on the inside back cover hereof as paying agent for the Notes. In such capacities, The Bank of New York Mellon SA/NV, Dublin Branch will be responsible for maintaining a record of the aggregate holdings of Notes represented by the Global Notes and accepting Notes for exchange and registration of transfer. The Bank of New York Mellon, London Branch, as paying agent, will facilitate, to the extent lawful, the Issuer’s payment of principal and interest in respect of the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer or Trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Global Notes

Upon the issuance of Regulation S Global Notes and Restricted Global Notes, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC (“DTC Participants”) or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or Holder of such global note, DTC or such nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such global note for all purposes under the Indenture and the Notes. Unless DTC notifies the Issuer that it is unwilling or unable to continue as depositary for a global note or ceases to be a “clearing agency” registered under the Exchange Act, or the Issuer elects to discontinue use of the system of book-entry transfers through DTC or a successor depositary, or an Event of Default (as defined above) has occurred and is continuing with respect to such note, owners of beneficial interests in a global note will not be entitled to have any portion of such global note registered in their names, will not receive or be entitled to receive physical delivery of Notes in certificated form and will not be considered to be the owners or Holders of any Notes under the Indenture or the Notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC’s or its participant’s applicable procedures.

Investors may hold their interests in Global Notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal and interest on individual Notes represented by a global note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the global note representing such Notes. None of the Issuer, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any Notes held by it or its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "*Transfer Restrictions*" cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels, Belgium time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a global note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of Notes (including, without limitation, the presentation of Notes for transfer or exchange as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for certificated Notes in definitive form, which it will distribute to DTC Participants and which, if representing interests in the Restricted Global Notes, will be legended as set forth under "*Transfer Restrictions*". See "*—Certificated Notes*".

DTC has advised the Issuer as follows: DTC will act as the depositary for the Notes. The Notes will be issued as fully registered senior Notes registered in the name of Cede & Co., which is DTC's nominee. Fully registered Global Notes will be issued for the Notes, in the aggregate principal amount of the issue, and will be deposited with DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants' accounts, thereby eliminating the need for physical movement of Notes certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the Notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. Access to DTC's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the Notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Global Notes representing the Notes; DTC's records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the Notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Notes are required to be printed and delivered. See "*—Certificated Notes*".

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, certificated Notes will be printed and delivered. See "*—Certificated Notes*".

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. None of the Trustee, the registrar, the transfer agent, any paying agent or the Issuer will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depository for the reasons set forth under "*—Global Notes*" above and a successor depository is not appointed by the Issuer within 90 days, the Issuer elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the Notes, the Issuer will issue individual definitive Notes, having the same maturity date and the same terms and conditions and of differing authorized denominations which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be, and will bear the applicable restrictive legend referred to in "*Transfer Restrictions*" unless the Issuer determines otherwise in accordance with Indenture and in compliance with applicable law. Upon any exchange for certificated Notes, the certificated Notes will be registered in the names of the beneficial owners of the Global Notes representing the Notes, which names will be provided by DTC's relevant participants (as identified by DTC) to the Trustee.

The Holder of a definitive note may transfer such note by surrendering it at the office or agency maintained by the Issuer for such purpose in London, which initially will be the office of the Trustee or at the office of any transfer agent or the registrar. Upon the transfer, exchange or replacement of definitive Notes bearing the legend referred to under "*Transfer Restrictions*" or upon specific request for removal of the legend on a definitive note, the Issuer will deliver only definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee nor any registrar or transfer agent will be required to register the transfer of or exchange definitive Notes for a period from the record date to the due date for any payment of principal of, or interest on, the Notes or register the transfer of or exchange any Notes for 15 days prior to selection for redemption through the redemption date.

Prior to presentment of a note for registration of transfer (including a global note), the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name such note is registered as the owner or Holder of such note for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such note is overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee will be affected by notice to the contrary.

Replacement of Notes

In the event that any Note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and, upon the Issuer's request, the Trustee will authenticate and deliver, a new note of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note, in exchange and substitution for such note (upon surrender and cancellation thereof) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to the Issuer and the Trustee security and/or indemnity and/or prefunding satisfactory to them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to the Issuer and the Trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

Trustee

BNY Mellon Corporate Trustee Services Limited is the Trustee under the Indenture. The Trustee's office is located at 160 Queen Victoria Street London EC4V 4LA, United Kingdom. The Trustee may resign at any time with notice, and the holders of a majority of the outstanding principal amount of Notes may remove the Trustee at any time by so notifying the Trustee. The Issuer may remove the Trustee if (i) the Trustee is no longer eligible, (ii) the Trustee is adjudged bankrupt or insolvent, (iii) a receiver or other public officer takes charge of the Trustee or its property or (iv) the Trustee otherwise becomes incapable of acting under the Indenture. If the Trustee resigns or is otherwise removed, the Holders may appoint a new trustee, and if they do not do so in a timely manner, the Issuer will appoint a new trustee.

The Issuer may have normal banking relationships with BNY Mellon Corporate Trustee Services Limited and its affiliates in the ordinary course of business.

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Holder are subject to such immunities and rights as are set forth in the Indenture.

The Trustee and any of its affiliates may hold Notes in their own respective names.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“**Rule 144A Notes**”). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“**Regulation S Notes**”). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “**Rule 144A Global Notes**”). Regulation S Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “**Regulation S Global Notes**” and together with the Rule 144A Global Notes, the “**Global Notes**”). The Rule 144A Global Notes and the Regulation S Global Notes will be deposited upon issuance with The Bank of New York Mellon as custodian for The Depository Trust Company (“**DTC**”), and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “**Restricted Period**”), beneficial interests in the Regulation S Global Notes may be held only through the Euroclear System (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”) (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—*Exchanges between Regulation S Notes and Rule 144A Notes.*”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form (“**Certificated Notes**”) except in the limited circumstances described below. See “—*Exchange of Global Notes for Certificated Notes.*” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “*Transfer Restrictions.*” Regulation S Notes will also bear the legend as described under “*Transfer Restrictions.*” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to changes by DTC. The Issuer takes no responsibility for these operations and procedures and urges investors to contact DTC or its participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “*Participants*”) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “*Indirect Participants*”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Issuer that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Clearstream Banking S.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, premium on, if any, interest and Additional Amounts, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC. Under the terms of the indenture, the Issuer and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the trustee nor any agent of the Issuer or the trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or the Issuer. Neither the Issuer nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and the Issuer and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "*Transfer Restrictions*," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such

portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuer, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer fails to appoint a successor depository;
- (2) the Issuer, at its option, notifies the trustee in writing that it elects to cause the issuance of the Certificated Notes; *provided* that in no event shall the Regulation S Global Note be exchanged for Certificated Notes prior to (a) the expiration of the Restricted Period and (b) the receipt of any certificates required under the provisions of Regulation S; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “Transfer Restrictions.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

- (1) such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A; and
- (2) the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the notes are being transferred to a Person:
 - (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
 - (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
 - (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated through the DTC Deposit/Withdraw at Custodian

system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement and Payment

The Issuer will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any), by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. The Issuer will make all payments of principal, premium, if any, interest and Additional Amounts, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

PLAN OF DISTRIBUTION

BofA Securities, Inc. and BNP Paribas Securities Corp. are acting as representatives (“Representatives”) of each of the Initial Purchasers named below. Subject to the terms and conditions set forth in a purchase agreement among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

<u>Initial purchaser</u>	<u>Principal Amount of Notes (\$)</u>
BofA Securities, Inc.	300,000,000
BNP Paribas Securities Corp.	225,000,000
Credit Agricole Securities (USA) Inc.	60,000,000
HSBC Securities (USA) Inc.	60,000,000
Natixis Securities Americas LLC	60,000,000
Crédit Industriel et Commercial S.A	22,500,000
Société Générale	15,000,000
BBVA Securities Inc.	7,500,000
Total	750,000,000

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an Initial Purchaser defaults, the purchase agreement provides that the purchase commitments of the nondefaulting Initial Purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The Representatives have advised us that the Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “*Notice to Investors*” and “*Transfer Restrictions*.”

New Issue of Notes

The Notes are a new issue of securities with no established trading market. We have applied to list the Notes on the official list of the LuxSE and to trading on the Euro MTF Market of the LuxSE. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial

condition, general economic conditions and other factors.

Settlement

Delivery of the Notes has been made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one business day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next succeeding three business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of the Representatives, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the Initial Purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the Representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

The Notes are offered for sale in those jurisdictions in the United States, Canada, Europe and elsewhere where it is lawful to make such offers.

European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any member state of the European Economic Area (“EEA”) (the “**Relevant Member State**”) will be made pursuant to an exemption under Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”) from the requirement to publish a prospectus for offers of the Notes.

No offer of Notes which are the subject of the offering contemplated by this offering memorandum may be made to the public in a Relevant Member State other than:

- to any legal entity which is a “qualified investor” as defined under Article 2(e) of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2(e) of the Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

- provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer.

For the purposes of this provision, the expression an “offer”, “offer of notes to the public” or “offer of securities to the public”, in each case in relation to any of the Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 and includes any relevant implementing measure in the Member State. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Each subscriber for or purchaser of the Notes in this offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in this offering, provided such subscription does not result in a requirement for the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a *supplemental prospectus pursuant to Article 23 of the Prospectus Regulation*.

MiFID II product governance / Professional Investors and eligible counterparties only target market

Solely for the purposes of the product approval process of the manufacturers, the target market assessment in respect of the securities described in this offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any EEA retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined under Article 2(e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering, selling or distributing the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

The United Kingdom

This offering memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

Prohibition of sales to UK retail investors

This offering memorandum is not a prospectus for the purposes of the UK Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105) (the “POATR”) or the Prospectus Rules: Admissions to Trading on a Regulated Market sourcebook of the UK Financial Conduct Authority.

The securities described in this offering memorandum are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any UK retail investor. For these purposes, a retail investor means a person who is neither a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, nor a qualified investor as defined in paragraph 15 of Schedule 1 to the POATR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”), or disclosure document required by the FCA Product Disclosure Sourcebook (“DISC”) for offering, selling or distributing the securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering, selling or distributing the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation or DISC and the Consumer Composite Investments (Designated Activities) Regulation 2024.

This offering memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under Schedule 1 to the POATR and in circumstances which does not require the publication of a prospectus.

UK MiFIR product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Notice to Prospective Investors in France

This offering memorandum has not been prepared and is not being distributed in the context of an offer of securities to the public in France (*offre au public de titres financiers*) within the meaning of the Prospectus Regulation. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and neither this offering memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

Notwithstanding the foregoing, the Notes may only be offered or sold in France exclusively to a limited number of investors acting for their own account (*cercle restreint d’investisseurs agissant pour compte propre*) or to qualified investors (*investisseurs qualifiés*) as defined by Article 2(e) of the Prospectus Regulation in accordance with Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*).

Prospective investors are informed that:

- (i) this offering memorandum has not been and will not be submitted for clearance to the *Autorité des marchés financiers* (the “**AMF**”);
- (ii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with article 5 of the Prospectus Regulation.

Investors in France and persons into whose possession offering materials come must inform themselves about, and observe, any such restrictions.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute, and does not constitute, an offer to the public or a solicitation to purchase or invest in the Notes described herein. The Notes have not been and will not be publicly offered, directly or indirectly, in Switzerland, within the meaning of the Swiss Financial Services Act (“FinSA”) except to any investor that qualifies as a professional client within the meaning of FinSA. The Notes have not been and shall not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or

marketing material relating to the Notes (x) constitutes a prospectus pursuant to article 35 of FinSA for a public offering of the Notes in Switzerland and no such prospectus has been or will be prepared for or in connection with the offering of the Notes in Switzerland or (y) has been or will be filed with or approved by a Swiss review body (Prüfstelle) pursuant to article 52 of FinSA. Neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

The Representatives of the Initial Purchasers have represented and agreed that they have not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(i) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “DFSA”) rulebook; and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA rulebook.

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under that Ordinance; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong (“CO”) or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that ordinance.

This offering memorandum has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this offering memorandum may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that he is aware of the restriction on offers of the securities described in this offering memorandum and the relevant offering documents and that he is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

Notice to Prospective Investors in Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 of Japan, as amended, the “FIEA”) and each initial purchaser will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

This offering memorandum has not been and will not be lodged or registered as a prospectus with the Monetary

Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (2) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

SECTION 309B NOTIFICATION

The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04 N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions, and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding purchaser conflicts of interest in connection with this offering.

Any prospective purchaser of the Notes residing in Canada should consult their own tax advisors as to the particular tax consequences of the ownership and disposition of the Notes.

Other Relationships

Certain of the Initial Purchasers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. For example, certain of the Initial Purchasers or their respective affiliates are lenders under the agreement governing the Revolving Credit Facility (which will be repaid in full with a portion of the proceeds of this offering). In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by U.S. Holders (as defined below). The summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed Treasury regulations promulgated thereunder, and published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. This summary deals only with U.S. Holders that purchase Notes pursuant to this Offering at their “issue price” (*i.e.*, the first price at which a substantial amount of the Notes is sold for cash to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and that will hold the Notes as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or federal non-income tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as U.S. expatriates and former citizens or long-term residents of the United States, financial institutions, insurance companies, regulated investment companies, investors liable for any alternative minimum tax, investors subject to the Medicare tax on net investment income, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers or traders in securities or currencies, corporations that accumulate earnings to avoid U.S. federal income tax, S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein), investors that will hold the Notes as part of straddles, hedging transactions, conversion transactions or other integrated transactions for U.S. federal income tax purposes, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements or U.S. Holders whose functional currency is not the U.S. dollar). In addition, this discussion does not address any U.S. Holders that redeem any of the Senior Notes due 2027.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the status and activities of the partnership. A partnership considering an investment in Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND FEDERAL NON-INCOME TAX LAWS AND APPLICABLE TAX TREATIES AND POSSIBLE CHANGES IN TAX LAW (INCLUDING APPLICABLE TAX TREATIES).

Possible Application of Rules Governing Contingent Payment Debt Instruments

The terms of the Notes provide for payments that may increase the yield of the Notes in certain circumstances (see “Description of Notes—Optional Redemption” and “Description of Notes—Repurchase at the Option of Holder—Change of Control”). The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to “contingent payment debt instruments.” If the Notes were deemed to be contingent payment debt instruments, you might be required to accrue interest income based upon a “comparable yield” (as defined in the Treasury Regulations) determined at the time of issuance of the Notes, with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Notes would be treated as ordinary income rather than as capital gain. We intend to take the position that the possibility of such payments does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. Our position is not binding on the Internal Revenue Service (“IRS”) and there is no assurance that the IRS will not take a contrary position. The remainder of this discussion assumes that the Notes will not be considered contingent

payment debt instruments.

Payments of Stated Interest

Payments of stated interest (which shall include, for purposes of this discussion, any taxes withheld from such payments and any payments of additional amounts) on a Note will be includible in the income of a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. Any non-U.S. withholding tax with respect to the Notes held by a U.S. Holder at the rate applicable to such holder may be eligible for foreign tax credits for U.S. federal income tax purposes, subject to applicable limitations. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. Interest attributable to the Notes generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or in certain cases, general category income. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any creditable foreign income taxes paid or accrued for the relevant taxable year. Prospective purchasers should consult their tax advisors concerning the availability of foreign tax credits.

It is expected, and this discussion assumes, that the notes will not be issued with more than a de minimis amount of original issue discount for U.S. federal income tax purposes.

Disposition of Notes

On a sale, retirement or other taxable disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between (i) the amount realized on the disposition (less any amount equal to any accrued but unpaid stated interest, which will be includible in income as ordinary interest income, as described above to the extent not previously included in income by a U.S. Holder) and (ii) the U.S. Holder's adjusted tax basis in the Note.

A U.S. Holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note. Any gain or loss recognized by a U.S. Holder on a taxable disposition of a Note will generally be treated as U.S.-source capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the Note was held by the U.S. Holder for more than one year. In the case of a non-corporate U.S. Holder, any long-term capital gain will generally be subject to preferential U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax implications of any foreign taxes imposed upon the disposition of Notes.

U.S. Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of a sale or other disposition of, Notes may be reported to the IRS and to U.S. Holders as required under applicable regulations. Backup withholding (currently at 24%) may apply to these payments if the U.S. Holder fails to certify and provide an accurate taxpayer identification number or certification of exempt status, or otherwise fails to comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Backup withholding is not an additional tax. U.S. Holders generally may be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report information to the IRS with respect to their ownership of "specified foreign financial assets," which may include the Notes, in excess of certain applicable thresholds at any time during the taxable year. U.S. Holders who fail to report required information could become subject to substantial penalties. U.S. Holders are encouraged to consult their own tax advisors regarding the possible implications of these rules on their investment in Notes.

CERTAIN FRENCH AND EU TAX CONSIDERATIONS

Certain French tax considerations

The following is a summary of certain French tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial owner of Notes that: (i) is not a French resident for French tax purposes; (ii) that does not hold the Notes in connection with a business or profession conducted in France or a permanent establishment or fixed base in France (such beneficial owner, a “**Non-French Resident Holder**”); (iii) is not related to the Issuer within the meaning of Article 39.12 of the French Tax Code; and (iv) do not concurrently hold shares of the Issuer. This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change or to different interpretation. This summary is for general information only and does not address all of the French tax considerations that may be relevant to specific beneficial owners in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

Article 1649 AC of the French Tax Code imposes on financial institutions within the meaning of Article 1 of Decree n°2016-1683 to review and collect information on their clients and investors, in order to identify their tax residence, as well as to provide certain account information to relevant foreign tax authorities (via the French tax authorities) on an annual basis.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Taxation in France of interest and other assimilated revenues with respect to the Notes

According to Article 125 A III of the French Tax Code payments of interest and other assimilated revenues made by a debtor, which is established in France, with respect to a particular debt are not subject to withholding tax unless such payments are made outside of France in a Non-Cooperative State, other than a state mentioned in Article 238-0 A 2 bis 2° of the same code, irrespective of the holder’s residence for tax purposes or registered headquarters. If such payments are made outside of France in a Non-Cooperative State, other than a state mentioned in Article 238-0 A 2 bis 2° of the French Tax Code, a 75% withholding tax may be applicable to such payments (subject to certain exceptions certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French Tax Code. The list of Non-Cooperative States is published by a ministerial order (*arrêté*), and, as from December 9, 2016, must be updated at least once a year. The list of Non-Cooperative States was last updated on April 18, 2025 and currently includes Antigua and Barbuda, Turks and Caicos Islands, Anguilla, Vanuatu, Fiji, Guam, the American Virgin Islands, Palau, Panama, Russia, Samoa, the American Samoa, and Trinidad and Tobago. States referred to in Article 238-0 A 2 bis 2°, and thus outside of the scope of Article 125 A III of the French Tax Code, currently are Fiji, Guam, American Virgin Islands, Palau, Panama, Russia, Samoa, American Samoa, Trinidad and Tobago.

Furthermore, pursuant to Article 238 A of the French Tax Code, interest and other similar revenues on debt are not deductible from the debtor’s taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non-Cooperative State, subject to the exceptions set-out in the following paragraph (the “**Deductibility Exclusion**”).

Under certain conditions, any such non-deductible interest and other similar revenues may be recharacterized as constructive dividends pursuant to Article 109 et seq. of the French Tax Code, in which case it may be subject to the withholding tax set out under Article 119 bis 2 of the French Tax Code, at a rate of (i) 75% in case of payment made outside France on an account opened in a financial institution located in a Non-Cooperative State other than those referred to in Article 238-0 A, 2 bis, 2° of the French Tax Code, or, (ii) to the extent that such payment is made to persons domiciled or established in a Non-Cooperative State but not paid to a bank account opened in a financial institution located in such a Non-Cooperative State, (A) 12.8% for payments benefitting to individuals who are not French tax residents or (B) the standard corporate income tax rate set forth in the first sentence of the second paragraph of Article 219-I of the French Tax Code, 25% for fiscal years beginning as from January 1, 2022 for payments benefitting to legal persons who are not French tax residents, subject in each case to the more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, Articles 125 A III and 238 A of the French Tax Code provide that neither the 75% withholding tax set out under Article 125 A III of the French Tax Code nor the Deductibility Exclusion and related withholding tax set out under Article 119 bis 2 of the French Tax Code may be levied as a result of the Deductibility Exclusion, will apply to the extent the Issuer can prove that, (i) in respect of the Deductibility Exclusion, the relevant interest and other similar revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, and (ii) the main purpose and effect of such transactions was not that allow the payments of interest and other similar revenues to be made in a Non-Cooperative State (the “**Exception**”).

However, pursuant to the administrative guidelines (*Bulletin Officiel des Finances Publiques-Impôts*) of the *Direction générale des finances publiques* (BOI-INT-DG-20-50-30 dated 14/06/2022, §150, and BOI-INT-DG-20-50-20 dated 10/12/2025 §290) (the “**Administrative Guidelines**”), an issue of Notes will automatically benefit from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Regulation EU 2017/1129 as referred to in Article L.411-1 of the French monetary and financial code (*Code monétaire et financier*) or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing, delivery and payments systems operator within the meaning of Article L.561-2 of the French monetary and financial code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

The Notes issued pursuant to this offering memorandum qualify as debt securities in accordance with article L. 228-91 and seq. of the French commercial code. To the extent that (i) as of the date of their admission to trading, the Notes will be admitted to trading on the LuxSE in Luxembourg (which does not qualify as a Non-Cooperative State) and that such market is operated by a market operator which is not located in a Non-Cooperative State and/or (ii) the Notes will be admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French monetary and financial code, or one or more similar foreign depositories or operators, which will not be located in a Non-Cooperative State, payments of interest and other similar revenues made by or on behalf of the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French Tax Code, as construed by the French tax authorities under the Administrative Guidelines. Moreover, to the same extent, interest and other similar revenues paid by or on behalf of the Issuer with respect to the Notes will be subject neither to the Deductibility Exclusion set out under Article 238 A of the French Tax Code, nor to the withholding tax set out under Article 119 *bis* 2 of the French Tax Code solely on account of their being paid on a bank account opened in a financial institution established in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Taxation on disposal

Beneficial owners of the Notes who are Non-French Resident Holder and who do not hold their Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to income or withholding taxes in France in respect of the gains realized on the sale, exchange, or disposal of the Notes.

Stamp duties

No transfer taxes or similar duties are payable in France in connection with the transfer of the Notes, provided that such transfers are not recorded in a deed registered with the French tax authorities on a voluntary basis.

Certain Other Tax Considerations; Payments by a Guarantor

If a guarantor makes any payments in respect of interest on the Notes it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Holders of Notes should consult with their tax advisors regarding the tax consequences if a guarantor makes any payments with respect to the Notes.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- (1) in the United States, to “qualified institutional buyers”, commonly referred to as “QIBs”, as defined in Rule 144A in compliance with Rule 144A; and
- (2) outside the United States, to non-U.S. Persons in offshore transactions in accordance with Regulation S.

The Issuer uses the terms “offshore transaction”, “U.S. Person” and “United States” with the meanings given to them in Regulation S.

Each purchaser of the Notes offered hereby will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) It understands and acknowledges that (i) the Notes have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and, (ii) unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (5) and (7) below.
- (2) It is neither the Issuer’s “affiliate” (as defined in Rule 144), nor acting on its behalf and that either:
 - (i) it is a QIB, within the meaning of Rule 144A, and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or
 - (ii) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.
- (3) It understands and acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.
- (4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act, or in any transaction not subject to the Securities Act.
- (5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes (in the case of Regulation S Notes, prior to the date (the “Resale Restriction Termination Date”) that is after the later of the Issue Date and the last date on which such Notes (or any predecessor thereto) were first offered to persons other than distributors (as defined in Rule 902 under the U.S. Securities Act)) only (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to

whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

- (6) If you are in the European Economic Area, you are not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined under Article 2(e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) for offering, selling or distributing the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.
- (7) If you are in the United Kingdom, you are not a retail investor. For these purposes, a retail investor means a person who is neither a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, nor a qualified investor as defined in paragraph 15 of the Schedule 1 to the POATR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”), or disclosure document required by the FCA Product Disclosure Sourcebook (“**DISC**”) for offering, selling or distributing the securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering, selling or distributing the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation or DISC and the Consumer Composite Investments (Designated Activities) Regulation 2024.
- (8) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, IN THE CASE OF REGULATION S NOTES: PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS 40

DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT

OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM

- (9) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.
- (10) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.
- (11) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.
- (12) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set out therein have been complied with.
- (13) It acknowledges that the Issuer the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
- (14) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "Plan of Distribution" and "Notice to Certain European Investors".

Persons who come into possession of this offering memorandum are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this offering memorandum and resale of the Notes. See "*Important information for investors*," and "*Plan of distribution*."

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Milbank LLP, London, England, as to matters of U.S. federal law and New York law, and Ashurst LLP, Paris, France, as to matters of French law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins LLP, as to matters of U.S. federal law and New York law, and Latham & Watkins AARPI, Paris, France, as to matters of French law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of December 31, 2023, 2024 and 2025 included in this offering memorandum, have been audited by Deloitte & Associés and BM Audit.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We are a *société anonyme*, organized under the laws of France with our registered office and principal place of business in France. The Indenture and the Notes will be governed by New York law. Most of our directors, officers and other executives are neither residents nor citizens of the United States (the “**French Individuals**”). Since most of our assets, directors and executive officers are located outside the United States, any judgment obtained in the United States against us, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be enforceable in the United States. Furthermore, although we will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against us, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Issuer is located (other than the United States), you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere in the United States.

France

We are an entity organized under the laws of France with our registered office or principal place of business in France (the “**French Entity**”). Most of the directors, officers and other executives of the French Entity are neither residents nor citizens of the United States (the “**French Individuals**”). Furthermore, most of the assets of the French Entity and the French Individuals are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons and entity, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws within the United States. However, it may be possible for investors to effect service of process within France upon those persons or entity in civil and commercial matters, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law entitlements connected with the Notes against the French Entity and/or the French Individuals.

The French Entity has been advised by Ashurst LLP, their French counsel, that the United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws and which is enforceable in the United States, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunaux Judiciaires*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., *non ex parte*) proceedings if such U.S. Judgment is enforceable in the United States and if the French civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French civil court of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having “indirect” jurisdiction over the matter as this concept is defined by French courts in the context of enforcement of foreign judgments, meaning that the dispute was clearly connected to the jurisdiction of such court (i.e., there was no international forum shopping), the choice of the U.S. court was not fraudulent and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules (*ordre public international*), both pertaining to the merits and to the procedure of the case, including fundamental procedural rights;
- such U.S. judgment is not tainted with fraud under French law; and
- in addition, it is well established that only final and binding foreign judicial decisions (i.e., those having a *res judicata* effect) can benefit from an *exequatur* under French law, that such U.S. judgment should not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no proceedings pending before French courts at the time enforcement of the U.S. judgment is sought and having the same or similar subject matter as such U.S. judgment.

If the French civil court is satisfied that such conditions are met, the U.S. judgment will benefit from the *res judicata* effect as of the date of the decision of the French civil court and will thus be declared enforceable in France. The decision granting the exequatur is subject to appeal.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French criminal law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Pursuant to the regulations above, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) or French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as modified by French Ordinance No. 2011-1012 of August 24, 2011, by French law No. 2014-344 of March 17, 2014 and updated by Law No. 2018-493 of June 20, 2018 on the protection of personal data) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rules of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case by case basis by French courts) or in case of overriding mandatory rules. Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Article 14 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with a French person. Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant. For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear before a jurisdiction other than French courts. However, according to case law, the French courts' jurisdiction over French nationals is not mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contacts with the dispute and the choice of jurisdiction is not fraudulent. In addition, a French national may waive its rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

It must be noted that under Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of December 12, 2012, as regards legal actions falling within the scope of said Regulation, the privileges granted to French nationals pursuant to Articles 14 and 15 of the French Civil Code may not be invoked against a person domiciled in an EU Member State. Conversely, pursuant to Article 6.2 of Regulation (EU) No. 1215/2012, the privilege granted by Article 14 of the French Civil Code may be invoked by a claimant domiciled in France, regardless of the claimant's nationality, to sue before French courts a defendant domiciled outside the EU. The French High Court (*Cour de cassation*) has recently held that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid on the ground that it was discretionary (*potestative*). Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action before the French courts.

LISTING AND GENERAL INFORMATION

Listing

We have applied to list the Notes on the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange, in accordance with the rules of that exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation, which is expected to be the *Luxemburger Wort*, or posted on the official website of the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the LuxSE and are admitted to trading on the Euro MTF Market and the rules and regulations of the LuxSE so require, copies of the following documents may be inspected in physical / electronic form and obtained free of charge at the specified office of the Issuer during normal business hours on any weekday:

- this offering memorandum;
- the organizational documents of the Issuer;
- the financial statements included in this offering memorandum; and
- the Indenture (including the form of the Note).

The Issuer has appointed The Bank of New York Mellon SA/NV, Dublin Branch, as Transfer Agent and Registrar and The Bank of New York Mellon, London Branch, as Paying Agent, to, as applicable, facilitate payments on and transfers of the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture.

Our fiscal year ends December 31. Our most recent audited consolidated financial statements are available free of charge at the office of our Luxembourg Listing Agent. Our statutory auditors are Deloitte & Associés, whose registered office is at 51 Boulevard Marius Vivier Merle 69003 Lyon, and BM Audit, whose registered office is 7 allée de l'Informatique, 42000 Saint Etienne, France.

Clearing Information

The Notes sold pursuant to Regulation S have been accepted for clearance through the facilities of DTC under CUSIP F8449E AA3, Common Code 333239230 and international securities identification number (“ISIN”) USF8449EAA31.

The Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of DTC under CUSIP 784944 AA8, Common Code 333239191 and ISIN US784944AA89.

Description of the Issuer

SNF Group (formerly SPCM SA) is a *société anonyme* organized under the laws of France. Its principal executive offices are located at Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France, and it is registered with the *Registre du commerce et des sociétés* of Saint Etienne under number 312 327 737. Its main telephone number is +33 4 77 36 86 00. Its registered office is located at Zac de Milieux, Rue Adrienne Bolland, 42163, Andrézieux, France. SNF Group's LEI is 969500F7036FEDYPRV54. For information regarding our shareholders, please see “Principal Shareholders.”

The creation and issuance of the Notes and the execution of the Indenture were authorized by a resolution of our board of directors dated March 23, 2026.

General

Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position and in our prospects since December 31, 2025, and neither SNF Group nor any of its subsidiaries has been involved in any litigation, administrative proceedings or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes except as otherwise disclosed in the offering memorandum, and, so far as we are aware, no such litigation, administrative proceedings or arbitration is pending or threatened.

GLOSSARY OF SELECTED TERMS IN THE OFFERING MEMORANDUM

Below is a glossary of selected terms in the offering memorandum, which has been provided only to aid the reader and that does not purport to be complete in all material respects. For further descriptions of the terms used in this glossary, we refer you to “Business” and “Industry Overview.”

Active equivalent PAM is produced in various physical forms to meet customer handling constraints. The active content (i.e., the amount of polymer active equivalent in the commercial product of PAM) varies from 95% (with the remainder being moisture) down to 2% for very diluted polymer solutions (with the remainder being water, oil, surfactant, etc.).

Acrylamide is a non-ionic monomer produced by the enzymatic hydration of acrylonitrile. This monomer is highly reactive and enables the targeting of high molecular weight polymers.

Acrylonitrile is a liquid used primarily in organic synthesis such as acrylamide production, and for polymerization for the production of acrylic fibers or elastomers.

Activated carbon or **activated charcoal** is a general term which includes carbon material mostly derived from charcoal. It denotes a material which has an exceptionally high surface area, typically determined by nitrogen absorption, and includes a large amount of microporosity.

ADAME or **Acrylate of DimethylAMinoEthyl** is the reaction product of methyl acrylate with DMAE and an intermediate product for the production of ADAME MeCl, the monomer used for the production of cationic PAM.

ADAME Quat or **ADAME MeCl** or **ChloroMethyl ADAME** is the quaternization reaction product of ADAME and methyl chloride. It is a cationic monomer.

Allyl chloride is a chemical intermediate used in many applications such as DADMAC production. It is a highly versatile product due to its dual reactive sites at the double bond and the chlorine atom.

Amines are organic compounds and a type of functional group that contain nitrogen as the key atom. The amine group is found in DMA and DMAE.

Anionic flocculants are flocculants with a negative charge thanks to the incorporation of acrylic acid, or ATBS, along with acrylamide in the polymerization process.

Anti-foaming agents are additives that reduce the surface tension of a solution or emulsion. The additive is used to prevent formation of foam or is added to break a foam already formed.

Anti-odor agents are additives that reduce the odor of a solution or emulsion.

ATBS or **Acrylamido-Tertiary Butyl Sulphonic acid** is an anionic monomer used to bring salt and heat tolerance to polymers. Its main uses are for EOR, drilling, dispersants and textile applications.

Cationic flocculants are flocculants with a positive charge due to the incorporation of ADAME MeCl or MADAME MeCl along with acrylamide in the polymerization process.

Cationic Polyacrylamide, or **Cationic PAM**, is a positively charged polymer formed from acrylamide subunits which has been copolymerized with cationic monomers such as ADAME MeCl or MADAME MeCl.

Coagulants are inorganic or organic cationic chemicals. Inorganics are aluminum and ferric or ferrous salts. Organics are polyDADMACs, polyamines, dicyandiamide resins, melamine formaldehyde polycondensate and tannins. They cause the agglomeration by destabilization of finely divided particles into larger particles in water treatment, dye fixation, clay inhibition, etc.

DADMAC or **DiAllylDiMethylAmmonium Chloride** is a cationic monomer made from DMA and allyl chloride for the production of polyDADMAC, an organic coagulant.

Dispersion is a physical form of PAM where the polymer is dispersed in hydrocarbon or a brine and stabilized by surfactants.

DMA or **DiMethylAmine** is an organic compound and an amine. It is a colorless, liquefied and flammable gas with an ammonia and fish-like odor. It is used for Mannichs, DADMAC monomer and polyamines production.

DMAE or **DiMethylAminoEthanol** is the amine used for the transesterification reaction involved in the production of ADAME.

Emulsion is a physical form of PAM where the polymer is dispersed in hydrocarbon and stabilized by surfactants.

Enhanced Oil Recovery or **EOR** involves injecting viscous water that contains polymer into a reservoir, which causes the remaining oil to more easily move through the reservoir's porous rock and towards a well bore.

Enzymatic process is the biological process for the manufacture of acrylamide where an enzyme allows the bioconversion of the nitrile in acrylonitrile to be converted to amide in mild and clean conditions.

Epichlorhydrin is a cyclic ether used to react with DMA for the production of polyamines.

Flocculants are substances that facilitate the separation of suspended solids from water. They can be either anionic, non-ionic or cationic to interact with finely divided particles which may have been coagulated before. Thanks to their high molecular weight, they bridge the particle together, increasing their settling speed.

Glacial acrylic acid is a colorless liquid with an acrid odor. It is an anionic monomer used for the production of anionic PAM.

Heap leaching is an industrial mining process to extract precious metals and copper compounds from ore.

Leaching is a process in which a metallic compound is extracted from an ore by dissolving it in a suitable solvent.

MADAME, or **MethAcrylate of DimethylAMinoEthyl**, is the same as ADAME, but with a "meth" group to improve resistance to hydrolysis and some specific performances in specialty applications.

MADAME MeCl or **ChloroMethyl MADAME** is the quaternization reaction product of MADAME and methyl chloride. It is a cationic monomer.

Mannich reaction is the chemical reaction of DMA and formaldehyde on PAM to create a cationic flocculant for water treatment.

Methyl acrylate is a clear, colorless liquid chemical with a sweet, fruity odor. It is the shortest ester of acrylic acid. Methyl Acrylate is used in the manufacturing of ADAME, leather finishing, resins, textile, paper coatings, and plastic films.

Methyl chloride is a chemical used to quaternize ADAME to ADAME MeCl and MADAME to MADAME MeCl. It is a highly reactive pressurized gas.

Monomers are chemicals involved in polymerization as the main building block. A monomer may be repeated several times in a polymer and can be blended with other monomers to form copolymers, terpolymers, etc. The typical number of repeating units in a polymer varies from 10 for dispersants, to 1,000 for coagulants and up to 500,000 for flocculants.

Municipal and industrial effluent is discharged waste water that is treated to concentrate the solids portion of water. Municipal effluent carries principally human waste, together with some amounts of contaminants from businesses, light industry and ground runoff via storm sewers, and is largely organic in matter. Industrial effluent is generated from specific manufacturing point sources and its matter varies with the particular industry.

Non-ionic flocculants are flocculants with a neutral charge since only constituted of acrylamide repeating units.

Polyacrylamide, or **PAM**, is a polymer formed from acrylamide subunits which may be copolymerized with other monomers to be anionic or cationic. They are mostly water soluble polymers and may be applied in any applications using water. The chain length can vary from short ($1,000 \text{ g.mol}^{-1}$) to very long ($30 \text{ million g.mol}^{-1}$).

Polyamine is an organic coagulant made from epichlorhydrin and DMA, used in rubber coagulation, water treatment, paper, construction, etc.

PolyDADMAC, or **Poly-DiAllylDiMethylAmmonium Chloride**, is an organic coagulant made from DADMAC, used in water treatment, dye fixation, home and personal care, etc.

Polymer is a long molecule consisting of monomeric structural units and repeating units connected by covalent chemical bonds.

Polymerization process, or **polymer production**, is a process involving assembling monomers together to form a polymer.

Polyvinylamine or **PVAm** is a cationic polymer made from N-VinylFormamide (or NVF) monomer. Upon polymerization and post modification, the polymer is used in paper industry.

Powders are a form of PAM in which the PAM consists of solid particles up to several millimeters in size.

Quat ammonium polymers are a kind of cationic water-soluble polymer used, notably, in water treatment.

Reagents are any substance used in a chemical reaction. They usually imply a chemical that is added in order to react with another chemical to lead to a chemical reaction.

Sludge dewatering is a process that separates the liquid and solid portions of sludge.

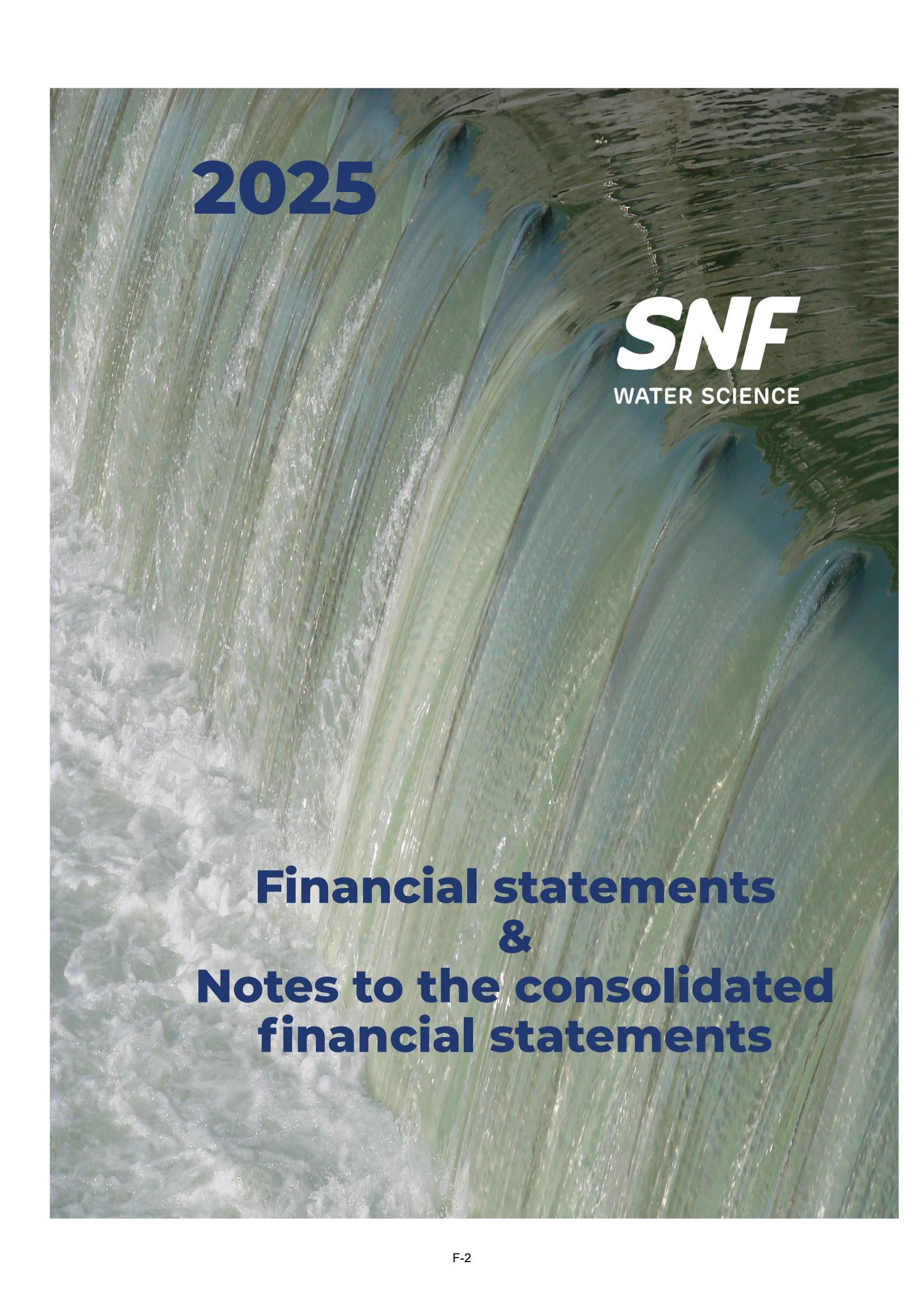
Structural units are the building block of a polymer chain. The structural unit or repeating unit is provided by the monomer.

Viscosity modifiers alter the viscous properties of a fluid, in general to increase the viscosity.

Xanthan gum is a high-molecular-weight polysaccharide which is now produced from corn starch. It is used as a rheology control agent in aqueous systems and as a stabilizer for emulsions and suspensions. In oil field applications it is used as a viscosifier for drilling fluids and also for completion and fracturing. It is also used in processed foods and pharmaceutical and personal care products.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Consolidated financial statements of SNF Group as of and for the year ended December 31, 2025	
Statutory Auditors' report for the year ended December 31, 2025.....	F- 5
Statement of Consolidated Net Income for the year ended December 31, 2024 and 2025.....	F- 11
Consolidated Statement of Other Comprehensive Income for years ended December 31, 2024 and 2025.....	F- 12
Consolidated Statement of Financial Position for years ended December 31, 2024 and 2025.....	F- 13
Consolidated Cash Flow Statement for the years ended December 31, 2024 and 2025.....	F- 15
Consolidated Statement of Changes in Equity	F- 16
Notes to the Consolidated Financial Statements as of and for the year ended December 31, 2025	F- 17
Consolidated financial statements of SNF Group as of and for the year ended December 31, 2024	
Statutory Auditors' report for the year ended December 31, 2024.....	F- 71
Statement of Consolidated Net Income for the year ended December 31, 2023 and 2024.....	F- 77
Consolidated Statement of Other Comprehensive Income for years ended December 31, 2023 and 2024.....	F- 78
Consolidated Statement of Financial Position for years December 31, 2023 and 2024	F- 79
Consolidated Cash Flow Statement for the years ended December 31, 2023 and 2024.....	F- 81
Consolidated Statement of Changes in Equity	F- 82
Notes to the Consolidated Financial Statements as of and for the year ended December 31, 2024	F- 83
Consolidated financial statements of SNG Group as of and for the year ended December 31, 2023	
Statutory Auditors' report for the year ended December 31, 2023.....	F- 136
Consolidated Income Statement for the years ended December 31, 2022 and 2023	F- 144
Consolidated Statement of Comprehensive Income for years ended December 31, 2022 and 2023.....	F- 145
Consolidated Statement of Financial Position as of December 31, 2022 and 2023.....	F- 146
Consolidated Cash Flow Statement for the years ended December 31, 2022 and 2023	F- 148
Consolidated Statement of Changes in Equity	F- 149
Notes to the Consolidated Financial Statements as of and for the year ended December 31, 2023	F- 150

A close-up, high-angle photograph of a waterfall. The water is cascading down, creating a series of white, frothy rapids at the bottom. The water above the rapids is a deep, clear blue-green color. The overall scene is dynamic and natural.

2025

SNF

WATER SCIENCE

**Financial statements
&
Notes to the consolidated
financial statements**

CONTENTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	3

CONSOLIDATED FINANCIAL STATEMENTS.....	9

Statement of consolidated net income	10
Consolidated statement of other comprehensive income	11
Consolidated statement of financial position.....	12
Consolidated cash flow statement	14
Consolidated statement of changes in equity	15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	16

Note 1 – Highlights of the period and post balance sheet events	17
Note 2 - Statement of accounting policies and new standards.....	19
Note 3 - Consolidation scope	21
Note 4 - Notes to the consolidated financial statements.....	25
Note 5 - Notes to the consolidated income statement	57
Note 6 - Notes relating to commitments and other disclosures.....	64



STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2025

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BM Audit

7, allée de l'Informatique
42000 SAINT-ETIENNE

S.A.S. au capital de 1 000 €
850 489 071 RCS Saint-Etienne

DELOITTE & ASSOCIES

51, boulevard Vivier Merle
69003 LYON

S.A.S. au capital de 2 201 424 €
572 028 041 RCS Nanterre

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2025

To the Annual General Meeting of SNF Group,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of SNF Group for the year ended December 31st, 2025.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2025 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1st, 2025 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the assessments which, in our professional judgment, were of most significance in our audit of the financial statements addressed the appropriateness of the accounting principles used, the reasonableness of the significant estimates and the overall presentation of the financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations of the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty

exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Saint-Etienne and Lyon, March 6th, 2026

The statutory auditors

French original signed by

BM AUDIT

DELOITTE & ASSOCIES

Emilie VIRICELLE

Josselin VERNAY



CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED NET INCOME

<i>In € millions</i>	<i>Notes</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
REVENUE	5.1	4,603.5	4,713.5
Raw material and transportation costs	5.2	-2,653.9	-2,763.6
GROSS PROFIT		1,949.6	1,949.9
MANUFACTURING COSTS	5.2	-1,027.5	-942.6
Marketing and distribution expenses	5.2	-214.2	-199.3
Research and development expenses	5.2	-70.5	-63.8
General and administrative expenses	5.2	-168.8	-153.2
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		-453.5	-416.4
RECURRING OPERATING INCOME		468.6	591.0
Non-recurring income	5.5	-27.5	-34.9
OPERATING INCOME		441.0	556.1
Financial result	5.6	-97.0	-94.6
INCOME BEFORE TAX		344.1	461.5
Income tax	5.7	-73.8	-130.2
Share in profit or loss of associates		1.2	0.8
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		271.4	332.1
Profit/(loss) from sold or discontinued operations		-	-
INCOME AFTER TAX		271.4	332.1
Attributable to non-controlling interests		-4.9	-6.3
NET INCOME		266.5	325.8
Earnings per share (in €)		58.59	71.62
Diluted earnings per share (in €)		58.59	71.62

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In € millions</i>	Notes	31/12/2025	31/12/2024
Consolidated net income		271.4	332.0
Changes in fair value of hedging instruments		-	-
Currency translation adjustments		-271.6	78.9
Taxation		-	-
Items subsequently posted to profit or loss		-271.6	78.9
Actuarial gains/(losses) arising from pension liabilities		-1.6	-4.5
Taxation		-0.7	-0.4
Items not posted to profit or loss		-2.3	-5.0
Total income and expenses directly recognised in equity		-273.9	73.9
Comprehensive income for the period		-2.4	405.9
Attributable to owners of the parent company		-3.3	400.9
Attributable to non-controlling interests		0.9	5.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>In € millions</i>	<i>Notes</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
Goodwill	4.1	140.0	119.7
Other intangible assets	4.1	128.1	130.6
Tangible assets (1)	4.2	2,929.9	2,932.4
Investments in associates	3.3	6.8	6.5
Other non-current assets	4.3	180.7	137.1
NON-CURRENT ASSETS		3,385.6	3,326.4
Inventories and work in progress	4.5	997.0	976.9
Trade receivables and other assets relating to contracts with customers	4.6	777.5	864.4
Corporate tax receivables	4.7	58.1	39.6
Other current receivables and financial assets	4.7	214.8	226.8
Cash management financial assets	4.8	85.3	56.0
Cash and cash equivalents	4.8	413.3	438.6
CURRENT ASSETS		2,545.8	2,602.3
TOTAL ASSETS		5,931.4	5,928.7

(1) Including IFRS 16

EQUITY & LIABILITIES

<i>In € millions</i>	Notes	31/12/2025	31/12/2024
Share capital	4.9	50.0	50.0
Retained earnings and reserves	4.9	2,541.4	2,476.4
Consolidated net income	4.9	266.6	325.8
EQUITY ATTRIBUTABLE TO THE GROUP		2,858.0	2,852.2
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4.10	53.0	64.5
TOTAL SHAREHOLDERS' EQUITY		2,911.1	2,916.7
Non-current provisions	4.11	20.2	24.1
Non-current financial debt (1)	4.13	1,758.7	1,872.3
Deferred tax	5.7	214.5	230.3
Other non-current financial liabilities	4.14	20.9	21.8
NON-CURRENT LIABILITIES		2,014.4	2,148.5
Current provisions	4.11	2.7	2.2
Current financial debt (1)	4.13	298.3	72.6
Trade payables	4.14	464.2	549.2
Corporate tax liabilities		26.5	17.1
Other current liabilities	4.14	214.2	222.4
CURRENT LIABILITIES		1,006.0	863.5
TOTAL EQUITY AND LIABILITIES		5,931.4	5,928.7

(1) Including IFRS 16

CONSOLIDATED CASH FLOW STATEMENT

In € millions

Notes

31/12/2025

31/12/2024

NET INCOME ATTRIBUTABLE TO THE GROUP		266.5	325.8
Depreciation, amortisation and provisions		338.5	312.9
Reversals of depreciation, amortisation and provisions		-2.5	-3.6
Grants transferred to net income		-1.0	-0.4
Undistributed earnings of associates		-1.2	-0.8
Gains/(losses) from asset disposals		11.7	14.4
Other items		15.4	19.3
Income attributable to non-controlling interests		4.9	6.3
Income tax charge (current and deferred)		73.8	130.7
Gross interest expense		82.4	63.4
CASH FLOW GENERATED FROM OPERATIONS		788.7	868.1
Change in inventories and work in progress		-94.3	-16.4
Change in trade receivables		29.7	-35.7
Change in trade payables		-77.0	18.7
Change in other payables and receivables		1.5	28.7
Tax paid		-78.5	-122.0
Interest paid		-78.6	-61.7
NET CASH FROM OPERATING ACTIVITIES		491.4	679.7
Investments in intangible assets (1)	4.1	-29.4	-29.8
Investments in property, plant and equipment (1)	4.2	-488.8	-498.3
Financial investments		-60.4	-17.6
Acquisition of subsidiaries, net of cash acquired		-101.6	-150.5
Inflows from fixed asset disposals		2.9	3.9
Repayments of non-current financial assets		33.8	16.3
NET CASH FROM INVESTING ACTIVITIES		-643.6	-676.0
Change in financial debt (2)	4.13.1	197.6	-68.1
Share capital increases/(reductions)		-0.0	-0.0
Dividends paid (including to minority interests)		-3.9	-4.7
NET CASH FROM FINANCING ACTIVITIES		193.6	-72.8
Effect of changes in exchange rates		-37.6	46.8
NET CHANGE IN CASH AND CASH EQUIVALENTS PLUS CASH MANAGEMENT FINANCIAL ASSETS		3.9	-22.2
Opening cash and cash equivalents plus cash management financial assets (3)	4.8	494.6	516.9
Opening bank overdrafts	4.8	0.0	0.0
Closing cash and cash equivalents plus cash management financial assets	4.8	498.5	494.6
Closing bank overdrafts	4.8	0.0	0.0

(1) Net changes in fixed asset liabilities

(2) Including repayments of IFRS 16 liabilities

(3) Cash equivalents managed is defined in note 4.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions

	Share capital	Retained earnings and reserves	Currency translation adjustments	Equity attributable to the Group
At 1 JANUARY 2024	50.0	2,340.9	55.0	2,446.0
Consolidated net income for the period		325.8		325.8
Gains and losses recognised in other comprehensive income		-5.0	78.7	73.7
Comprehensive net income for the period	-	320.8	78.7	399.5
Distribution of dividends		-1.0		-1.0
Share capital increase	-			
Changes in consolidation scope		-4.9	6.4	1.5
Other changes		-5.5	11.8	6.3
AT 31 DECEMBER 2024	50.0	2,650.3	151.8	2,852.2
Consolidated net income for the period		266.5		266.5
Gains and losses recognised in other comprehensive income		-2.3	-267.5	-269.8
Comprehensive net income for the period	-	264.3	-267.5	-3.5
Distribution of dividends		-1.0		-1.0
Share capital increase	-			
Changes in consolidation scope		0.7	-0.4	0.3
Other changes		30.9	-21.1	9.8
AT 31 DECEMBER 2025	50.0	2,945.2	-137.2	2,858.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



INTRODUCTION

Founded in 1978, SNF Group is a French limited company (*société anonyme*) subject to all laws and regulations governing trading companies in France and, in particular, to the provisions of the French Commercial Code. The Company's registered office is located in ZAC de Milieu, Andrézieux-Bouthéon (Loire), France.

The SNF Group, based in Andrézieux, is a world leader in the production of water-soluble polymers. With a foothold in over 60 countries and boasting 23 production sites worldwide, SNF specialises in polymer chemistry for a wide range of markets, including water treatment, oil, gas, paper and personal hygiene.

The Company's fiscal year runs from 1 January to 31 December.

The 2025 consolidated financial statements were approved by the SNF Group Board of Directors on 4 March 2026. The information and accounting data presented below is expressed in millions of euros, with the exception of earnings per share information, which is given in euros.

NOTE 1 – HIGHLIGHTS OF THE PERIOD AND POST BALANCE SHEET EVENTS

1.1. HIGHLIGHTS OF THE PERIOD

• BUSINESS ACTIVITY IN 2025

The Group generated net total revenue of €4.6 billion in 2025, down 2.3% compared to 2024.

Total growth at constant exchange rates therefore amounted to +1.4%, driven by a -1.7% decrease in prices and a 3.1% increase in volumes.

Gross margin came to €1.95 billion in 2025 and 2024, representing 42.3% of sales in 2025 compared with 41.4% in 2024.

• 2025 CAPITAL EXPENDITURE

Investments in property, plant and equipment amounted to €489 million at 31 December 2025 (down from €498 million at 31 December 2024).

The investments concern capacity increases (site expansions) and process improvements, mainly in France (€135 million), the United States (€184 million) and Asia (€133 million).

• FINANCIAL DEBT

Gross financial debt totalled €2,057 million at 31 December 2025, versus €1,945 million at 31 December 2024.

On 6 January 2025, the Group drew down CNH 600 million (€79 million) under a loan agreement with the Industrial and Commercial Bank of China (ICBC). This loan has a maturity of five years.

On 20 March 2025, the Group issued €550 million in senior notes maturing in 2032 at a rate of 4.50%. The gross proceeds from this issue were used to redeem in full the outstanding senior notes in the amount of €350 million maturing in 2026, to repay the amounts used under the revolving credit facility (€76 million), and generated a cash surplus.

• STATUS OF LITIGATION

Patents: SNF Group is involved in and institutes litigation proceedings in various countries. None of these disputes are likely to have a material impact on the Group financial statements.

• CHANGES IN CONSOLIDATION SCOPE

SNF continued its development in 2025, mainly:

- in North America with the acquisition of Obsidian, a producer, and assets in Mexico;
- in Asia with the acquisition of assets and minority interests;
- in Europe with the acquisition of Nova, a reseller.

SNF continued its development in 2024, mainly:

- in North America with the acquisition of two manufacturers: Ace and PFP;
- in Japan with the acquisition of a majority stake;
- in South America with the acquisition of a distributor.

No pro forma information was provided regarding the impact of changes in consolidation scope on the income statement, as the impact was not material.

The net impact of changes in consolidation scope was appropriately shown in the cash flow statement and in the tables of changes in the notes.

1.2. POST BALANCE SHEET EVENTS

ACQUISITION OF SYENSQO OIL & GAS

On 2 January 2026, SNF acquired Syensqo's Oil & Gas division for an enterprise value of €135 million.

Syensqo's Oil & Gas division is a leading provider of chemical solutions for oil fields, with over 35 years of expertise. It has a portfolio of more than 700 products covering the entire value chain, from drilling to production, is supported by a global industrial and R&D network, employs approximately 600 people (mainly in America, Europe and Asia) and generated nearly €400 million in revenue in 2024.

SNF COAGULANTS INCIDENT

An incident occurred at the SNF COAGULANTS plant in northern France: to date, the group does not anticipate any significant impact on its financial statements.

NOTE 2 - STATEMENT OF ACCOUNTING POLICIES AND NEW STANDARDS

The consolidated financial statements have been prepared in accordance with IFRS. Their preparation in accordance with these standards is a voluntary decision on the part of the Company, which is not subject to the financial reporting requirements applicable to listed entities.

The Group's financial statements are prepared in euros, the presentation currency as well as the functional currency of the parent company.

2.1. BASIS OF PREPARATION

Since 1 January 2006, the SNF Group's consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable for the fiscal year ended 31 December 2025.

The applicable IFRS may be consulted via the European Commission's website.

The accounting standards, amendments and interpretations applied are consistent with those used to prepare the 2024 consolidated financial statements, with the exception of standards, amendments and interpretations adopted by the European Union and applicable from 1 January 2025. These mainly concern the amendment to IAS 21 "Lack of exchangeability", published by the IASB in August 2023 and by the EU in November 2024. This amendment did not have an impact on the Group financial statements.

The Group did not apply in advance any new standards, amendments and interpretations, whether adopted or not yet adopted by the European Union, due to come into force after 1 January 2026 subject to their adoption by the European Commission, whose application was therefore possible but not mandatory. These mainly concern the following standards, amendments and interpretations:

Fiscal years beginning on or after 1 January 2026:

- o Amendment to IFRS 7 and IFRS 9, Classification and Measurement Of Financial Instruments, adopted by the IASB in May 2024 and adopted by the EU in May 2025;
- o Amendment to IFRS 7 and IFRS 9 regarding contracts for the purchase of electricity from natural sources, adopted by the IASB in December 2024 and adopted by the EU in June 2025;
- o Annual Improvements to Standards - volume 11: Amendments to IFRS 1, 7, 9, 10 and IAS 7, adopted by the IASB in July 2024 and adopted by the EU in July 2025.

Fiscal years beginning on or after 1 January 2027:

- o IFRS 18, Presentation and Disclosure in Financial Statements, adopted by the IASB in April 2024, and adoption process launched by the EU.

SNF does not expect the amendments and annual improvements to have a material impact on its consolidated financial statements. The Group is currently analysing the impacts of IFRS 18 application.

There are no accounting standards, amendments and interpretations that contradict any IFRS mandatory for periods beginning on or after 1 January 2025, not yet adopted by the European Union, and which would have had a material impact on the financial statements for the year.

2.2. USE OF ESTIMATES

In preparing the financial statements, estimates and assumptions are made, according to information available at that time, that affect amounts recognised under assets and liabilities. These estimates are established on the basis of the going concern principle. These estimates may be revised if the circumstances on which they were based change, or if subsequently modified or supplemented by new information. Actual future results may differ from these estimates.

The main estimates made by management in preparing these financial statements concern:

- the measurement of property, plant and equipment and intangible assets;
- the measurement of non-consolidated equity interests;
- the capitalisation of development costs;
- percentage-of-completion method contracts: Group policy is defined in note 5.1;
- the impairment of current assets.

The nature and amount of these estimates are presented in the detailed notes to the corresponding account headings.

The Group is not aware of any major change during the year in the uncertainties underlying such estimates and assumptions, except for high volatility in the discount rate used for calculating employee benefit liabilities (see note 4.12)

As at the date of preparation of these financial statements, the SNF Group has limited exposure to customs tariffs and does not identify any material impact in this regard.

2.3. CLIMATE-RELATED RISKS

Despite being highly exposed to climate risks due to its business in the chemicals industry, the Group plays an important role in the fight against pollution thanks to its wastewater treatment products. These solutions make it possible to purify water and limit pollution, thereby making a positive contribution towards the sustainable management of natural resources and environmental protection.

Aware of these issues, the Group has taken significant steps to reduce its ecological footprint and respond to environmental challenges. It has been awarded Platinum status by EcoVadis.

The Group has taken a proactive approach, launching an energy transition policy with various initiatives at its production sites, such as the installation of solar panels and optimisation of water use.

The results achieved through these various initiatives demonstrate a significant lead over its peers: CO₂ emissions (Scopes 1 and 2) are at least 40% lower, with consumption halved in some cases. Water consumption is also significantly reduced, representing 7 to 23 times fewer cubic metres per million in sales.

The findings of the decarbonisation analysis carried out by the Group revealed no material impact on the consolidated financial statements (such as provisions, adjustments to asset useful lives or impairment) regarding climate risk management in general or decarbonisation measures in particular.

This initiative forms part of a global strategy to control the financial risks associated with greenhouse gas emission regulations.

The rules for recording carbon emission trading are outlined in note 4.5.

NOTE 3 - CONSOLIDATION SCOPE

CONSOLIDATION PRINCIPLES

INTERCOMPANY TRANSACTIONS

Transactions involving reciprocal assets/liabilities and income/expenses between fully consolidated companies are fully eliminated in the consolidated financial statements.

In the event of earnings within the consolidated group (margin on inventories, profit on the internal sale of assets) between a fully consolidated company and a company consolidated under the equity method, these earnings are eliminated as per the percentage of the equity-accounted interest.

BASIS OF CONSOLIDATION

The Group fully consolidates companies that it controls. Control for consolidation purposes is assessed based on IFRS 10 criteria, which include power over the relevant operations, exposure to variable returns and capacity to use its power to influence the level of those returns. A controlling interest is considered to exist for companies in which SNF Group directly or indirectly holds at least 50% of the voting rights. To determine this control, potential voting rights that are immediately exercisable, including those held by another entity, are taken into account.

Companies in which the Group exercises significant influence are consolidated under the equity method.

Following an analysis of joint arrangements under IFRS 11 criteria, the Group did not identify any joint ventures or joint operations.

Subsidiaries are consolidated unless their impact is non-material. The consolidation of companies deemed non-material would have a negligible effect on the consolidated financial statements (see note 3.4), as they are entities whose potential losses are recognised in the form of impairment. For information, these entities are financed by the Group, which accounts for virtually all their purchases or sales.

Shares in companies that are not consolidated according to the criteria defined above are recognised under non-current financial assets. The list of consolidated companies is presented in note 3.2.

BUSINESS COMBINATIONS

Business combinations are recognised using the acquisition method. This method involves recognising the assets acquired and liabilities and contingent liabilities assumed at fair value.

The difference between the purchase cost of the investment and the Group share of the companies' assets, liabilities and contingent liabilities at fair value, as identified as at the acquisition date, is recognised under goodwill. Acquisition costs for fully consolidated companies are expensed in the year when incurred. Where the acquisition does not cover 100% of the subsidiary's capital, non-controlling interests are valued at the acquisition date, either at fair value or at the share of the acquiree's identified net assets (decision made for each separate acquisition). If the cost of acquisition is less than the fair value of the subsidiary's net assets, identifiable assets and liabilities are subject to an additional analysis and the resulting goodwill gain is recognised directly in income.

Recognition of the business combination is finalised within one year of the date on which control is obtained.

TRANSACTIONS BETWEEN SHAREHOLDERS, ACQUISITIONS AND DISPOSALS OF NON-CONTROLLING INTERESTS AFTER THE ACQUISITION DATE

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests not involving a change in control are considered as transactions with Group shareholders. Under this approach, the difference between the price paid to increase the percentage of ownership in entities already controlled and the additional portion of share capital thus acquired is recorded under Group equity. In the same way, a reduction in the percentage of the Group's interest in an entity remaining under its control is accounted for under Group equity without impacting profit or loss.

TRANSLATION OF FINANCIAL STATEMENTS

General translation principles, excluding hyperinflationary countries:

In most cases, the functional currency of Group companies is their local currency. Transactions in foreign currency are translated by the subsidiary into their functional currency using the prevailing exchange rate as at the transaction date.

In the case of hyperinflation, the Group applies the method for the translation of its subsidiaries' financial statements as described below:

- Assets, liabilities and income statements in a functional currency other than the euro are translated at the closing rate. All shareholders' equity accounts other than net income for the year are translated based on historical exchange rates.
- The resulting exchange difference is posted to other comprehensive income as a movement for the year. Currency differences are presented

separately under shareholders' equity.

Goodwill arising from the acquisition of a foreign entity is treated as an asset or liability of said entity and, therefore, is stated in the entity's functional currency and translated at the closing rate.

Currency differences are posted to income when the subsidiary is no longer consolidated due to sale, liquidation, etc.

Application of hyperinflationary accounting:

IAS 29 "Financial reporting in hyperinflationary economies" was applied for the first time to the Group financial statements as of 1 January 2023 for Turkey (criteria met in Q1 2023) and Argentina (non-material impact).

In accordance with the provisions of IAS 29, since the acquisition non-monetary items in the balance sheet have been revalued using a general price index. In practice, non-monetary items are non-material for both subsidiaries (distribution subsidiaries).

Items in the income statement and statement of comprehensive income are restated by applying changes in the general price index following initial recognition of income and expense items in the financial statements. The difference is presented in the income statement.

The adjusted financial statements (balance sheet and income statement) are translated at the closing rate. No impairment was recognised following the analysis carried out on assets.

The cumulative impact of the differences relating to the application of IAS 29 amounted to €0.6 million at 31 December 2025. is presented as currency translation adjustments in equity.

TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

Recognition and measurement of transactions in foreign currency are defined by IAS 21 "The effects of changes in foreign exchange rates". Transactions in currencies other than the euro are recognised at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in these other currencies are translated at the closing rate. Currency gains and losses resulting from translation are recognised in the income statement for the year.

However, for non-monetary assets and liabilities, all changes in fair value, including exchange rate changes, are recognised according to the principles that apply to the corresponding categories of financial assets to which they belong.

The Group does not practice any currency hedging.

3.1. CHANGES IN CONSOLIDATION SCOPE

In 2025, the main change in scope was the acquisition of Obsidian, a producer in North America, and assets in Asia. (see note 1).

In 2024, the consolidation scope changed in South America, and North America with the acquisition of two manufacturers, Ace and PfP, and in Asia with the acquisition of a majority stake in a Japanese company.

3.2. CONSOLIDATED COMPANIES

The main companies consolidated at 31 December 2025 are as follows:

Entities	Country	Ownership interest (%)	Consolidation method
SNF Group	France	Parent company	
SNF SA	France	100%	Full consolidation
SNF Coagulants	France	100%	Full consolidation
Flocryl SAS	France	100%	Full consolidation
SNF Uganda	Africa	100%	Full consolidation
Chemquest Africa (Holding)	South Africa	100%	Full consolidation
Chemquest	South Africa	96%	Full consolidation
SNF Chemquest DRC	South Africa	90%	Full consolidation
Polychemie GmbH	Germany	100%	Full consolidation
Reiflock (Germany)	Germany	100%	Full consolidation
NOVA	Germany	100%	Full consolidation
SNF Saudi Arabia	Saudi Arabia	75%	Full consolidation
SNF Argentina S.R.L.	Argentina	100%	Full consolidation
SABINUR	Argentina	100%	Full consolidation
SNF Australia (PTY) Ltd	Australia	100%	Full consolidation
Biomontan GmbH	Austria	50%	Full consolidation
SNF Water SPRL	Belgium	100%	Full consolidation
SNF do Brasil	Brazil	100%	Full consolidation
Flopam do Brazil Quimica Ltda	Brazil	100%	Full consolidation
SNF Canada Ltd	Canada	100%	Full consolidation
SNF Chile S.A.	Chile	100%	Full consolidation
SNF Nanning Water Science Co	China	100%	Full consolidation
SNF (Jiangmen) Water Science Co Ltd	China	100%	Full consolidation
SNF (China) Flocculant Co. Ltd	China	100%	Full consolidation
Taixing Sen'ai Import and Export Co., Ltd	China	100%	Full consolidation
Fushun Meirui Petrochemical Co Ltd	China	70%	Full consolidation
SNF (Shenyang) Petroleum Equipment Co Ltd	China	100%	Full consolidation
Beijing Sen Ai Trading Co Ltd	China	100%	Full consolidation
Taixing Kai Sen Chemicals Co Ltd	China	100%	Full consolidation
SNF (Rudong) Chemicals Co	China	100%	Full consolidation
SNF Korea	South Korea	100%	Full consolidation
Axchem Korea Co. Ltd	South Korea	90%	Full consolidation
SNF Floerger Iberica SLU	Spain	100%	Full consolidation
SNF Holding Company	USA	100%	Full consolidation
SNF Inc.	USA	100%	Full consolidation
Flomin Inc.	USA	100%	Full consolidation
FloPam Inc.	USA	100%	Full consolidation
Polydyne Inc.	USA	100%	Full consolidation
Chemtall Incorporated	USA	100%	Full consolidation
Flocryl LLC	USA	100%	Full consolidation
Polychemie Inc.	USA	100%	Full consolidation
Floquip Engineering Company Inc.	USA	100%	Full consolidation
Global Environmental Solutions, Inc.	USA	100%	Full consolidation
SNF Oil & Gas LLC	USA	100%	Full consolidation
PfP Industries	USA	100%	Full consolidation

Terra-Ace Intermediate Holdings LLC	USA	100%	Full consolidation
Obsidian Chemical Solutions LLC	USA	100%	Full consolidation
Neo-Solutions, Inc.	USA	100%	Full consolidation
Ventana Applied Sciences LLC	USA	100%	Full consolidation
SNF Oil and Gas	UK	100%	Full consolidation
SNF (UK) Limited	UK	100%	Full consolidation
SNF India	India	100%	Full consolidation
SNF Flopam India	India	100%	Full consolidation
PT. SNF Polymers Indonesia	Indonesia	100%	Full consolidation
SNF Italia S.p.A.	Italy	100%	Full consolidation
SNF Japan	Japan	90%	Full consolidation
Tomooka KK Ltd	Japan	65%	Full consolidation
Hymo Corporation	Japan	88%	Full consolidation
SNF Mexico	Mexico	100%	Full consolidation
BM Allied Chemicals	Mexico	100%	Full consolidation
Petroleum Polymer Company LLC	Sultanate of Oman	99%	Full consolidation
SNF Oman LLC	Sultanate of Oman	99%	Full consolidation
SNF PERU EIRL	Peru	100%	Full consolidation
SNF Polska	Poland	100%	Full consolidation
SNF Vostok Ltd	Russia	100%	Full consolidation
SNF Flopam LLC	Russia	100%	Full consolidation
Flonex AG	Switzerland	100%	Full consolidation
SNF Turkey	Turkey	100%	Full consolidation

3.3. INVESTMENTS IN ASSOCIATES

Investments in associates mainly involve manufacturing and commercial companies.

In € millions

31/12/2025

31/12/2024

Gross amount		
Opening balance	6.5	5.5
Share in net income/(loss)	1.2	0.8
Changes in consolidation scope	(0.0)	0.0
First-time consolidation	-	-
Other changes	(0.4)	0.2
Currency translation adjustments	(0.5)	0.0
Closing balance	6.8	6.5

The contribution of associates to the SNF Group financial statements, if they were to be fully consolidated, is non-material, as determined according to total assets (current and non-current), total liabilities (current and non-current), revenue and net income.

Goodwill exists for certain associates, which has been tested in consequence according to the method described in note 4.1.1. These tests did not result in any impairment losses being recognised for the fiscal years presented.

NOTE 4 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. INTANGIBLE ASSETS

ACCOUNTING PRINCIPLE

DEVELOPMENT COSTS

In accordance with IAS 38 "Intangible assets", research costs are recognised as an expense, while development costs must be capitalised if they meet the following criteria:

- Technical feasibility for the entity to complete the intangible asset so that it will be available for use or sale
- Entity intends to complete the development project for use or sale
- Ability of the entity to use or sell the asset
- It is likely that the future economic benefits generated by the intangible asset will accrue to the entity
- The entity possesses adequate technical, financial and other resources to complete the development and to use or sell the asset
- The cost of this intangible asset can be accurately measured

Capitalised expenditure includes staff costs, cost of materials and services used and directly attributable to the project in question, as well as all expenses directly attributable to a development project that meet the conditions for capitalisation. These assets are amortised from the date on which the products are first marketed or the industrial processes concerned are first used, over the estimated duration of the economic benefits expected from the project.

These assets are amortised over a period of four years. This period corresponds to the average lifespan for a commercial reference based on the Group's experience in this area.

Development costs that do not meet the criteria defined by this standard are expensed in the period in which they are incurred.

Gross development costs amounted to €61 million as of 31 December 2025, of which €5 million was capitalised during fiscal 2025.

GOODWILL AND BUSINESS COMBINATIONS

Positive goodwill from consolidated companies is recognised on the balance sheet under "Goodwill".

As at the date when control is obtained, the excess of the purchase price over the net fair value of the acquiree's identifiable assets and liabilities is recognised under goodwill. The acquisition cost (or consideration transferred) is measured at the fair value of assets transferred, equity instruments issued or liabilities incurred or assumed at the acquisition date plus or minus any adjustments to the acquisition cost.

In accordance with IFRS 3 "Business combinations", goodwill is not amortised. On the acquisition date, this goodwill is allocated to an identifiable cash-generating unit (CGU). Goodwill is tested for impairment at least once a year and whenever any evidence of impairment is identified. Procedures for conducting impairment tests and their recognition are given in note 4.2 "Impairment of fixed assets".

Goodwill is recorded in the balance sheet after deducting impairment losses that may be recognised. Impairment losses are recognised under "Non-recurring operating income and expenses". Goodwill impairment is irreversible, except for goodwill related to equity-accounted companies.

OTHER INTANGIBLE ASSETS

Other intangible assets are held in the balance sheet at cost less any cumulative amortisation and impairment losses. This item primarily concerns know-how and patents acquired in connection with the Group's activities and development, as well as software applications.

When they have finite useful lives, these assets are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. The amortisation methods and useful lives are reviewed at least once a year. The estimated useful lives are as follows:

- Patents for a period of 5 to 10 years according to the expected or foreseeable duration of the project
- Software over a period of 5 years

Assets with indefinite useful lives are not amortised, and are subject to an impairment test once a year (see note 4.2).

Subsequent expenditure on intangible assets is capitalised only if it is probable that such expenditure will enable the asset in question to generate future economic benefits in excess of its originally assessed standard of performance. Other expenditure is recognised as an expense when incurred.

As stated in note 2.1, the application since 2023 of the IFRS IC decision on accounting for configuration and customisation costs in SaaS arrangements had no material impact on the Group financial statements.

4.1.1. GOODWILL

Goodwill breaks down by geographical region as follows:

<i>In € millions</i>	31/12/2025	31/12/2024
Europe	16.7	16.1
Americas	110.1	89.2
Asia	11.5	12.7
Other	1.7	1.7
Total	140.0	119.7

The change in goodwill breaks down as follows:

	31/12/2025	31/12/2024		
<i>In € millions</i>	Gross amount	Depr./impairment	Net value	Net value
Opening balance	128.2	-8.5	119.7	99.0
Acquisitions/increases	26.1		26.1	17.1
Disposals/decreases	-	-	-	-1.4
Other changes	7.3	0.7	8.1	-
Currency translation adjustments	-13.8	-0.1	-13.9	5.1
Closing balance	147.9	-7.9	140.0	119.7

Goodwill is tested for impairment at the end of each period on the basis of five-year plans approved by the Board of Directors. These tests are conducted using the discounted cash flow (DCF) method applied at the level of the cash-generating units (CGU).

The discount rates used for these calculations correspond to the weighted average cost of capital (WACC) and are applied to post-tax cash flows. Their use results in the calculation of recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36. The assumptions used for revenue projections and terminal values for the Americas, Asia and Europe CGUs are in line with the business plans drawn up and take into account, in particular, the worldwide growth in demand for water and sludge treatment products.

No impairment was recognised following tests carried out on CGU goodwill in 2025 and 2024. These tests are performed every year in the fourth quarter.

It should be noted that there is no goodwill in the Russia region.

The following discount rates and perpetuity growth rates were applied to fiscal years 2025 and 2024:

	31/12/2025		31/12/2024	
In € millions	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
Europe	9.40%	1.50%	9.40%	1.50%
Americas	8.70%	2.50%	8.10%	2.50%
Asia	9.20%	2.50%	8.70%	2.50%
Other	12.70%	1.00%	12.40%	1.00%

Sensitivity testing performed at 31 December 2025, in the case of a reasonable variation (+/-1%) in the underlying discount rate, the WACC and perpetuity growth rate assumptions, did not highlight any significant risk of impairment. We identified no reasonably likely scenarios that could necessitate a material impairment charge against goodwill.

4.1.2. INTANGIBLE ASSETS

	31/12/2025		31/12/2024	
<i>In € millions</i>	Gross amount	Depr./im-pairment	Net value	Net value
Development costs	60.5	-44.8	15.7	16.4
Patents	57.8	-46.4	11.4	26.1
Other intangible assets	152.2	-71.8	80.4	70.0
Advances and prepayments	20.6		20.6	18.0
Total	291.1	-162.9	128.1	130.6

	31/12/2025		31/12/2024	
<i>In € millions</i>	Gross amount	Depr./im-pairment	Net value	Net value
Opening balance	275.9	-145.4	130.6	116.6
Changes in consolidation scope	9.6	-	9.6	4.3
Acquisitions/increases	29.4	-12.8	16.7	13.6
Disposals/decreases	-5.5	0.6	-4.9	-7.8
Other changes	-4.5	-8.8	-13.3	-
Currency translation adjustments	-13.2	2.7	-10.5	3.8
Closing balance	291.7	-163.6	128.1	130.6

Acquisitions during the period mainly relate to the recognition of know-how and customer portfolio following the acquisition of ESTEC in Peru in 2024.

4.2. TANGIBLE ASSETS

ACCOUNTING PRINCIPLE

TANGIBLE ASSETS

Property, plant and equipment are stated at cost plus any incidental acquisition expenses. Depreciation is calculated on a straight-line basis over the asset's useful life.

Major items of property, plant and equipment that are replaced at regular intervals, used for different purposes or that generate economic benefits over different periods and require the application of specific depreciation rates or methods, are recognised separately upon initial recognition and when replaced.

The depreciation periods applied are as follows:

- Buildings: 15 to 25 years
- Installations and improvements: 10 years
- Plant and machinery: 15 years
- Other PP&E: 5 to 8 years

Component accounting for major repairs is not applicable to the Group. Furthermore, the Company has not capitalised any dismantling or decontaminating costs that may result from an obligation to restore the site.

Borrowing costs attributable to the financing of an asset and incurred during the construction period are included in the value of the asset, representing qualifying assets within the meaning of IAS 23 "Borrowing costs".

The Group has chosen not to apply the revaluation option offered under IAS 16. As a result, no property, plant and equipment has been revalued.

Grants financing part or the full cost of an item of property, plant or equipment are recognised as deferred income on the balance sheet and as income on the income statement.

IMPAIRMENT OF FIXED ASSETS

In accordance with IAS 36 "Impairment of assets", the net carrying value of property, plant and equipment and intangible assets is tested whenever there is evidence of impairment, and reviewed at the end of each period. This test is performed at least once a year for fixed assets with an indefinite useful life including goodwill, and for fixed assets in progress.

Depreciated and amortised assets are subject to tests for impairment when, due to specific events or circumstances, there is evidence of impairment.

For the performance of these tests, fixed assets are grouped into cash-generating units (CGU). CGUs are homogeneous groups of assets whose continued use generates cash inflows largely independent of the cash inflows generated by other asset groups.

In practice, the cash-generating units correspond to a continental geographical region. Fixed assets attached to these CGUs primarily include equipment and other industrial installations (mainly buildings and machinery). Sales subsidiaries are attached to the CGU from which they primarily source their products, as they are the commercial outlets for the production sites and cannot therefore be disassociated from them.

The CGUs defined by the Group are as follows: Americas CGU, Asia CGU, Europe CGU and Other CGU. No changes were made during the periods presented.

The impairment charge recorded amounts to the excess of the carrying amount of the CGU over its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

In practice, impairment tests are carried out in relation to the value in use of these CGUs, calculated with reference to the present value of future net cash flows.

Impairment thus calculated is first offset against goodwill, then against the CGU's other assets, up to their recoverable value.

Impairment charges for a CGU or an indefinite life asset are recorded under "Non-recurring income and expenses".

Goodwill impairment is only written back to income for equity-accounted companies.

For non-financial assets (other than goodwill) having incurred impairment, the additional impairment charge or the reversal, as the case may be, is reassessed at the closing date.

RIGHT-OF-USE ASSETS (IFRS 16)

Leases confer the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases that meet this definition are recognised according to the terms defined below, except in the case of exemptions provided for by the standard (contract term of less than 12 months and/or low-value underlying assets) and leases not restated due to their non-material impact.

At the lease commencement date, the Group recognises a right-of-use asset and a financial liability in respect of a lease liability. The assets and liabilities are presented on a separate line in the balance sheet.

The lease liability is measured at the present value of outstanding lease payments payable over the term of the lease. The present value is determined using, as the case may be, the interest rate implicit in the lease (e.g. for finance leases) or the incremental borrowing rate calculated for each country, depending on the term of the lease. The incremental borrowing rate corresponds to a payment profile rate.

Restated leases are mainly fixed and do not include a significant variable component.

Right-of-use assets relating to leases are measured as follows: cumulative depreciation and impairment are deducted from the cost, which is adjusted to take into account any revaluations of the lease liability. No impairment or revaluation of the lease liability was recognised in 2025, as in 2024.

The term of a lease corresponds to the non-cancellable period, plus any period covered by an extension option that the Group is reasonably certain to exercise, and any period covered by a termination option that the Group is reasonably certain not to exercise.

There is no early termination clause in the various leases, nor any clause liable to terminate the contract and result in material penalties in the event of non-renewal of the lease at the end of the non-cancellable period. Similarly, there are no economic incentives liable to induce one of the parties not to terminate the lease.

The Group has not identified any situations in which it is a lessor, nor any leaseback transactions.

The Group has not identified any leases that should have been subject to a specific impairment test.

31/12/2025

31/12/2024

<i>In € millions</i>	Gross amount	Depr./im-pairment	Net value	Net value
Land	207.4	-	207.4	152.1
Buildings	812.6	-300.2	512.5	418.4
Plant and equipment	3,175.5	-1,829.7	1,345.8	1,448.9
Other PP&E	214.2	-126.7	87.5	81.7
Fixed assets in progress	748.6	-41.3	707.3	751.7
Advances and prepayments	7.6		7.6	7.1
Right-of-use assets	147.3	-85.4	61.9	72.6
Total	5,313.2	-2,383.3	2,929.9	2,932.4

31/12/2025

31/12/2024

<i>In € millions</i>	Gross amount	Depr./im-pairment	Net value	Net value
Opening balance	5,224.5	-2,292.1	2,932.4	2,557.7
Changes in consolidation scope	38.9	-	38.9	90.2
Acquisitions/increases	488.9	-283.7	205.2	217.3
Disposals/decreases	-26.3	7.1	-19.3	-9.2
Other changes	0.5	-0.2	0.3	-5.2
Currency translation adjustments	-413.1	185.6	-227.5	81.5
Closing balance	5,313.2	-2,383.3	2,929.9	2,932.4

Capital expenditure on property, plant and equipment in 2025 amounted to €489 million, mainly including the following items:

- France: process improvement and increased capacity (€135 million);
- USA: process improvement and increased capacity (€184 million);
- China: increased capacity (€62 million);
- India: increased capacity (€19 million);
- Indonesia: increased capacity (€26 million).

Interest expense capitalised in accordance with IAS 23 amounted to €12 million for fiscal 2025.

The Group continues to invest in its production base, in line with its ongoing expansion policy.

Assets related to the IFRS 16 restatement increased by €18 million over 2025, bringing total assets to €62 million.

4.3. NON-CURRENT FINANCIAL ASSETS

ACCOUNTING PRINCIPLE

Financial assets include non-current financial assets (mainly equity interests) and current assets representing operating receivables, debt securities or investment securities.

Financial assets are stated according to their classification under IFRS 9, depending on how they are managed, as presented below:

- *financial assets stated at fair value through profit or loss (FVTPL): the analysis results in equity interests and cash investments being assigned to this item;*
- *financial assets measured at fair value through other comprehensive income (FVOCI) that may be reclassified to profit or loss: no financial asset falls under this definition for the periods presented;*
- *financial assets measured at fair value through other comprehensive income (FVOCI) that may not be reclassified to profit or loss (irrevocable option for equity interests that meet the standard's criteria);*
- *non-current financial assets (deposits and guarantees, material loans, etc.), trade receivables and current financial assets other than cash and cash equivalents are assigned to this item.*

Transaction costs are recognised in the value of the asset, except for financial assets and liabilities recognised at fair value through profit or loss.

There are no other material operating financial assets (e.g. trade receivables) with a significant financing component.

The standard provides that, if an equity investment is not held for trading, an entity can make an irrevocable election to recognise changes in the fair value in other comprehensive income, with no possibility of recycling through profit or loss.

4.3.1 NON-CONSOLIDATED EQUITY INTERESTS

As mentioned in note 3.1 "Basis of consolidation", certain companies controlled by the Group considered non-material in relation to the size of the Group have not been consolidated (revenue less than €18 million and total assets less than €14 million).

4.3.1.1 BREAKDOWN OF EQUITY INTERESTS AT 31 DECEMBER 2025

Equity interests are measured using internal valuation techniques based on observable inputs (prices or price-derived data). Amounts recognised under financial assets are presented below:

<i>In € millions</i>	<i>Ownership interest (%)</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
		<i>Fair value</i>	<i>Fair value</i>
SNF Netherlands	100.00%	13.1	9.4
PT SNF Florindo	98.82%	12.2	8.4
SNF Portugal	100.00%	8.5	9.1
SNF Envirotech S.R.L.	100.00%	8.0	3.2
FMI Process SA	100.00%	6.8	9.1
SNF Malaysia	100.00%	6.5	4.0
PT. SNF Specialties Indonesia	99.00%	5.6	4.8
HTS Bio SA	100.00%	4.7	1.8
SNF Colombia	100.00%	3.6	4.4
SNF Nordic AB	99.89%	2.6	2.6
Floerger (SEA) Singapore PTE Ltd	100.00%	2.4	2.4
SNF Chemical (Thailand) Co., Ltd	42.64%	2.0	1.6
Saronfloc GmbH	100.00%	1.9	2.0
KF-SNF Co., Ltd	100.00%	1.4	0.9
SNF Adriatic	100.00%	1.4	1.6
S.N.F. (IL) LTD	100.00%	1.4	0.0
SNF Well (Xi'an) Technology Co Ltd	70.00%	1.4	1.4
Other		10.6	7.8
Total		94.0	74.4

4.3.1.2 CHANGES IN EQUITY INTERESTS IN FISCAL YEAR 2025

<i>In € millions</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
Gross amount		
Opening balance	74.4	61.0
Change in fair value	10.0	3.5
Acquisitions/increases	9.2	13.3
Disposals	-	-
Changes in consolidation scope	-0.2	-8.1
Other changes	0.5	4.7
Currency translation adjustments	0.0	-0.0
Closing balance	94.0	74.4

4.3.2 NON-CURRENT FINANCIAL ASSETS BREAK DOWN AS FOLLOWS:

	31/12/2025		31/12/2024	
<i>In € millions</i>	Gross amount	Depr./im-pairment	Net value	Net value
Equity interests	94.0	-0.0	94.0	74.4
Other long-term investment securities	0.1	-	0.1	0.1
Receivables on interests	12.4	-2.0	10.4	9.8
Loans	27.0	-0.0	27.0	8.7
Deposits and guarantees	4.0	-	4.0	4.6
Other	10.0	-0.1	9.9	6.2
Total	147.5	-2.1	145.5	103.7

Non-current financial assets consist mainly of equity interests in non-consolidated companies (€94 million) as described in note 4.3.1.1.

Breakdown of the change in non-current financial assets for the year

In € millions	31/12/2025		31/12/2024	
	Gross amount	Depr./impairment	Net value	Net value
Opening balance	106.0	-2.3	103.8	84.7
Changes in consolidation scope	2.2	-	2.2	17.9
Acquisitions/increases	52.4	-4.5	48.0	7.7
Disposals/decreases	-16.2	5.5	-10.7	-9.4
Other changes	5.5	-0.8	4.6	2.3
Currency translation adjustments	-2.4	-	-2.4	0.4
Closing balance	147.6	-2.1	145.5	103.7

4.4. OTHER NON-CURRENT ASSETS

Other non-current assets mainly comprise long-term receivables totalling €2 million in 2025 (€2 million in 2024).

4.5. INVENTORIES AND WORK IN PROGRESS

ACCOUNTING PRINCIPLE

Raw materials and traded goods are carried at actual purchase cost under the FIFO method.

Work in progress and finished goods are measured at production cost, including utilities and supplies and the share of direct and indirect manufacturing costs, restated for under-capacity usage, if applicable.

A provision for impairment is recognised where there are indications of impairment, such as slow turnover, or where the gross value determined under the conditions set out above is greater than the net realisable value, in which case an impairment charge is recorded for the difference.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale (mainly selling expenses).

Borrowing costs are not included in the measurement of inventory because of the short duration of the manufacturing cycle.

Inventories of raw materials are carried at actual purchase cost under the FIFO method, while other inventories are measured at the lower of cost price or market value.

The value of inventories at 31 December 2025 and 2024 broke down as follows:

<i>In € millions</i>	31/12/2025			31/12/2024
	Gross amount	Impairment	Net value	Net value
Raw materials	452.3	-3.8	448.5	417.0
Work in progress	11.4	-	11.4	13.0
Finished goods	384.1	-3.7	380.4	408.2
Trade goods	158.1	-1.5	156.6	138.7
Total	1,005.9	-8.9	997.0	976.9

The increase in this item is mainly due to volume.

Raw materials include a carbon emission trading inventory held by the French companies within the framework of the management of greenhouse gas emissions (net book value of €7 million at 31 December 2025 vs. €8.3 million at 31 December 2024).

4.6. TRADE AND OTHER RECEIVABLES

ACCOUNTING PRINCIPLE

Trade receivables

Trade receivables and other current assets largely consist of amounts owed by customers or loans due in less than one year that represent current financial assets. Such assets are recognised at fair value which, in practice, is close to their face value. They are discounted when they contain a financing component (due after one year).

In practice, there was no financing component in the periods presented.

The Group's customer risk is non-material.

A provision is recognised in accordance with IFRS 9 based on expected losses, taking any guarantees into account.

Provisions are recognised taking into account indications of impairment such as late payments, financial difficulties or disputes, or information obtained from the customer in the absence of indications.

The Group has not identified any other assets linked to contracts with customers.

This item also includes employee and tax-related receivables, which are measured at face value.

Other assets relating to contracts with customers

These concern invoices to be drawn up mainly related to long-term contracts, often using a percentage-of-completion method.

The Group acts as the principal in its relations with its customers.

The Group has not identified any other assets linked to contracts with customers.

Other receivables:

Other receivables mainly comprise social security or tax-related receivables. They are stated at face value.

4.6.1. TRADE RECEIVABLES

<i>In € millions</i>	31/12/2024	Changes in cons. scope	Currency translation adjust- ments	Other changes	31/12/2025
Trade receivables	891.3	14.6	-66.8	-32.7	806.4
Impairment	-26.9	-0.0	-0.8	-1.1	-28.9
Total	864.4	14.6	-67.7	-33.9	777.5

“Trade receivables” primarily comprise amounts owing from customers relating to the Group’s operations.

4.6.2. TRADE RECEIVABLES AND PAYABLES ON LONG-TERM CONTRACTS

Long-term contracts for which work is in progress are measured and presented as described in note 5.1.

<i>In € millions</i>	31/12/2025	31/12/2024
Contract assets	82.2	76.8
Contract liabilities	-13.4	-16.8
Percentage-of-completion method con- tracts in progress, net	68.8	60.0

4.7. TAX RECEIVABLES, OTHER RECEIVABLES AND CURRENT FINANCIAL ASSETS

<i>In € millions</i>	31/12/2025	31/12/2024
Supplier advances and rebates receivable	45.8	43.7
Receivables to be invoiced	5.8	8.5
Social security receivables	4.7	3.5
Tax receivables	47.5	30.1
Other tax receivables (including VAT)	87.5	86.0
Customer portfolio management receivables	8.1	10.6
Operating grant receivable	2.7	3.1
Prepaid expenses	24.1	24.6
Customs duty receivable	10.3	8.5
Financial assets	15.8	29.4
Other	20.6	17.7
Total	272.9	265.7

“Supplier advances and rebates receivable” rose in 2025 by €2 million from American entities.

“Tax receivables” increased €17.4 million, mainly concerning France.

“Customs duty receivable” concerns our US subsidiary and corresponds to rebates on customs duty related to products imported to the United States.

“Financial assets” decreased by €13.6 million due to the repayment of a short-term loan outside the Group.

Receivables for customer portfolio management include security deposits and reserves for repayments relating to the implementation of a factoring agreement in France in 2009 (see note 4.7 above).

The “Other” line item mainly comprises guarantees.

4.8. NET CASH AND CASH EQUIVALENTS PLUS CASH MANAGEMENT FINANCIAL ASSETS

Net cash managed, including cash management financial assets, breaks downs as follows:

<i>In € millions</i>	31/12/2025	31/12/2024
Cash and cash equivalents	413.3	438.6
Bank overdrafts	-0.0	-0.0
Net cash and cash equivalents	413.2	438.6
Marketable securities	3.9	3.8
Listed securities (*)	81.4	52.2
Net cash and cash equivalents plus cash management financial assets	498.5	494.6

(*) Investments with a management term that does not meet IAS 7 criteria for classification as cash equivalents. In terms of their number and nature, these securities remain a perfectly liquid cash investment.

The securities of listed companies and marketable securities consist mainly of short-term investment securities carried at market price at 31 December for the period in question.

4.9. EQUITY

BREAKDOWN OF SHARE CAPITAL

No changes were made to the share capital in 2024 and 2025.

At 31 December 2025, the share capital amounts to €50.04 million divided into 4,549,000 shares with a par value of €11. HFP SAS holds 58.29% of SNF Group's share capital.

ADDITIONAL PAID-IN CAPITAL, RETAINED EARNINGS AND RESERVES (BEFORE APPROPRIATION OF EARNINGS)

Undistributed earnings, including SNF Group balance sheet reserves at 31 December 2025 amounted to €2,945.2 million (€2,650.3 million at 31 December 2024).

TREASURY SHARES

The Group does not hold any treasury shares.

DIVIDENDS

SNF Group paid a dividend of €0.22 per share for the 2024 fiscal year (18 June 2025 AGM) resulting in a total dividend payout of €1 million.

POLICY FOR MANAGING EQUITY

The Company is not subject to any specific regulatory or contractual obligations with respect to its share capital. The Group does not have a particular policy regarding the management of equity. For the purpose of monitoring its equity, the Company integrates the same items used for its consolidated equity.

4.10. NON-CONTROLLING INTERESTS

The change in non-controlling interests in consolidated companies breaks down as follows:

<i>In € millions</i>	31/12/2025	31/12/2024
Opening balance	64.5	45.6
Share of income of subsidiaries	4.9	6.3
Dividends paid to non-controlling interests	-2.9	-3.7
Changes in consolidation scope	-9.4	13.0
Other changes	0.0	3.0
Currency translation adjustments	-4.0	0.2
Total	53.0	64.5

The change in non-controlling interests in 2025 mainly results from the buyback of non-controlling interests in Japan. The change in non-controlling interests in 2024 mainly results from the consolidation of two companies: one in China and one in Japan in which minority interests exist.

4.11. OTHER PROVISIONS

ACCOUNTING PRINCIPLE

In compliance with IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are recorded only if all of the following criteria are met:

- The Group has a present obligation arising from a past event;
- It is probable that an outflow of resources entailing economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions for contingencies and charges are recorded in compliance with the above three principles in the event of tax litigation, contingencies for non-consolidated subsidiaries or any other event meeting the definition of a liability. A review of all litigation was undertaken at the end of the reporting period by management and outside counsel, when necessary, to determine the amounts required to cover the estimated risk involved.

Information on contingent assets and liabilities is provided in the notes where necessary and when the impact is material.

Restoration of sites

Provisions are recorded for future expenditure for the restoration of sites resulting from a legal or constructive obligation on the basis of a reasonable estimate of their fair value in the period in which the obligation arises.

As a reverse entry for this provision, the costs of restoring sites are capitalised, included in the value of the underlying asset and amortised over its useful life.

The impact of the passage of time on the provision for restoring sites is measured by applying a discount effect to the provision amount.

For the fiscal years presented, Group management has not identified any significant future expenditure for the restoration of sites, whether involving environmental clean-up or dismantling, as defined above, calling for the recognition of a provision and an underlying asset.

Provisions break down as follows:

	31/12/2025		31/12/2024	
<i>In € millions</i>	Non-current	Current	Non-current	Current
Pension and similar liabilities	18.8	1.2	20.0	1.4
Lawsuit contingency provisions	-	0.2	-	0.2
Provisions for subsidiary customer risks	1.3	0.2	4.0	0.2
Tax contingencies	0.1	1.0	0.1	-
Other contingencies	0.0	0.1	0.0	0.3
Total	20.2	2.7	24.1	2.1

Provisions are divided into current and non-current categories according to their respective portions applicable within or after one year.

Changes in these provisions (excluding pensions and similar liabilities) for the year break down as follows:

<i>In € millions</i>	01/01/2025	Additions	Reversals of unused provisions	Provisions used in the period	Other changes	31/12/2025
Lawsuit contingency provisions	0.2	0.1	-0.1	-	-	0.2
Other contingencies	4.2	0.2	-2.4	-	-0.5	1.6
Provisions for subsidiary customer risks	0.1	1.0	-	-	-0.0	1.1
Tax contingencies	0.3	0.1	-0.3	-	-0.0	0.1
Total	4.8	1.4	-2.9	-	-0.5	3.0

<i>In € millions</i>	01/01/2024	Additions	Reversals of unused provisions	Provisions used in the period	Other changes	31/12/2024
Lawsuit contingency provisions	1.4	0.2	-1.4	-	0.0	0.2
Other contingencies	4.7	-	-0.6	-	0.1	4.2
Provisions for subsidiary customer risks	2.1	-	-1.9	-	-0.2	0.1
Tax contingencies	0.9	0.3	-0.8	-	-0.0	0.3
Total	9.1	0.5	-4.7	-	-0.0	4.8

Lawsuit contingency provisions

Certain subsidiaries are defendants in litigation and claims by third parties. Provisions for these contingencies have been estimated according to the principle described in the note above.

4.12. EMPLOYEE BENEFITS AND EQUIVALENT

ACCOUNTING PRINCIPLE

RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

In some countries, the Group has an obligation to pay retiring employees either retirement severance benefits or pension payments in accordance with formal retirement plans. The Group also has an obligation to make contributions to pension funds in countries where its subsidiaries operate. The accounting treatment of these retirement liabilities varies according to the applicable provisions of these plans.

· Defined contribution plans

Under defined contribution plans, payments are made to a third-party organisation that releases the employer from any subsequent obligation, while the organisation assumes responsibility for paying the pension to the employee. For this reason, contributions are recognised as expenses when they fall due.

· Defined benefit plans

In accordance with Revised IAS 19 "Employee benefits", the corresponding liabilities are calculated annually by independent actuaries under the projected unit credit method, taking into account actuarial assumptions that are updated for each valuation. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to determine the final obligation. The final obligation is then discounted.

For post-employment plans that meet three criteria (rights defined according to length of service, existence of an asset limit, presence in the company at the date of retirement), the obligation is spread over the years of service that confer benefit entitlement. In other cases, the obligation is spread over the period of service.

Each country defines the criteria to be used to perform the actuarial calculations. These include primarily the following variables: expected staff pay increases, life expectancy, staff turnover and the discount rate.

The discount rate is calculated with reference to government bonds having a maturity close to that of the liabilities.

Actuarial gains and losses resulting from changes in assumptions or differences in results for the plan's investments or liabilities are recognised immediately under other comprehensive income and are not written back to income.

Gains and losses from a change in plan are immediately recognised under income.

In practice, the plan changed following the pension reform adopted in April 2024, with an effective date of 1 September 2024, leading to an increase in the retirement age.

OTHER LONG-TERM BENEFITS

Some subsidiaries pay bonuses when giving length-of-service awards. The method used for calculating these liabilities is the same as that used for defined benefit plans, the only difference being that the benefits are paid at predetermined dates. Actuarial gains and losses arising from the plan's liabilities (such as the impact of the 2024 pension reform) and changes are immediately recognised in income.

4.12.1. POST-EMPLOYMENT BENEFITS

ASSUMPTIONS

Provisions recorded for pension and similar liabilities in accordance with note 4.11 mainly concern France and the USA.

These liabilities are determined by actuaries based on given assumptions that are reviewed each year.

Assumptions	France		USA	
	2025	2024	2025	2024
Economic assumptions				
Wage growth rate	4.20%	1.7% to 2.1%	2.40%	2.40%
Discount rate	3.85%	3.40%	5.65%	5.65%
Expected rate of return on plan assets	3.85%	3.40%	5.65%	5.65%
Average remaining working lives	22.8 years	22.9 years		15 years
Social security charge rate	52%	50%		
Demographic assumptions				
Retirement age	62 to 64 years	62 to 64 years	65 years	65 years
Employee mobility rate		0.9% to 5%	2.94% to 17.01%	2.94% to 17%
Mortality tables	French "Green Industry" law	French "Green Industry" law	PRI-2012	PRI-2012

Rates indicated are presented by age range and depend on age and socio-professional category.

The investment rate of return is the same as the discount rate applied to the liability in accordance with Revised IAS 19.

INFORMATION ON FINANCIAL ASSETS AND RECOGNISED LIABILITIES

The liability and recognised expense break down as follows:

31/12/2025

In € millions	France	USA	Other countries	Total
Present value of liability	-17.6	-57.6	-2.6	-77.9
Present value of fund assets	2.0	65.9		67.9
NET LIABILITY	-15.6	8.2	-2.6	-10.0

31/12/2024

In € millions	France	USA	Other countries	Total
Present value of liability	-17.9	-62.0	3.6	-76.2
Present value of fund assets	1.8	67.0		68.8
NET LIABILITY	-16.1	5.0	3.6	-7.5

The detailed breakdown of changes in the financial position of plans at 31 December 2025 was as follows:

31/12/2025

<i>In € millions</i>	France	USA	Other countries	Total
Present value of liability				
Opening balance	-17.9	-62.0	-3.6	-83.5
Service costs	-1.0	-1.9		-2.9
Interest costs	-0.6	-3.2		-3.8
Past service costs				-
Benefit payments	0.6	0.5	1.0	2.1
Actuarial gains/(losses)	1.2	1.6		2.8
Currency translation adjustments		7.3		7.3
Closing balance	-17.6	-57.6	-2.6	-77.9
Present value of fund assets				
Opening balance	1.8	67.0	-	68.8
Return on plan assets	0.1	3.5		3.5
Employer contributions	0.2	2.1		2.3
Benefit payments	-0.1	-0.5		-0.6
Actuarial gains/(losses)	0.1	1.8		1.9
Currency translation adjustments and other		-8.0		-8.0
Closing balance	2.0	65.9	-	67.9

The detailed breakdown of changes in the financial position of plans at 31 December 2024 was as follows:

31/12/2024				
In € millions	France	USA	Other countries	Total
Present value of liability				
Opening balance	-15.8	-55.8	-2.7	-74.4
Service costs	-1.2	-2.2	-1.3	-4.7
Interest costs	-0.5	-2.8		-3.3
Past service costs				-
Benefit payments	0.6	0.2		0.8
Actuarial gains/(losses)	-1.0	2.3		1.4
Other				-
Currency translation adjustments		-3.7	0.4	-3.3
Closing balance	-17.9	-62.0	-3.6	-83.5
Present value of fund assets				
Opening balance	1.8	57.7	-	59.4
Return on plan assets	0.1	2.8		2.8
Employer contributions	0.0	2.8		2.8
Benefit payments	0.1	-0.2		-0.1
Actuarial gains/(losses)	-0.2	0.1		-0.1
Other				
Currency translation adjustments and other		3.9		3.9
Closing balance	1.8	67.0	-	68.8

In the United States, 2025 pension liabilities are covered by independent investment funds, the current value of which amounts to €65.9 million. These funds break down as follows:

- Bonds: 0%
- Equities: 22.45%
- Real estate: 77.55%

In the United States, 2024 pension liabilities are covered by independent investment funds, the current value of which amounts to €67 million. These funds break down as follows:

- Bonds: 0%
- Equities: 18.5%
- Real estate: 81.5%

In France, pension liabilities are funded via insurance companies and banks. These funds amount to €2 million and break down as follows:

- Money market: 70.78%
- Equities: 21%
- Bonds: 8.22%

In France, 2024 pension liabilities are funded via insurance companies and banks. These funds amount to €1.8 million and break down as follows:

- Money market: 69%
- Equities: 23%
- Bonds: 8%

The impact of changes in these plans on the financial statements breaks down as follows:

BALANCE SHEET

2025

<i>In € millions</i>	France	USA	Other countries	Total
Balance of the prior period	-16.1	5.0	-3.6	-14.7
Costs of the period	-1.5	-1.6	-	-3.1
Benefit payments net of fund reimbursements	0.5	-	1.0	1.5
Contributions paid to the plan	0.2	2.1	-	2.3
Actuarial gains/(losses)	1.3	3.4	-	4.7
Reclassifications				-
Currency translation adjustments and other	-	-0.7	-	-0.7
Closing balance	-15.6	8.2	-2.6	-10.0

2024

<i>In € millions</i>	France	USA	Other countries	Total
Balance of the prior period	-14.0	1.8	-2.7	-14.9
Costs of the period	-1.7	-2.2	-1.3	-5.2
Benefit payments net of fund reimbursements	0.7	-	-	0.7
Contributions paid to the plan	0.0	2.8	-	2.8
Actuarial gains/(losses)	-1.1	2.4	-	1.3
Reclassifications				-
Currency translation adjustments and other	-	0.2	0.4	0.6
Closing balance	-16.1	5.0	-3.6	-14.7

INCOME STATEMENT

2025

<i>In € millions</i>	France	USA	Other countries	Total
Annual service costs	1.0	1.9	-	2.9
Financial costs of the liability	0.6	3.2	-	3.8
Financial income from fund investments	-0.1	-3.5	-	-3.5
Cost of the period (in operating income and expense)	1.5	1.6	-	3.1

In € millions

	France	USA	Other countries	Total
Annual service costs	1.2	2.2	1.3	4.7
Financial costs of the liability	0.5	2.8	-	3.3
Financial income from fund investments	-0.1	-2.8	-	-2.8
Cost of the period (in operating income and expense)	1.7	2.2	1.3	5.2

4.12.2. OTHER LONG-TERM BENEFITS

Liabilities for length-of-service awards in France are reviewed by actuaries and amounted to €1.4 million at 31 December 2025.

The discount rate applied for 2025 was 3.85% (2024: 3.40%).

4.12.3. SENSITIVITY TESTING OF THE LIABILITIES

In France, sensitivity tests performed using discount rates of 4.1% and 3.65% result in a change in retirement benefit obligations (IFC) of +/-3%, i.e. approximately +/- €0.4 million, and a change in pension obligations of +/-1%, representing amounts that are not material.

In the United States, a 5.40% discount rate would increase the liability by some €2.4 million, while a 5.90% discount rate would lead to a €2.3 million reduction.

4.13. FINANCIAL DEBT

Senior Notes are recognised at amortised cost on the basis of the original effective interest rate determined after inclusion of issue costs.

	High yield 2020 (€)	High yield 2021 (\$)	High yield 2021 (\$)	High yield 2025 (€)
Par value	350	350	350	550
Maturity	2029	2027	2030	2032
Coupon	2,625%	3.125%	3.375%	4.500%

On 20 March 2025, the Group issued €550 million in senior notes maturing in 2032. The gross proceeds from this issue were used to redeem in full the outstanding senior notes in the amount of €350 million, maturing in 2026.

As of 31/12/2025, the Group had drawn €143 million on its €750 million credit facility in France and €26.4 million on its €85 million facility in the United States.

4.13.1. GROSS FINANCIAL DEBT AT 31 DECEMBER 2025 AND 2024

<i>In € millions</i>	31/12/2025	31/12/2024
Senior Notes	1,488.2	1,368.9
Bank financial debt	216.0	437.3
Lease liabilities	47.8	59.8
Employee profit-sharing	0.3	0.3
Other financial debt	6.4	6.1
Non-current financial debt	1,758.7	1,872.3
Bank financial debt	280.2	54.5
Lease liabilities	16.5	16.5
Employee profit-sharing	0.6	0.8
Other financial debt	0.9	0.7
Current financial debt	298.3	72.6
Gross financial debt	2,057.0	1,944.9
Net cash managed	-498.5	-494.6
Net financial debt	1,558.5	1,450.3

Financial debts are not convertible and are initially recognised at fair value net of directly attributable debt issuance costs. They are subsequently measured at amortised cost. Measurement of the effective interest rate includes interest payments and the amortisation of debt issuance costs. Debt issuance costs are amortised in financial expenses over the term of the loan using the EIR method.

In June 2023, SNF Group restructured its revolving credit facility. It currently has a renewable credit facility of €750 million maturing in June 2030.

At 31 December 2025, €143 million had been drawn down (€206 million at 31 December 2024).

Changes in financial debt are due to the following:

	2025		
<i>In € millions</i>	Increase	Repayment	Change
Senior Notes	550.0	-350.0	200.0
Bank Financial debt	76.8	-71.5	5.2
IFRS 16 liabilities	6.8	-15.1	-8.3
Other	2.9	-2.3	0.6
Change	636.5	-438.9	197.6

On March 20, 2025, the Group issued €550 million of senior notes maturing in 2032 at a rate of 4.50% and repaid €350 million of senior notes (see Note 1.1).

The breakdown of financial debt by maturity is presented below:

<i>In € millions</i>	31/12/2025	31/12/2024
< 1 year	298.3	72.6
1 to 2 years	309.9	128.5
2 to 3 years	8.0	348.1
3 to 4 years	354.4	7.0
4 to 5 years	516.6	560.8
> 5 years	569.9	828.0
Total	2,057.0	1,944.9

This syndicated credit facility was established for SNF Group. This facility includes a pari passu clause with the other senior notes debts.

The interest rates applied to amounts borrowed corresponds to the benchmark rate in the borrowing currency plus a variable margin.

Breakdown of current financial debt:

<i>In € millions</i>	31/12/2025	31/12/2024
Other financial debt	271.1	45.8
Lease liabilities	16.5	16.5
Current account loans	0.9	0.7
Bank overdrafts	0.0	0.0
Accrued interest on financial debt	9.1	8.7
Employee profit-sharing	0.6	0.8
Current financial debt	298.3	72.6

The “Other financial debt” line item reflects financing for working capital requirements of Chinese and Japanese subsidiaries and amounts borrowed to finance the acquisition of property and equipment for the UK, US and German subsidiaries.

The characteristics of these financial debts are as follows:

2025

<i>In € millions</i>	Balance sheet amount	Issuance currency	Maturity	Effective rate
NON-CURRENT				
Employee profit-sharing	0	EUR		Fixed
Lease liabilities	48		2025 to 2030	Floating
Current account loans	6	EUR/GBP		Floating
Senior Notes	1,488	EUR/USD	2027, 2029, 2030 and 2032	2.625%, 3.125%, 3.375% and 4.50%
Financial debt/France	215	CNH/EUR/USD	2026 to 2030	Fixed & floating
Financial debt/USA	0	USD	2025	Floating SOFR
Financial debt/other countries	1	CNY/JPY		Fixed
TOTAL NON-CURRENT	1,759			
CURRENT				
Employee profit-sharing	1	EUR/MXN	2025	Fixed
Lease liabilities	17		2025	Floating Euribor
Bank Financial debt	9		2025	Floating
Financial debt/USA	26	USD	2025	Floating SOFR
Current account loans	1	EUR/GBP	2025	Floating
Financial debt/France	244	EUR/USD	2025	Fixed & floating
Financial debt/other countries	1	CNY/JPY	2025	Fixed
TOTAL CURRENT	298			

4.13.2. COVENANT

The continued availability of the revolving credit facility is subject to compliance with a financial ratio tested every 12 months at the end of the first half, or at the closing date of the fiscal year in question.

This ratio corresponds to the consolidated net financial debt divided by consolidated EBITDA. EBITDA is defined as EBIT (recurring operating income) plus depreciation, amortisation, impairment and changes in provisions. The definitions of consolidated net financial debt and consolidated EBITDA are set out in the credit facility agreement signed in June 2023.

Under the 27 June 2023 agreement, the Group undertakes that, at each test period, the financial debt ratio will be equal to or less than 4.00.

The margin applicable to credit facilities is adjustable according to the debt ratio calculated for the fiscal year covered by the annual consolidated financial statements or the period ending 30 June of each year covered by the interim financial statements.

The covenant was in compliance in 2025 and 2024.

4.13.3. NET FINANCIAL DEBT

<i>In € millions</i>	31/12/2025	31/12/2024
Non-current Financial debt	1,758.7	1,872.3
Current financial debt	298.3	72.6
Gross financial debt	2,057.0	1,944.9
Gross cash managed	-498.5	-494.6
Net financial debt	1,558.5	1,450.3

Net financial debt includes all current and non-current financial debt less cash and cash equivalents and readily realisable cash management assets with maturities of less than one year.

4.13.4. LEASE LIABILITIES (IFRS 16)

At 31 December 2025, lease liabilities amounted to €64.5 million, including €47 million due in more than one year and €17.5 million due within a year.

Changes over the year are broken down as described in the table below:

<i>In € millions</i>	31/12/2025	31/12/2024
Opening lease liabilities	76.3	65.7
New lease liabilities	14.1	11.3
First-time consolidation	0.0	6.2
Payment of lease liabilities	-20.8	-8.8
Termination of leases		
Other changes	-	-
Foreign exchange impact	-5.1	1.9
Closing lease liabilities	64.5	76.3

Maturities break down as follows:

In € millions	Current and non-current lease liabilities	< 1 year	1-2 years	2-5 years	> 5 years
Real estate lease liabilities	14.7	0.4	0.4	1.4	12.4
Other lease liabilities	49.8	17.0	9.2	13.5	10.0
31/12/2025	64.5	17.5	9.7	14.9	22.4

4.13.5. AVERAGE COST OF DEBT

The average pre-tax cost of debt for fiscal 2025 was 3.50%.

	2025	2024
Average cost of debt	3.50%	3.14%

This was determined on the basis of the average value of drawn-down credit facilities over the year, adjusted for the weighted gross interest expense (including amortisation of debt issuance costs) for each category of debt.

4.14. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other liabilities break down as follows:

	31/12/2025		31/12/2024	
In € millions	Non-current	Current	Non-current	Current
Operating payables	2.1	464.2	2.4	549.2
Payables to fixed asset suppliers	1.4	36.6	2.3	39.0
Tax and social security liabilities	-	141.7	-	136.6
Other payables	17.4	36.0	17.1	46.8
TOTAL	20.9	678.5	21.8	771.6

The decrease in these items is mainly due to a decline in the price of raw materials and in business in fiscal 2025.

4.15. BOOK VALUE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

4.15.1. FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLE

FINANCIAL INSTRUMENTS

Transaction costs directly attributable to the acquisition or issuance of a financial asset or liability are included on initial valuation of all financial assets and liabilities. Acquisition costs include direct external transaction costs. These transaction costs are only attributed to financial assets and liabilities not measured at fair value through profit or loss. Transaction costs are posted to the income statement in accordance with IFRS 9.

FINANCIAL LIABILITIES

Financial liabilities include financial debt, other financing, bank overdrafts and operating payables.

Financial debts are initially recognised at the amount received net of borrowing costs. Subsequently, financial debts are measured at the payable balance under the effective interest method. There are no financial liabilities recognised at fair value.

Other operating financial liabilities (trade payables, etc.) are measured at amortised cost. They contain no financing component.

HEDGING INSTRUMENTS

The Group has chosen not to use hedging instruments such as futures or options to protect against interest rate changes or currency fluctuations.

FACTORING

In light of the terms and conditions accorded to the Group following the revamped non-recourse factoring agreement dated 30 December 2011 with FACTO CIC and with Wells Fargo in the United States in early 2016, the Company records the cash received from the sale of the receivables under "Cash and cash equivalents" and security deposits under "Other current receivables", while assigned receivables which amounted to €81 million (€40 million in France, €31 million in the United States and €10 million in the United Kingdom), compared to €66 million at 31 December 2024, are derecognised, mainly for the following reasons:

- The rights to cash flows from the assets assigned do not expire on the date of assignment;
- The rights to receive cash flows from the assets are transferred to the assignee (factor);
- The risks and rewards are substantially transferred to the factor. It is expressly stipulated under the terms of the contract that the factor shall not have recourse against SNF, in the event of the default of the assigned debtor for receivables guaranteed, and that late payment penalties are transferred to the factor. Based on historical statistics of contracting companies, the risk of default and late payment is nevertheless very low for all receivables assigned;
- Control of the asset is not retained by the Group.

Accounting for this means of financing is analysed on the basis of the decision tree provided under IFRS 9.

The book value of financial assets and liabilities by accounting category defined under IFRS 9 is as follows:

31/12/2025

<i>In € millions</i>	Carrying value	Financial assets measured at FVTPL	Financial assets/ liabilities at amor- tised cost
ASSETS			
Equity instruments	94.0	94.0	
Other financial assets	25.4		25.4
Loans and financial receivables	41.8		41.8
Current account loans	4.8		4.8
Trade receivables	777.5		777.5
Cash and cash equivalents	498.5	498.5	
TOTAL	1,442.0	592.6	849.4
EQUITY & LIABILITIES			
Senior Notes	1,488.2		1,488.2
Other bank financial debt	496.1		496.1
Financial debt under finance lease agreements	64.3		64.3
Current account loans	7.2		7.2
Other financial debt	0.6		0.6
Bank overdrafts	0.0		0.0
Trade payables	500.3		500.3
TOTAL	2,556.9	-	2,556.9

The fair value of the high yield senior notes issues carried out by the Group came to €1,488.2 million at 31 December 2025 (€900 million plus \$700 million, equivalent to €595.7 million), versus €1,368.9 million at 31 December 2024. The euro senior notes are quoted at 97.93% and 103.3% and the USD senior notes at 98.25% and 93.47% of par.

31/12/2024

In € millions

	Carrying value	Financial assets measured at FVTPL	Financial as- sets/liabilities at amortised cost
ASSETS			
Equity instruments	74.4	74.4	
Other financial assets	25.1		25.1
Loans and financial receivables	32.5		32.5
Current account loans	7.9		7.9
Trade receivables	864.4		864.4
Cash and cash equivalents	494.6	494.6	
TOTAL	1,499.0	569.1	929.9
EQUITY & LIABILITIES			
Senior Notes	1,368.9		1,368.9
Other bank financial debt	491.0		491.0
Financial debt under finance lease agreements	76.3		76.3
Current account loans	6.7		6.7
Other financial debt	0.8		0.8
Bank overdrafts	0.0		0.0
Trade payables	589.8		589.8
TOTAL	2,533.5	-	2,533.5

The fair value of trade receivables and other current receivables (assets held to maturity) represents their book value, given their short-term maturities.

Non-current financial assets mainly include non-consolidated equity interests, receivables on these interests and receivables due in more than one year. They are:

- remeasured at fair value in the case of equity interests;
- maintained at their acquisition value for other items.

In the absence of quoted prices on an active market, loans and borrowings are presented at their initial value. These financial instruments are subject to an interest calculation, which is determined on the basis of a fixed rate stipulated by contract. This fixed rate, which is agreed upon at the time of subscription, makes it possible to calculate the interest due throughout the term of the loan or borrowing, thus ensuring predictability of financial costs.

4.15.2. CASH AND CASH EQUIVALENTS

ACCOUNTING PRINCIPLE

Cash and cash equivalents include cash on hand, bank balances, short-term investments in money markets as well as amounts made available to us by the factor but unused.

Such assets are recognised and carried at fair value based on the last known price for the year. Changes in fair value are taken to income.

Cash equivalents are liquid investments readily convertible into cash and subject to an insignificant risk of changes in value.

The policy for managing financial risks is presented in note 4.16.

At 31 December 2025, as well as net cash, the Group also held securities of listed companies totalling €81.4 million. These securities do not meet IAS 7 qualification criteria and represent an investment that remains fully liquid.

4.15.3 FAIR VALUE METHOD FOR FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments held by the Group is calculated whenever it can be reliably estimated on the basis of market data for assets considering that they are not intended to be sold.

For this purpose, the Group uses the method for measuring financial instruments based on a hierarchy of fair value:

- Level 1: fair value is based on unadjusted quoted prices on markets for identical assets and liabilities;
- Level 2: fair value is based on observable level 1 quoted prices for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from prices);
- Level 3: fair value is based on data relating to the assets or liabilities that is not derived from observable market data.

The following table presents the fair value breakdown of these three levels for financial assets and liabilities measured at fair value:

31/12/2025				
<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests			94.0	94.0
Cash and cash equivalents	498.5			498.5
Derivative liabilities		-		-

31/12/2024				
<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests			74.4	74.4
Cash and cash equivalents	494.6			494.6
Derivative liabilities		-		-

4.16. MANAGEMENT OF RISKS RELATING TO FINANCIAL INSTRUMENTS

Management of credit risk, liquidity risk and market risk is centralised and monitored by the Finance Department. Based on changes in the Group's various exposures, positions are bought and sold to minimise risk.

4.16.1. CREDIT RISK

In connection with its cash management activities, the Group has an exposure to credit risk. Market transactions are carried out within authorisation limits set by the Finance Department for each counterparty. For the Group, counterparties for financial instruments include:

- for trade receivables, accounts receivable (consisting mainly of receivables related to commercial arrangements with suppliers) for which the Group has trade payables for at least an equivalent amount;
 - for cash and cash equivalents, banks or high quality institutions with excellent ratings from the rating agencies.
- Impairment for trade receivables is recorded on a case-by-case basis when it is significantly likely that all or part of the amount will not be collected.

Aged trial balance for trade receivables

<i>In € millions</i>	31/12/2025	31/12/2024
Not due	523.9	642.0
Due:	285.1	252.0
- < 30 days overdue	131.7	116.2
- 30-120 days overdue	81.6	75.7
- > 120 days overdue	71.9	60.1
Impairment	-29.7	-27.7
TOTAL	779.3	866.3

4.16.2. LIQUIDITY RISK

The SNF Group has short and medium-term credit facilities with top-tier banks that provide it with flexible sources of funding. Drawing on its internal analysis tools, the role of the Finance Department is to maintain sufficient liquidity at all times, by managing Group cash and ensuring secure financing in terms of duration and legal conditions. As of December 31, 2025, debt amounted to €2,057 million and would have increased to €2,722.7 million if all credit facilities had been fully drawn.

At 31 December 2025, undiscounted contractual flows (principal and interest) for the total outstanding amount of financial liabilities by maturity date broke down as follows:

<i>In € millions</i>	2026	2027	2028	2029	2030	> 5 yrs	Total	Car- rying value
Derivative financial instruments							-	-
Trade and other payables							-	-
Drawdowns of credit facilities	26.4				143.0		169.4	169.4
Floating-rate finance leases	17.5	9.7	6.6	4.5	3.8	22.4	64.5	64.5
Other financial debt	254.4	300.2	1.4	349.9	369.8	547.5	1,823.1	1,823.1
Other payables								
Other financial liabilities								
TOTAL	298.3	309.9	8.0	354.4	516.6	569.9	2,057.0	2,057.0

As of December 31, 2024, the flows were as follows:

31/12/2024

<i>In € millions</i>	2025	2026	2027	2028	2029	> 5 yrs	Total	Car- rying value
Derivative financial instruments	-						-	-
Trade and other payables	-	-		-	-		-	-
Drawdowns of credit facilities	24.1				206.0		230.1	230.1
Floating-rate finance leases	16,.	20.5	7.7	5.4	4.2	22.3	76.3	76.3
Other financial debt	32.3	107.9	340.3	1.6	350.6	805.7	1,638.5	1,638.5
Other payables								
Other financial liabilities								
TOTAL	72.6	128.5	348.1	7.0	560.8	828.0	1,944.9	1,944.9

4.16.3. MARKET RISKS

In connection with its operations, the Group may have various exposures to foreign exchange and interest rate risks. The policy for managing these risks is described below.

A) FOREIGN EXCHANGE RISK

A large proportion of the Group's sales are in currencies other than the euro, particularly US dollars, pound sterling, Brazilian reals, Japanese yen, South Korean won and Chinese renminbi yuan. These sales in foreign currencies are primarily carried out by the Group's subsidiaries in their functional currency and consequently do not generate foreign exchange transaction risk at their level.

The Group's primary foreign exchange transaction risks arise from invoicing between Group companies when they invoice or purchase products or services in a currency other than their functional currency:

- For export transactions of production subsidiaries located in euro, dollar or renminbi yuan regions and exporting in their functional currency or US dollars rather than the local currency of the sales subsidiary;
- For import transactions of goods from external suppliers that invoice us in US dollars.

The following table summarises the sensitivity of the Group's consolidated income statement to a 10% increase or decrease in exchange rates in relation to the euro linked to the translation of transactions recorded by the subsidiaries in foreign currencies.

<i>In € millions</i>	Contribution to the consolidated financial statements					Sensitivity to fluctuations of the main currencies versus the euro	
	USD	EUR	CNY	Other	Total	+10 %	-10 %
Revenue	2,138	781	581	1,103	4,604	366,560	(366,560)
EBITDA	348	152	133	184	817	63,978	(63,978)
Recurring operating income	158	88	97	126	469	37,294	(37,294)

Because of the Group's international presence, its balance sheet is exposed to fluctuations in foreign exchange rates. A change in the euro affects the translation in the consolidated balance sheet of assets and liabilities of subsidiaries stated in foreign currencies.

The following table summarises the sensitivity of the main balance sheet aggregates of the Group to a 10% increase or decrease in exchange rates in relation to the euro.

In € millions	Contribution to the consolidated financial statements						Sensitivity to fluctuations of the main currencies versus the euro	
	USD	EUR	CNY	JPY	Other	Total	+10 %	-10 %
Gross financial debt	668	1,294	5	8	83	2,057	76	(76)
Trade receivables	261	138	163	40	177	777	(16)	16
Trade payables	227	89	87	19	43	464	(2)	2

B) INTEREST RATE RISK

The SNF Group policy for managing interest rate risk is based on three objectives, covering security, liquidity and profitability. Management of interest rate risk is centralised and monitored on a periodic basis by the Finance Department.

In connection with its financing activities and based on an assessment of exposure to interest rate risk, SNF Group may use financial instruments to reduce exposure and minimise interest costs. Use of such hedging instruments has not been made.

The Group has not implemented any interest rate risk hedging instruments.

Breakdown of commitments subject to interest rate risks

In € millions	Credit facilities	Property finance leases
2025	39	0
2026		0
2027		0
2028		0
From 2029 onwards	143	
Rate	Euribor/SOFR	
Hedging	None	

Analysis of gross financial debt by type of rate

At 31 December 2025, 90% of Group gross financial debt were at fixed rates, mainly consisting of the €1,488.2 million senior notes issues, and 10% at floating rates.

Sensitivity analysis of interest rate risks

The analysis of sensitivity is based on the situation of the floating-rate portion of net debt at year-end, with no hedging instruments used at that date.

For interest rate risks, sensitivity corresponds to an immediate 1% increase or decrease in the yield curve relative to prevailing interest rates at year-end.

At 31 December 2025, the impact of an immediate 1% increase in all yield curves would increase the Group's net interest expense by €6.2 million. Group net income after tax at the actual tax rate would reduce by €4.6 million.

At 31 December 2025, the impact of an immediate 1% decrease in all yield curves would reduce Group net interest expense by €6.2 million. Group net income would increase by €4.6 million.

NOTE 5 - NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1. REVENUE

ACCOUNTING PRINCIPLE

Revenue represents the value, excluding tax, of goods and services sold by consolidated companies during their normal operating activities after eliminating intercompany sales.

Revenue is recognised at the fair value of the consideration received or receivable, i.e. after deducting amounts for trade discounts, rebates and related items.

The Group recognises revenue and costs relating to long-term contracts according to the cost-based percentage-of-completion method:

- The percentage of completion applicable to the contract is determined according to the ratio between costs incurred to date and expected costs to complete.
- The margin on completion of the contract is estimated on the basis of analyses of costs and revenue on completion, which are periodically revised at regular intervals over the duration of the contracts.

Contract costs on completion include:

- Materials purchased, outsourced studies, contract costs and other services related directly to the contract;
- Costs for the time of personnel directly assigned to the contract, including social security charges.

The costs of percentage-of-completion method contracts do not include financial expenses.

Provisions are recorded for the full amount of any probable losses on the contract from the moment they are identified.

Revenue from a contract consists of costs incurred and the margin recognised on a cost-based percentage-of-completion basis calculated for the contract according to the aforementioned method.

Revenue recognition is based on a number of estimates determined by monitoring the progress of the work and taking into account possibilities for unforeseen events in light of past experience. Consequently, adjustments may be made to these initial estimates over the term of the contract that may have a material effect on future results.

By type

<i>In € millions</i>		31/12/2025	31/12/2024
Sales	(1)	4,521.9	4,630.8
Services		81.6	82.7
TOTAL		4,603.5	4,713.5

(1) Revenue from percentage-of-completion method contracts amounted to €52 million in 2025 and €32 million in 2024.

By region

<i>In € millions</i>	31/12/2025	31/12/2024
France	123.5	137.6
Europe (excluding France)	790.0	804.9
Americas	2,313.2	2,311.2
Asia	1,279.5	1,351.3
Other countries	97.3	108.5
TOTAL	4,603.5	4,713.5

5.2. OPERATING EXPENSES

ACCOUNTING PRINCIPLE

Operating expenses include the cost of sales, research and development expenditure, selling and administrative expenses.

<i>In € millions</i>	31/12/2025	31/12/2024
Cost of sales	-3,681.4	-3,706.4
<i>Including raw material and transportation costs</i>	-2,653.9	-2,763.6
<i>Including manufacturing costs</i>	-1,027.5	-942.6
Marketing costs	-214.2	-199.3
Research and development expenses	-70.5	-63.8
Administrative expenses	-168.8	-153.2
TOTAL	-4,135.0	-4,122.7

5.3. STAFF COSTS

Breakdown of staff costs

<i>In € thousands</i>	31/12/2025	31/12/2024
Salaries and wages (excluding temporary personnel)	-486.5	-444.7
Social security charges	-143.2	-132.8
Statutory and optional employee profit-sharing	-5.1	-7.7
Total staff costs	-634.8	-585.2

Personnel employed by consolidated companies break down as follows by category:

Category	31/12/2025	31/12/2024
Managers and senior executives	1,198	1,116
Technicians and supervisory staff	1,560	1,444
Office staff	2,052	1,853
Plant workers	4,578	4,416
TOTAL	9,388	8,828

5.4. AMORTISATION, DEPRECIATION AND PROVISIONS

Amortisation, depreciation and provisions included under operating expenses concern the following items:

	31/12/2025			31/12/2024		
<i>In € thousands</i>	Depr. & amort.	Provisions	Total	Depr. & amort.	Provisions	Total
Development costs	-11.3	-0.1	-11.3	-10.8	-0.1	-10.9
Manufacturing costs	-302.8	-5.0	-307.8	-275.0	-0.2	-275.2
Marketing expenses	-8.4	-3.3	-11.7	-6.2	-5.3	-11.5
General expenses	-16.4	-0.8	-17.2	-11.4	-0.4	-11.8
Total	-338.9	-9.1	-348.0	-303.4	-6.0	-309.4

5.5. NON-RECURRING INCOME

ACCOUNTING PRINCIPLE

Other operating income and expenses

"Non-recurring operating income and expenses" consists of material items that are unusual, abnormal or infrequent in their occurrence.

This account includes other material operating income or expenses relating to extraordinary events that could affect the analysis and comparability of the Group's business.

<i>In € millions</i>	31/12/2025	31/12/2024
Tax litigation	-1.5	0.6
Sales-related litigation	-5.3	-14.8
Site streamlining and operational restructuring costs	-9.7	-2.9
Asset impairment		-
Other expenses and income	-11.0	-17.8
TOTAL	-27.5	-34.9

TAX LITIGATION

The 2025 expense corresponds to the settlement of tax disputes in France and ongoing litigation in the Middle East.

SALES-RELATED LITIGATION

This item includes €3.1 million in losses on projects in India and China.

SITE STREAMLINING AND OPERATIONAL RESTRUCTURING COSTS

This item includes costs incurred for the integration of new entities, mainly in the United States.

OTHER EXPENSES AND INCOME

In 2025, this item mainly consisted of:

- the cost of employee litigation in the United States (€3.4 million) and employee litigation in other countries (€1.7 million);
- the costs incurred following the termination of a supplier (€3.5 million).

In 2024, this item mainly consisted of:

- the cost of employee litigation in the United States (€4.3 million);
- an opening adjustment of costs in China (€11.2 million).

5.6. NET FINANCIAL RESULT

ACCOUNTING PRINCIPLE

Net interest expense

Net interest expense equals gross interest expense, consisting of interest on Financial debt under the effective interest method, as well as amortisation of debt issuance expenses (this results from the EIR (effective interest rate) method), less income on cash investments.

Other financial income and expenses

"Other financial income and expenses" include all other income and expenses not related to net Financial debt (e.g. costs of banking services), as well as income and expenses related to equity interests (e.g. changes in fair value, gain or loss on disposal, etc.).

<i>In € thousands</i>	31/12/2025	31/12/2024
Gross interest expense	-69.9	-61.6
Income from cash and cash equivalents	1.5	2.9
Net interest expense	-68.4	-58.7
Other financial income and expenses	24.2	12.1
Currency gains/(losses)	-27.7	-17.2
Net book value of assets sold	0.0	-6.0
Reversals of/(additions to) amortisation and provisions	-25.1	-24.8
Other financial income and expenses	-28.5	-35.9
Net financial income/(expense)	-96.9	-94.6

Interest paid as shown in the cash flow statement includes €67.4 million related to financial debt and other financial expenses of €11.2 million.

Foreign exchange gains and losses relating to transactions in foreign currencies are recognised under operating margin. Translation differences relating to financing activities are recognised under financial income and expense.

In 2025, other financial income and expenses mainly consisted of:

- capitalised interest totalling €12 million;
- €1.4 million income from investments in and loans to non-consolidated entities;
- €25.3 million reduction in the fair value of investment securities.

In 2024, other financial income and expenses mainly consisted of:

- capitalised interest totalling €17 million;
- €2.5 million income from investments in and loans to non-consolidated entities;
- €20.9 million reduction in the fair value of investment securities.

The impact of financial expenses under IFRS 16 amounts to €2.4 million.

5.7. INCOME TAX

ACCOUNTING PRINCIPLE

Income tax expense and income include current tax expense/(income) and deferred tax expense/(income).

Current tax is the estimated tax due based on taxable income for the period. It also includes adjustments to amounts of current taxes of prior periods.

Deferred tax is calculated per entity under the balance sheet method. Temporary differences between book and tax values of assets and liabilities result in deferred tax in accordance with the liability method based on year-end tax rates.

Deferred tax assets resulting from temporary differences or unused tax losses are only offset against deferred liabilities with the same maturity, unless it is highly probable that they will be offset against future taxable income within the foreseeable future - generally considered to be from one to five years, or if the Group has decided to set up an internal tax accounting arrangement.

In compliance with IAS 12 "Income taxes", deferred tax assets and liabilities are not discounted.

For balance sheet presentation purposes, deferred tax assets and liabilities are offset at the level of each tax entity.

The regional economic contribution tax or CET (contribution économique territoriale) is comprised of two different levies - one assessed on business property (contribution foncière des entreprises or CFE) and the other on added value (cotisation sur la valeur ajoutée des entreprises or CVAE). This latter contribution is assessed on the basis of added value generated by the Company over the year. The Group has decided that CVAE meets the definition of income tax as defined by IAS 12.

TAX EXPENSE

<i>In € thousands</i>	31/12/2025	31/12/2024
Current income tax	-69.9	-106.9
Net deferred tax	-3.9	-23.2
Income tax	-73.8	-130.2
Including non-recurring tax effects	-	-
Total excluding non-recurring tax effects	-73.8	-130.2

Current income tax equals amounts paid or payable in the short term to tax authorities for the fiscal year in accordance with the rules and rates in force in the different countries.

In France, the Group benefits from rules allowing taxable income and losses to be offset between a parent company and subsidiaries that belong to a tax group. Under these rules the results of all companies included in the tax group are not impacted and the tax group does not generate any material tax savings with the exception of the immediate offset of losses against profits.

ANALYSIS OF TAX EXPENSE

In accordance with the provisions of French Law no. 2025-127 of 14 February 2025 on finance for 2025, the standard corporate tax rate applicable in France has increased from 25.83% to 30.975%, taking into account the reintegration of the social security contribution on profits at a rate of 3.3%.

The Group's effective tax rate, excluding non-recurring tax effects, amounted to 21.42% in 2025 compared to 28.21% in 2024.

The difference between the effective tax rate and the statutory French tax rate in 2025 breaks down as follows:

<i>In € millions</i>	31/12/2025	31/12/2024
Statutory tax rate	30.98%	25.83%
Consolidated book income before tax	344.6	461.6
Theoretical tax expense at applicable rates	-106.7	-119.2
Effective tax expense	-73.8	-130.2
Variance between effective and theoretical tax expense	32.9	-11.0
Impact of permanent differences	1.9	30.4
Impact of differences in tax rates	-28.0	-17.5
Impact of tax losses and tax credits	-2.6	2.0
Impact of specific taxes and tax audits	-4.1	-3.8
Total	-32.9	11.0
Effective tax rate	21.42%	28.21%

The change in the statutory tax rate reflects changes in the respective contributions of each taxable entity to Group pre-tax net income and the fact that some entities posted taxable income while others posted taxable losses.

Research tax credits akin to grants are classified under recurring operating income. At 31 December 2025, €4 million was recognised on that basis in respect of the French and US companies.

Deferred tax assets and liabilities

<i>In € millions</i>	31/12/2025	31/12/2024
Non-current assets	-155.7	-167.1
On loss carryforwards	-5.2	-1.5
Pension liabilities	6.0	6.8
Elimination of intercompany profits	-1.0	-12.2
On other temporary differences	-24.6	-23.2
Total deferred taxes	-180.5	-197.1
Of which:		
Deferred tax assets	34.1	33.2
Deferred tax liabilities	-214.5	-230.3

Deferred taxes recognised on the balance sheet under "Fixed assets" result from temporary differences between the accounting and tax bases of those assets.

5.8. NET EARNINGS PER SHARE

ACCOUNTING PRINCIPLE

Basic earnings per share is calculated using net income of the period attributable to the Group divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share is identical to basic earnings per share as the Group does not have any equity instruments, such as stock options, or discontinued operations.

Item (In € millions)	31/12/2025	31/12/2024
Net income for the period	267	326
Net income for the calculation of diluted earnings per share	267	326
Number of shares outstanding at beginning of period	4,549,000	4,549,000
Weighted average number of shares before dilution	4,549,000	4,549,000
Weighted average number of shares with dilution	4,549,000	4,549,000
Earnings per share (in €)	58.59	71.62
Diluted earnings per share (in €)	58.59	71.62

NOTE 6 - NOTES RELATING TO COMMITMENTS AND OTHER DISCLOSURES

6.1. OFF-BALANCE SHEET COMMITMENTS AND COLLATERAL

In € millions

31/12/2025

31/12/2024

Guarantees given to customs authorities	14.5	2.6
Guarantees given to customers (performance bonds, bid bonds)	58.1	91.2
Guarantees for debt of non-consolidated entities		
Guarantees given to employees for time savings accounts and banks	20.9	0.1
Seveso and bank guarantees	7.1	6.3
Share of loans secured by collateral	2.4	3.1
TOTAL	102.9	103.2

Guarantees have not been provisioned, because we have noted no risks as yet.

The SNF Group recognises obligations or commitments in connection with future payments:

Payments due by
period

<i>In € millions</i>	Total	< 1 year	1-5 years	> 5 years
Interest expense on Financial debt	256	66	167	23
TOTAL	256	66	167	23

On behalf of the French entities, the Group obtained grants receivable totalling €16.3 million, €14.2 million of which had been received at 31 December 2025. These grants are subject to conditions relating to amounts invested and jobs created.

6.2. RELATED PARTIES

6.2.1. EXECUTIVE MANAGEMENT (CORPORATE OFFICERS)

A) COMPENSATION OF MANAGEMENT BODIES:

Compensation allocated for fiscal 2025 to members of the SNF Group Management Committee and Board of Directors for their duties within Group subsidiaries amounted to €4.4 million.

B) ATTENDANCE FEES:

Attendance fees paid to directors in 2025 amounted to €0.2 million.

6.2.2. RELATIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

The consolidated financial statements include transactions carried out by the Group in the course of its normal business operations with associates and non-consolidated subsidiaries. These transactions are carried out on arm's-length terms.

These items break down as follows in the income statement:

In € millions

31/12/2025

31/12/2024

Operating income	114.3	117.3
Associates	16.7	18.6
Non-consolidated subsidiaries	97.5	98.7
Operating expenses		-
Associates		
Non-consolidated subsidiaries		
Other financial income and expenses	2.4	1.1
Associates	0.1	0.1
Non-consolidated subsidiaries	2.4	1.0

Assets and liabilities of the Group concerning related parties at year-end break down as follows:

In € millions

31/12/2025

31/12/2024

Loans or advances granted	17.5	20.0
Associates	2.2	1.0
Non-consolidated subsidiaries	15.3	18.9
Trade and other receivables	49.8	42.6
Associates	4.0	3.7
Non-consolidated subsidiaries	45.8	38.9
Trade and other payables	-	-
Associates	-	-
Non-consolidated subsidiaries	-	-

There is no other transaction to report with related parties as defined under IAS 24, i.e. shareholders, associates and joint ventures.

2024

**Financial statements
&
Notes to the consolidated
financial statements**

CONTENTS

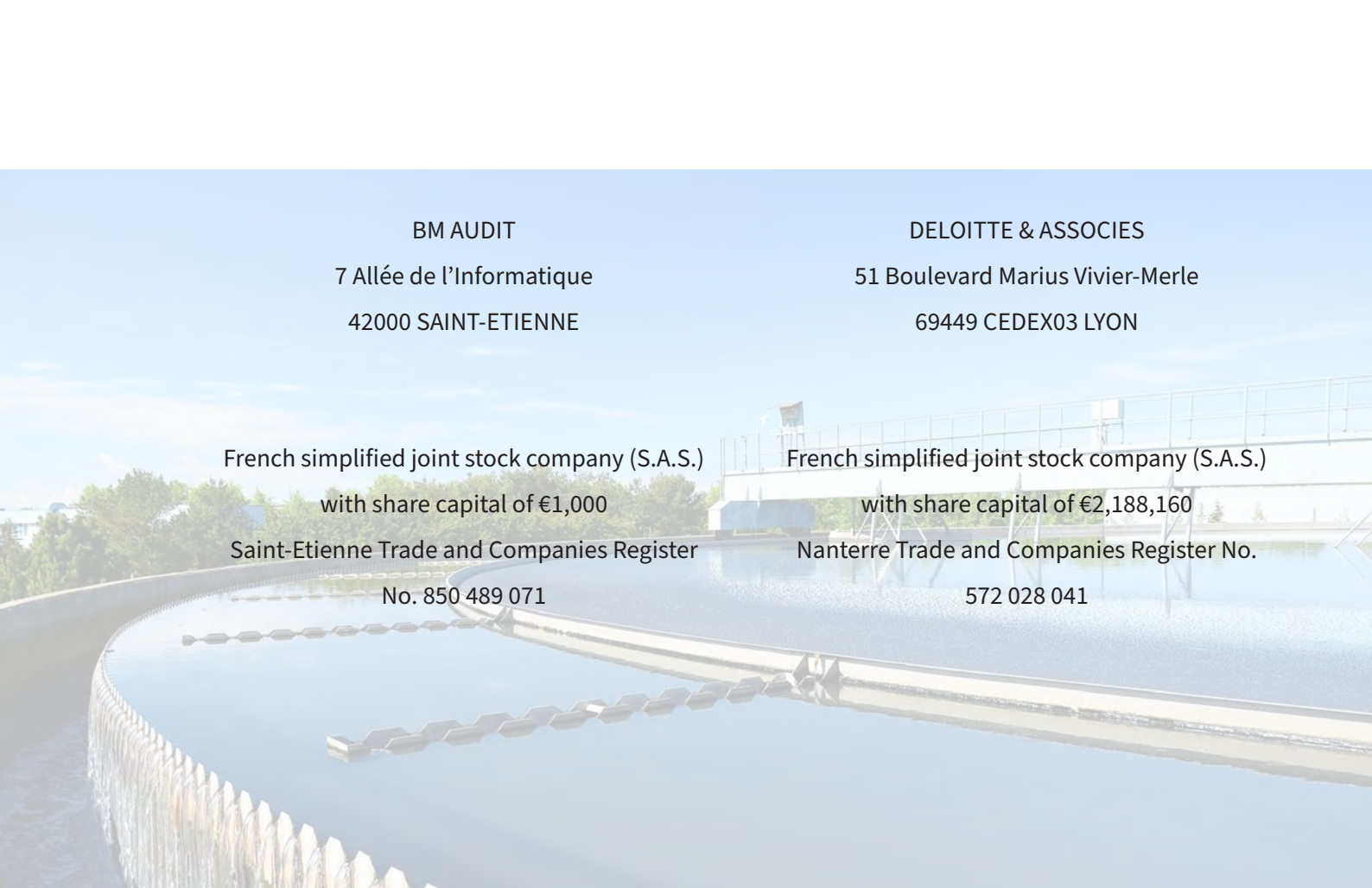
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	3

CONSOLIDATED FINANCIAL STATEMENTS.....	8

Statement of consolidated net income	9
Consolidated statement of other comprehensive income	10
Consolidated statement of financial position.....	11
Consolidated cash flow statement	13
Consolidated statement of changes in equity	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15

Note 1 – Highlights of the period and post balance sheet events	16
Note 2 - Statement of accounting policies and new standards.....	18
Note 3 - Consolidation scope	20
Note 4 - Notes to the consolidated financial statements.....	25
Note 5 - Notes to the consolidated income statement	59
Note 6 - Notes relating to commitments and other disclosures.....	66



BM AUDIT
7 Allée de l'Informatique
42000 SAINT-ETIENNE

DELOITTE & ASSOCIES
51 Boulevard Marius Vivier-Merle
69449 CEDEX03 LYON

French simplified joint stock company (S.A.S.)
with share capital of €1,000
Saint-Etienne Trade and Companies Register
No. 850 489 071

French simplified joint stock company (S.A.S.)
with share capital of €2,188,160
Nanterre Trade and Companies Register No.
572 028 041

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINAN- CIAL STATEMENTS

Fiscal year ended 31 December 2024

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2024

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BM Audit

7, allée de l'Informatique
42000 SAINT-ETIENNE

S.A.S. au capital de 1 000 €
850 489 071 RCS Saint-Etienne

DELOITTE & ASSOCIES

51, boulevard Vivier Merle
69003 LYON

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2024

To the Annual General Meeting of SNF Group,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of SNF Group for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2024 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the assessments which, in our professional judgment, were of most significance in our audit of the financial statements addressed the appropriateness of the accounting principles used, the reasonableness of the significant estimates and the overall presentation of the financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations of the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported by a statutory auditor registered on the list mentioned in II of Article L. 821-13 of the French Commercial Code.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Saint-Etienne and Lyon, March 7, 2025

The statutory auditors

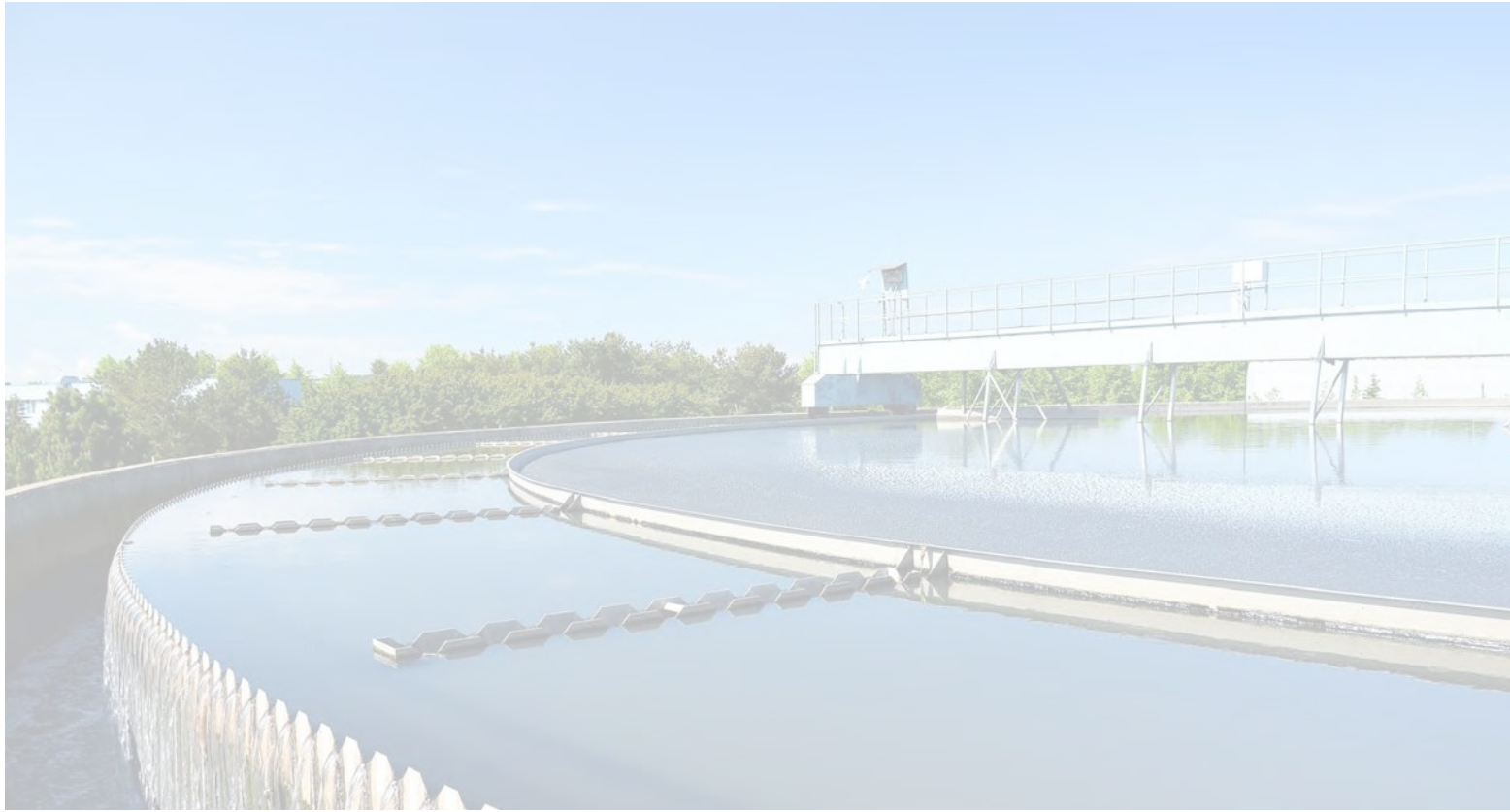
French original signed by

BM AUDIT

DELOITTE & ASSOCIES

Emilie VIRICELLE

Josselin VERNAY



CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED NET INCOME

<i>In € millions</i>	<i>Notes</i>	2024	2023
REVENUE	5.1	4,713.5	4,518.9
Raw material and transport costs	5.2	(2,763.6)	(2,678.1)
GROSS MARGIN		1,949.9	1,840.9
MANUFACTURING COSTS	5.2	(942.6)	(860.3)
Marketing costs	5.2	(199.3)	(175.0)
Research and development expenditure	5.2	(63.8)	(62.7)
Administrative expenses	5.2	(153.2)	(125.1)
GENERAL AND ADMINISTRATIVE EXPENSES		(416.4)	(362.8)
RECURRING OPERATING INCOME		591.0	617.8
Non-recurring operating income/(expenses)	5.5	(34.9)	(63.7)
OPERATING INCOME		556.1	554.1
Financial income/(expenses)	5.6	(94.6)	(63.5)
INCOME BEFORE TAX		461.5	490.5
Income tax	5.7	(130.2)	(117.8)
Share in earnings of associates		0.8	0.6
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		332.1	373.4
Profit/(loss) from sold or discontinued operations		-	-
NET INCOME		332.1	373.4
Attributable to non-controlling interests		(6.3)	(8.1)
NET INCOME ATTRIBUTABLE TO THE GROUP		325.8	365.3
Basic earnings per share (in €)		71.6	80.31
Diluted earnings per share (in €)		71.6	80.31

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In € millions</i>	Notes	2024	2023
Consolidated net income		332.0	373.4
Changes in fair value of hedging instruments			-
Currency translation adjustments		78.9	(100.2)
Taxation			-
Items subsequently posted to profit or loss		78.9	(100.2)
Actuarial gains/(losses) arising from pension liabilities		(4.5)	(20.2)
Taxation		(0.4)	(0.5)
Items not posted to profit or loss		(5.0)	(20.7)
Total income and expenses directly recognised in equity		73.9	(120.9)
Comprehensive income for the period		405.9	252.6
Attributable to owners of the parent company		400.9	247.0
Attributable to non-controlling interests		5.0	5.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>In € millions</i>	Notes	31/12/2024	31/12/2023
Goodwill	4.1	119.7	99.0
Other intangible assets (1)	4.1	130.6	180.1
Property, plant and equipment (2)	4.2	2,932.4	2,494.2
Investments in associates	3.3	6.5	5.5
Other non-current assets	4.3	137.1	111.7
NON-CURRENT ASSETS		3,326.4	2,890.5
Inventories and work in progress	5.5	976.9	886.8
Trade receivables and other assets relating to contracts with customers	4.6	864.4	779.8
Corporation tax receivables		39.6	24.4
Other current receivables and financial assets	4.7	226.8	220.4
Cash management financial assets	4.8	56.0	76.2
Cash and cash equivalents	4.8	438.6	440.7
CURRENT ASSETS		2,602.3	2,428.3
TOTAL ASSETS		5,928.7	5,318.8

(1) Including IFRS 16 in 2023

(1) Including IFRS 16 in 2024

EQUITY & LIABILITIES

<i>In € millions</i>	Notes	31/12/2024	31/12/2023
Share capital	4.9	50.0	50.0
Retained earnings and reserves	4.9	2,476.4	2,030.6
Net income for the period	4.9	325.8	365.4
EQUITY ATTRIBUTABLE TO THE GROUP		2,852.2	2,446.0
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4.10	64.5	45.6
TOTAL SHAREHOLDERS' EQUITY		2,916.7	2,491.6
Non-current provisions	4.11	24.1	24.4
Non-current borrowings (1)	4.13	1,872.3	1,783.9
Deferred tax	5.7	230.3	175.9
Other non-current financial liabilities	4.14	21.8	23.4
NON-CURRENT LIABILITIES		2,148.5	2,007.5
Current provisions	4.11	2.2	3.0
Current borrowings (1)	4.13	72.6	83.6
Trade payables	4.14	549.2	467.5
Corporation tax liabilities		17.1	19.9
Other current liabilities	4.14	222.4	245.8
CURRENT LIABILITIES		863.5	819.7
TOTAL EQUITY AND LIABILITIES		5,928.7	5,318.8

(1) Including IFRS 16

CONSOLIDATED CASH FLOW STATEMENT

In € millions

Notes

2024

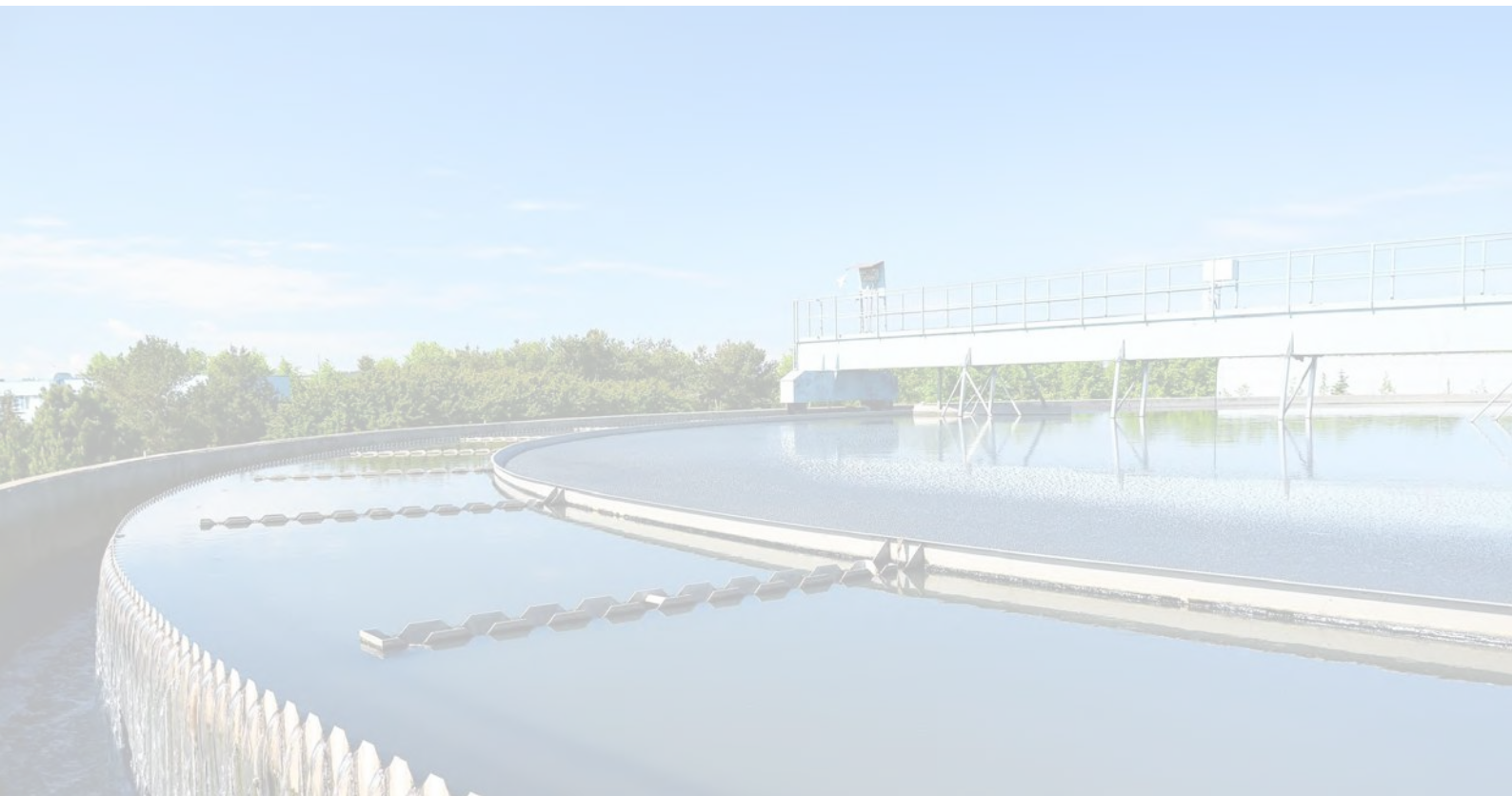
2023

NET INCOME ATTRIBUTABLE TO THE GROUP		325.8	365.3
Depreciation, amortisation and provisions		312.9	311.5
Reversals of depreciation, amortisation and provisions		(3.6)	(6.0)
Grants transferred to net income		(0.4)	(0.2)
Undistributed earnings of associates		(0.8)	(0.4)
Gains/(losses) from asset disposals		14.4	6.2
Other items		19.3	(2.1)
Income attributable to non-controlling interests		6.3	8.1
Income tax charge (current and deferred)		130.7	118.5
Gross interest expense	4.6	63.4	64.3
FREE CASH FLOW		868.1	865.3
Change in inventories and work in progress		(16.4)	103.1
Change in trade receivables		(35.7)	53.3
Change in trade payables		18.7	(110.5)
Change in other payables and receivables		28.7	(10.5)
Tax paid		(122.0)	(96.0)
Interest paid		(61.7)	(67.0)
NET CASH FROM OPERATING ACTIVITIES		679.7	737.6
Investments in intangible assets	4.1	(29.8)	(23.0)
Investments in property, plant and equipment	4.2	(498.3)	(452.1)
Financial investments		(17.6)	(20.2)
Acquisition of subsidiaries, net of cash acquired		(150.5)	(50.3)
Inflows from fixed asset disposals		3.9	2.7
Repayments of non-current financial assets		16.3	5.2
NET CASH FROM INVESTING ACTIVITIES		(676.0)	(537.8)
Change in borrowings	4.13.1	(68.1)	(26.0)
Share capital increases/(reductions)		(0.0)	0.0
Dividends paid (including to minority interests)		(4.7)	(6.4)
NET CASH FROM FINANCING ACTIVITIES		(72.8)	(32.4)
Effect of changes in exchange rates		46.8	(21.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS MANAGED		(22.3)	146.5
Opening cash and cash equivalents managed	4.8	516.9	370.4
Opening bank overdrafts	4.8	(0.0)	(0.0)
Closing cash and cash equivalents managed	4.8	494.6	516.9
Closing bank overdrafts	4.8	(0.0)	(0.0)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions

	Share capital	Retained earnings and reserves	Currency translation adjustments	Equity attributable to the Group
AT 1 JANUARY 2023	50.0	1,976.6	152.5	2,179.1
Consolidated net income for the period		365.3		365.3
Gains and losses recognised in other comprehensive income		(20.7)	(97.6)	(118.3)
Comprehensive net income for the period	-	344.6	(97.6)	247.0
Distribution of dividends		(1.0)	-	(1.0)
Share capital increase	-			
Changes in consolidation scope		23.2	4.5	27.7
Other changes		(2.4)	(4.4)	(6.8)
AT 31 DECEMBER 2023	50.0	2,340.9	55.0	2,446.0
Consolidated net income for the period		325.8		325.8
Gains and losses recognised in other comprehensive income		(5.0)	78.7	73.7
Comprehensive net income for the period	-	320.8	78.7	399.5
Distribution of dividends		(1.0)		(1.0)
Share capital increase	-			
Changes in consolidation scope		(4.9)	6.4	1.4
Other changes		(5.5)	11.8	6.3
AT 31 DECEMBER 2024	50.0	2,650.3	151.8	2,852.2



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Founded in 1978, SNF Group is a French limited company (*société anonyme*) subject to all laws and regulations governing trading companies in France and, in particular, to the provisions of the French Commercial Code. The Company's registered office is located in ZAC de Milieu, Andrézieux-Bouthéon (Loire), France.

SNF Group is a world leader in the production of water-soluble polymers. With a foothold in over 50 countries and boasting 21 production sites worldwide, SNF specialises in polymer chemistry for a wide range of markets, including water treatment, oil, gas, paper and personal hygiene.

The Company's fiscal year runs from 1 January to 31 December.

The 2024 consolidated financial statements were approved by the SNF Group Board of Directors on 5 March 2025. The information and accounting data presented below is expressed in millions of euros, with the exception of earnings per share information, which is given in euros.

NOTE 1 – HIGHLIGHTS OF THE PERIOD AND POST BALANCE SHEET EVENTS

1.1. HIGHLIGHTS OF THE PERIOD

• BUSINESS ACTIVITY IN 2024

The Group generated net total revenue of €4,713.5 million in 2024, up 4.3% compared to 2023.

Exchange-adjusted growth was 5.3%, impacted by a 4% fall in prices and a 9.3% increase in volumes.

Gross margin came to €1,950 million compared to €1,841 million in 2023. This sharp increase in the margin is mainly due to tight control over raw material prices.

• 2024 CAPITAL EXPENDITURE

Investments in property, plant and equipment rose to €498 million in 2024 from €477 million in 2023.

The investments concern process improvements and capacity increases, mainly in France (€171 million), the USA (€188 million) and Asia (€75 million).

• BORROWINGS

Gross borrowings totalled €1,945 million at 31 December 2024, versus €1,867 million at 31 December 2023.

The credit facility was renewed on 27 June 2023. The amount that can be drawn down was increased from €350 million to €750 million with a final maturity date of 27 June 2028, which can be further extended by two years. As the first extension period has been applied, the current final maturity date is 27 June 2029, and can be further extended to 27 June 2030.

• STATUS OF LITIGATION

Patents: SNF Group is involved in and institutes litigation proceedings in various countries. None of these disputes are likely to have a material impact on the Group financial statements.

• CHANGES IN CONSOLIDATION SCOPE

SNF continued its development in 2024, mainly:

- in North America with the acquisition of two manufacturers: Ace and PfP;
- in Japan with the acquisition of a majority stake;
- in South America with the acquisition of distributor.

In 2023, the main acquisitions of equity interests were also located:

- in North America with the acquisition of two distributors;
- in Asia with the acquisition of a majority stake.

No pro forma information was provided regarding the impact of changes in consolidation scope on the income statement, as the impact was not material.

The net impact of changes in consolidation scope was appropriately shown in the cash flow statement.

1.2. POST BALANCE SHEET EVENTS

SNF Group signed an agreement with a financial institution and received CNH 600 million in financing on 6 January 2025.

NOTE 2 - STATEMENT OF ACCOUNTING POLICIES AND NEW STANDARDS

The consolidated financial statements have been prepared in accordance with the general principles of IFRS: fair presentation, going concern, accrual basis of accounting, consistency of presentation, materiality and aggregation. The historical cost basis of accounting is applied to all assets, with the exception of financial assets and financial instruments measured at fair value.

The Group's financial statements are prepared in euros, the presentation currency as well as the functional currency of the parent company.

2.1. BASIS OF PREPARATION

Since 1 January 2006, the SNF Group's consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable for the fiscal year ended 31 December. The applicable IFRS may be consulted via the European Commission's website.

The accounting standards, amendments and interpretations applied are consistent with those used to prepare the 2023 consolidated financial statements, with the exception of standards, amendments and interpretations adopted by the European Union and applicable from 1 January 2024. These mainly concern:

- Amendment to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current, and non-current liabilities with covenants, published by the EU in December 2023;
- May 2024 amendment to IFRS 16 - Lease liability in a sale and leaseback, published by the EU in November 2023;
- Amendments to IFRS 7 regarding disclosure requirements for reverse factoring arrangements, published by the EU in May 2024;
- IFRS IC interpretation of March 2024 on the impact of greenhouse gas reduction commitments on the recognition and estimation of provisions (IAS 37).

The Group did not apply in advance any new standards, amendments and interpretations, whether adopted or not yet adopted by the European Union, due to come into force after 1 January 2025 subject to their adoption by the European Commission, whose application was therefore possible but not mandatory. These mainly concern the following standards, amendments and interpretations:

- Amendment to IAS 21 - Lack of exchangeability, adopted by the IASB in August 2023, adoption underway by the EU (IASB effective date: 1 January 2025);
- Amendment to IFRS 7 and IFRS 9 - Classification and measurement of financial instruments, adopted by the IASB in May 2024, adoption underway by the EU (IASB effective date: 1 January 2026);
- Annual improvements to standards – Volume 11, Amendments to IFRS 1, 7, 9 and 10 and IAS 7, adopted by the IASB in May 2024, adoption underway by the EU (IASB effective date: 1 January 2026);
- IFRS 18 - Presentation and disclosure in financial statements, adopted by the IASB in April 2024, adoption underway by the EU (IASB effective date: 1 January 2027).

SNF does not expect the amendments to IAS 21, IFRS 7 and IFRS 9 and the annual improvements to have a material impact on its consolidated financial statements. The Group is currently analysing the impact of IFRS 18.

There are no accounting standards, amendments and interpretations that contradict any IFRS mandatory for periods beginning on or after 1 January 2024, not yet adopted by the European Union, and which would have had a material impact on the financial statements for the year.

2.2. USE OF ESTIMATES

In preparing the financial statements, estimates and assumptions are made, according to information available at that time, that affect amounts recognised under assets and liabilities. These estimates are established on the basis of the going concern principle. These estimates may be revised if the circumstances on which they were based change, or if subsequently modified or supplemented by new information. Actual future results may differ from these estimates.

The main estimates made by management in preparing these financial statements concern:

- the measurement of property, plant and equipment and intangible assets;
- the measurement of non-consolidated equity interests;
- the capitalisation of development costs;
- percentage-of-completion method contracts: Group policy is defined in note 5.1;
- the impairment of current assets.

The nature and amount of these estimates are presented in the detailed notes to the corresponding account headings.

The Group is not aware of any major change during the year in the uncertainties underlying such estimates and assumptions, except for high volatility in the discount rate used for calculating employee benefit liabilities (see note 4.12).

2.3. CLIMATE-RELATED RISKS

Despite being highly exposed to climate risks due to its business in the chemicals industry, the Group plays an important role in the fight against pollution thanks to its wastewater treatment products. These solutions make it possible to purify water and limit pollution, thereby making a positive contribution towards the sustainable management of natural resources and environmental protection.

Aware of these issues, the Group has taken significant steps to reduce its ecological footprint and respond to environmental challenges.

The Group has taken a proactive approach, launching an energy transition policy with initiatives such as the installation of solar panels at its production sites. This initiative not only reduces dependence on fossil fuels, it also lowers long-term energy costs.

Moreover, the Group is working on optimising its production processes by seeking alternatives to the most energy-intensive practices, thereby contributing towards limiting CO₂ emissions (heat pumps, etc.).

In order to strengthen its commitment to sustainable development, the Group has set up a Corporate Social Responsibility (CSR) department tasked with monitoring the environmental measures implemented by all its subsidiaries and coordinating continuous improvement projects. This department ensures that decarbonisation objectives are well integrated within the Group's various entities and that concrete measures are deployed to reduce their environmental impact.

The findings of the decarbonisation analysis carried out by the Group revealed no material impact on the consolidated financial statements (such as provisions, adjustments to asset useful lives or impairment) regarding climate risk management in general or decarbonisation measures in particular.

This initiative forms part of a global strategy to control the financial risks associated with greenhouse gas emission regulations.

The rules for recording carbon emission trading are outlined in note 4.5.

NOTE 3 - CONSOLIDATION SCOPE

CONSOLIDATION PRINCIPLES

INTERCOMPANY TRANSACTIONS

Transactions involving reciprocal assets/liabilities and income/expenses between fully consolidated companies are fully eliminated in the consolidated financial statements.

In the event of earnings within the consolidated group (margin on inventories, profit on the internal sale of assets) between a fully consolidated company and a company consolidated under the equity method, these earnings are eliminated as per the percentage of the equity-accounted interest.

BASIS OF CONSOLIDATION

The Group fully consolidates companies that it controls. Control for consolidation purposes is assessed based on IFRS 10 criteria, which include power over the relevant operations, exposure to variable returns and capacity to use its power to influence the level of those returns. A controlling interest is considered to exist for companies in which SNF Group directly or indirectly holds at least 50% of the voting rights. To determine this control, potential voting rights that are immediately exercisable, including those held by another entity, are taken into account.

Companies in which the Group exercises significant influence are consolidated under the equity method.

Following an analysis of joint arrangements under IFRS 11 criteria, the Group did not identify any joint ventures or joint operations.

Subsidiaries are consolidated unless their impact is non-material. The consolidation of companies deemed non-material would have a negligible effect on the consolidated financial statements (see note 3.4), as they are entities whose potential losses are recognised in the form of impairment. Furthermore, these entities are financed by the Group, which accounts for virtually all their purchases or sales.

Shares in companies that do not meet these criteria are recognised under non-current financial assets.

The list of consolidated companies is presented in note 3.2.

BUSINESS COMBINATIONS

Business combinations are recognised using the acquisition method. This method involves recognising the assets acquired and liabilities and contingent liabilities assumed at fair value.

The difference between the purchase cost of the investment and the Group share of the companies' assets, liabilities and contingent liabilities at fair value, as identified as at the acquisition date, is recognised under goodwill. Acquisition costs for fully consolidated companies are expensed in the year when incurred. Where the acquisition does not cover 100% of the subsidiary's capital, non-controlling interests are valued at the acquisition date, either at fair value or at the share of the acquiree's identified net assets (decision made for each separate acquisition). If the cost of acquisition is less than the fair value of the subsidiary's net assets, identifiable assets and liabilities are subject to an additional analysis and the resulting goodwill gain is recognised directly in income.

Recognition of the business combination is finalised within one year of the date on which control is obtained.

TRANSACTIONS BETWEEN SHAREHOLDERS, ACQUISITIONS AND DISPOSALS OF NON-CONTROLLING INTERESTS AFTER THE ACQUISITION DATE

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests not involving a change in control are considered as transactions with Group shareholders. Under this approach, the difference between the price paid to increase the percentage of ownership in entities already controlled and the additional portion of share capital thus acquired is recorded under Group equity. In the same way, a reduction in the percentage of the Group's interest in an entity remaining under its control is accounted for under Group equity without impacting profit or loss.

TRANSLATION OF FINANCIAL STATEMENTS

General translation principles, excluding hyperinflationary countries:

In most cases, the functional currency of Group companies is their local currency. Transactions in foreign currency are translated by the subsidiary into their functional currency using the prevailing exchange rate as at the transaction date.

In the case of hyperinflation, the Group applies the method for the translation of its subsidiaries' financial statements as described below:

• Assets and liabilities in a functional currency other than the euro are translated at the closing rate, while income statement items are translated at the cumulative average exchange rate for the period. All shareholders' equity accounts other than net income for the year are translated based on historical exchange rates.

· The resulting exchange difference is posted to other comprehensive income as a movement for the year. Currency differences are presented separately under shareholders' equity.

Goodwill arising from the acquisition of a foreign entity is treated as an asset or liability of said entity and, therefore, is stated in the entity's functional currency and translated at the closing rate.

Currency differences are posted to income when the subsidiary is no longer consolidated due to sale, liquidation, etc.

Application of hyperinflationary accounting:

IAS 29 "Financial reporting in hyperinflationary economies" was applied for the first time to the Group financial statements as of 1 January 2023 for Turkey (criteria met in Q1 2023) and Argentina (non-material impact).

In accordance with the provisions of IAS 29, since the acquisition non-monetary items in the balance sheet have been revalued using a general price index. In practice, non-monetary items are non-material for both subsidiaries (distribution subsidiaries).

Items in the income statement and statement of comprehensive income are restated by applying changes in the general price index following initial recognition of income and expense items in the financial statements. The difference is presented in the income statement.

The adjusted financial statements (balance sheet and income statement) are translated at the closing rate. No impairment was recognised following the analysis carried out on assets.

The impact of the first-time application of hyperinflationary accounting, i.e. as of 1 January 2023, amounted to €2.6 million and was recorded under reserves.

The cumulative impact of the differences relating to the application of IAS 29 amounted to €4.4 million at 31 December 2024 and is presented as currency translation adjustments in equity.

TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

Recognition and measurement of transactions in foreign currency are defined by IAS 21 "The effects of changes in foreign exchange rates". Transactions in currencies other than the euro are recognised at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in these other currencies are translated at the closing rate. Currency gains and losses resulting from translation are recognised in the income statement for the year.

However, for non-monetary assets and liabilities, all changes in fair value, including exchange rate changes, are recognised according to the principles that apply to the corresponding categories of financial assets to which they belong.

The Group does not practice any currency hedging.

3.1. CHANGES IN CONSOLIDATION SCOPE

In 2024, the consolidation scope changed in South America, in North America with the acquisition of two manufacturers, Ace and PfP, and in Asia with the acquisition of a majority stake in a Japanese company (see note 1).

In 2023, the consolidation scope changed in South America with the acquisition of Sabinur (Argentina) and the buyout of all minority interests in BM Allied (Mexico), in North America with the acquisition of two distributors, and in Asia with the acquisition of a majority stake.

3.2. CONSOLIDATED COMPANIES

The main companies consolidated at 31 December 2024 are as follows:

Entities	Country	Ownership interest (%)	Consolidation method
SNF Group	France	Parent company	
SNF SA	France	100%	Full consolidation
SNF Coagulants	France	100%	Full consolidation
Flocryl SA	France	100%	Full consolidation
SNF Uganda	Africa	100%	Full consolidation
Chemquest	South Africa	74%	Full consolidation
Polychemie GmbH	Germany	100%	Full consolidation
Reiflock	Germany & Austria	100%	Full consolidation
SNF Saudi Arabia	Saudi Arabia	75%	Full consolidation
SNF Argentina S.R.L.	Argentina	100%	Full consolidation
SABINUR	Argentina	100%	Full consolidation
SNF Australia (PTY) Ltd	Australia	100%	Full consolidation
Biomontan GmbH	Austria	50%	Full consolidation
SNF Water SPRL	Belgium	100%	Full consolidation
SNF do Brasil	Brazil	100%	Full consolidation
Flopam do Brazil Quimica Ltda	Brazil	100%	Full consolidation
SNF Canada Ltd	Canada	100%	Full consolidation
SNF Chile S.A.	Chile	100%	Full consolidation
SNF Nanning Water Science Co	China	100%	Full consolidation
Taixing Sen'ai Import and Export Co., Ltd	China	100%	Full consolidation
Fushun Meiriu Petrochemical Co Ltd	China	70%	Full consolidation
SNF (Shenyang) Petroleum Equipment Co Ltd	China	100%	Full consolidation
Beijing Sen Ai Trading Co Ltd	China	100%	Full consolidation
SNF (Rudong) Chemicals Co	China	100%	Full consolidation
SNF Korea	South Korea	100%	Full consolidation
Axchem Korea Co. Ltd	South Korea	90%	Full consolidation
SNF Floerger Iberica SLU	Spain	100%	Full consolidation
SNF Holding Company	USA	100%	Full consolidation
SNF Inc.	USA	100%	Full consolidation
Flomin Inc.	USA	100%	Full consolidation
FloPam Inc.	USA	100%	Full consolidation
Polydyne Inc.	USA	100%	Full consolidation
Chemtall Incorporated	USA	100%	Full consolidation
Flocryl LLC	USA	100%	Full consolidation
Polychemie Inc.	USA	100%	Full consolidation
Floquip Engineering Company Inc.	USA	100%	Full consolidation
Global Environmental Solutions, Inc.	USA	100%	Full consolidation
SNF Oil & Gas LLC	USA	100%	Full consolidation

PfP Industries	USA	100%	Full consolidation
Terra-Ace Intermediate Holdings LLC	USA	100%	Full consolidation
SNF Oil and Gas	UK	100%	Full consolidation
SNF (UK) Limited	UK	100%	Full consolidation
SNF India	India	100%	Full consolidation
SNF Flopam India	India	100%	Full consolidation
PT. SNF Polymers Indonesia	Indonesia	100%	Full consolidation
SNF Italia S.p.A.	Italy	100%	Full consolidation
SNF Japan	Japan	90%	Full consolidation
Tomooka KK Ltd	Japan	65%	Full consolidation
Hymo Corporation	Japan	68%	Full consolidation
SNF Mexico	Mexico	100%	Full consolidation
BM Allied Chemicals	Mexico	100%	Full consolidation
Petroleum Polymer Company LLC	Sultanate of Oman	99%	Full consolidation
SNF Oman LLC	Sultanate of Oman	99%	Full consolidation
SNF PERU EIRL	Peru	100%	Full consolidation
ESTEC SAC	Peru	100%	Full consolidation
SNF Polska	Poland	100%	Full consolidation
SNF Vostok Ltd	Russia	100%	Full consolidation
SNF Flopam LLC	Russia	100%	Full consolidation
Flonex AG	Switzerland	100%	Full consolidation
SNF Turkey	Turkey	100%	Full consolidation

3.3. INVESTMENTS IN ASSOCIATES

Investments in associates mainly involve manufacturing and commercial companies.

In € millions

2024

2023

Gross amount		
Opening balance	5.5	13.6
Share in net income/(loss)	0.8	0.4
Changes in consolidation scope	0.0	(1.5)
First-time consolidation	-	(6.0)
Other changes	0.2	(1.1)
Currency translation adjustments	0.0	0.1
Closing balance	6.5	5.5

The contribution of associates to the SNF Group financial statements, if they were to be fully consolidated, is non-material, as determined according to total assets (current and non-current), total liabilities (current and non-current), revenue and net income.

Goodwill exists for certain associates, which has been tested in consequence according to the method described in note 7.1.

3.4. EQUITY INTERESTS

As mentioned in note 3.1 “Basis of consolidation”, certain companies controlled by the Group considered non-material in relation to the size of the Group have not been consolidated (revenue less than €18 million and total assets less than €14 million).

3.4.1. DETAILS OF EQUITY INTERESTS AT 31 DECEMBER 2024

Equity interests are measured using internal valuation techniques based on observable inputs (prices or price-derived data). Amounts recognised under financial assets are presented below:

<i>In € millions</i>	<i>Ownership interest (%)</i>	<i>31/12/2024</i> <i>Fair value</i>	<i>31/12/2023</i> <i>Fair value</i>
SNF Netherlands	100.00%	9.4	5.2
FMI Process SA	100.00%	9.1	1.6
SNF Portugal	100.00%	9.1	9.4
PT SNF Florindo	98.82%	8.4	7.4
PT. SNF Specialties Indonesia	99.00%	4.8	5.0
SNF Colombia	100.00%	4.4	3.7
SNF Malaysia	100.00%	4.0	-
SNF Envirotech S.R.L.	100.00%	3.2	-
SNF Nordic AB	99.89%	2.6	1.9
Floerger (SEA) Singapore PTE Ltd	100.00%	2.4	1.9
HTS Bio SA	100.00%	1.8	1.9
SNF Chemical (Thailand) Co., Ltd	42.64%	1.6	1.5
SNF Adriatic	100.00%	1.6	8.7
Sokoflok s.r.o.	99.00%	1.4	1.7
SNF U.A.E.	100.00%	1.4	(0.0)
SNF Well (Xi'an) Technology Co Ltd	70.00%	1.4	-
Africa Chemical Development (PTY) Ltd	100.00%	1.0	0.5
Other		6.9	10.5
Total		74.4	61.0

3.4.2. CHANGES IN EQUITY INTERESTS IN FISCAL 2024

<i>In € millions</i>	<i>2024</i>	<i>2023</i>
Gross amount		
Opening balance	61.0	56.4
Change in fair value	3.5	(1.5)
Acquisitions/increases	13.3	7.2
Disposals	-	-
Changes in consolidation scope	(8.1)	(1.3)
Other changes	4.7	-
Currency translation adjustments	(0.0)	0.1
Closing balance	74.4	61.0

NOTE 4 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. INTANGIBLE ASSETS

ACCOUNTING PRINCIPLE

DEVELOPMENT COSTS

In accordance with IAS 38 "Intangible assets", research costs are recognised as an expense, while development costs must be capitalised if they meet the following criteria:

- Technical feasibility for the entity to complete the intangible asset so that it will be available for use or sale
- Entity intends to complete the development project for use or sale
- Ability of the entity to use or sell the asset
- It is likely that the future economic benefits generated by the intangible asset will accrue to the entity
- The entity possesses adequate technical, financial and other resources to complete the development and to use or sell the asset
- The cost of this intangible asset can be accurately measured

Capitalised expenditure includes staff costs, cost of materials and services used and directly attributable to the project in question, as well as all expenses directly attributable to a development project that meet the conditions for capitalisation. These assets are amortised from the date on which the products are first marketed or the industrial processes concerned are first used, over the estimated duration of the economic benefits expected from the project.

These assets are amortised over a period of four years. This period corresponds to the average lifespan for a commercial reference based on the Group's experience in this area.

Development costs that do not meet the criteria defined by this standard are expensed in the period in which they are incurred.

Gross development costs totalled €55.4 million in 2024, of which €13.6 million was recognised as intangible assets for fiscal 2024.

GOODWILL AND BUSINESS COMBINATIONS

Positive goodwill from consolidated companies is recognised on the balance sheet under "Goodwill".

As at the date when control is obtained, the excess of the purchase price over the net fair value of the acquiree's identifiable assets and liabilities is recognised under goodwill. The acquisition cost (or consideration transferred) is measured at the fair value of assets transferred, equity instruments issued or liabilities incurred or assumed at the acquisition date plus or minus any adjustments to the acquisition cost.

In accordance with IFRS 3 "Business combinations", goodwill is not amortised. On the acquisition date, this goodwill is allocated to an identifiable cash-generating unit (CGU). Goodwill is tested for impairment at least once a year and whenever any evidence of impairment is identified. Procedures for conducting impairment tests and their recognition are given in note 4.2 "Impairment of fixed assets".

Goodwill is recorded in the balance sheet after deducting impairment losses that may be recognised. Impairment losses are recognised under "Non-recurring operating income and expenses". Goodwill impairment is irreversible, except for goodwill related to equity-accounted companies.

OTHER INTANGIBLE ASSETS

Other intangible assets are held in the balance sheet at cost less any cumulative amortisation and impairment losses. This item primarily concerns know-how and patents acquired in connection with the Group's activities and development, as well as software applications.

When they have finite useful lives, these assets are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. The amortisation methods and useful lives are reviewed at least once a year. The estimated useful lives are as follows:

- Patents for a period of 5 to 10 years according to the expected or foreseeable duration of the project
- Software over a period of 5 years

Assets with indefinite useful lives are not amortised, and are subject to an impairment test once a year (see note 4.2).

Subsequent expenditure on intangible assets is capitalised only if it is probable that such expenditure will enable the asset in question to gen-

erate future economic benefits in excess of its originally assessed standard of performance. Other expenditure is recognised as an expense when incurred.

As stated in note 2.1, the application since 2023 of the IFRS IC decision on accounting for configuration and customisation costs in SaaS arrangements had no material impact on the Group financial statements.

4.1.1. GOODWILL

Goodwill breaks down by geographical region as follows:

<i>In € millions</i>	31/12/2024	31/12/2023
Europe	16.1	16.1
Americas	89.2	73.5
Asia	12.7	7.8
Other	1.7	1.7
Total	119.7	98.9

Goodwill is tested for impairment at the end of each period on the basis of five-year plans approved by the Board of Directors. These tests are conducted using the discounted cash flow (DCF) method applied at the level of the cash-generating units (CGU).

The discount rates used for these calculations correspond to the weighted average cost of capital (WACC) and are applied to post-tax cash flows. Their use results in the calculation of recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36. The assumptions used for revenue projections and terminal values for the Americas, Asia and Europe CGUs are in line with the business plans drawn up and take into account, in particular, the worldwide growth in demand for water and sludge treatment products.

No impairment was recognised following tests carried out on CGU goodwill in 2024 and 2023. These tests are performed every year in the fourth quarter.

It should be noted that there is no goodwill in the Russia region.

The following discount rates and perpetuity growth rates were applied to fiscal years 2024 and 2023:

	31/12/2024		31/12/2023	
In € millions	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
Europe	9.40%	1.50%	9.30%	1.50%
Americas	8.10%	2.50%	8.40%	2.50%
Asia	8.70%	2.50%	8.90%	2.50%
Other	12.40%	1.00%	12.80%	1.00%

Sensitivity testing performed at 31 December 2024, in the case of a reasonable variation (+/-0.5%) in the underlying discount rate and perpetuity growth rate assumptions, indicated no risk of impairment. We identified no reasonably likely scenarios that could necessitate a material impairment charge against goodwill.

The sensitivity testing to the change in the WACC rate compared to the main assumptions provide the change in headroom without risk of impairment (at +/- 0.50% of the rate).

4.1.2. INTANGIBLE ASSETS

2024

<i>In € millions</i>	Develop- ment costs	Patents	Other intangible assets	Adv & pre- pay	Total
Gross amount					
Opening balance	41.8	69.3	110.2	20.4	241.7
Changes in consolidation scope	-	0.5	6.2	-	6.7
Acquisitions/increases	13.6	2.8	9.0	2.3	27.6
Disposals/decreases	-	-	(0.0)	(4.6)	(4.7)
Other changes				-	-
Currency translation adjustments	-	0.8	3.8	-	4.5
Closing balance	55.4	73.4	129.2	18.0	275.9
Amortisation and impairment					
Opening balance	(33.5)	(44.1)	(47.5)		(125.1)
Changes in consolidation scope	-	-	(2.4)		(2.4)
Allowances	(5.5)	(3.0)	(11.7)		(20.2)
Impairment charges					-
Disposals	-	-	0.0		0.0
Other changes	-	(0.0)	3.0		3.0
Currency translation adjustments	-	(0.2)	(0.6)		(0.7)
Closing balance	(38.9)	(47.3)	(59.2)	-	(145.4)
Opening net value	8.3	25.2	62.7	20.4	116.6
Closing net value	16.4	26.1	70.0	18.0	130.6

Intangible assets in progress at 31 December 2024 amounted to €18 million, compared to €20 million in 2023.

Data for 2023:

2023

<i>In € millions</i>	Develop- ment costs	Patents	Other intangible assets	Adv & pre- pay	Total
Gross amount					
Opening balance	40.1	67.0	88.0	17.7	212.9
Changes in consolidation scope	(2.6)	1.5	17.2	-	16.1
Acquisitions/increases	4.2	2.3	11.5	4.7	22.7
Disposals/decreases	-	-	(0.0)	(2.0)	(2.1)
Other changes			(4.6)	0.1	(4.5)
Currency translation adjustments	-	(1.4)	(1.9)	-	(3.4)
Closing balance	41.8	69.3	110.2	20.4	241.7
Amortisation and impair- ment					
Opening balance	(31.5)	(42.3)	(40.2)		(114.0)
Changes in consolidation scope	1.9	0.5	(0.3)		2.1
Allowances	(3.8)	(2.6)	(8.0)		(14.5)
Impairment charges					-
Disposals	-	-	0.0		0.0
Other changes	-	-	0.7		0.7
Currency translation adjustments	-	0.3	0.3		0.6
Closing balance	(33.5)	(44.1)	(47.5)	-	(125.1)
Opening net value	8.6	24.7	47.8	17.7	98.8
Closing net value	8.3	25.2	62.7	20.4	116.6

The change in “Advances and prepayments” came from an increase in French intangible assets in progress (capitalised development costs and acquisition of know-how) compared with the previous year.

4.2. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING PRINCIPLE

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost plus any incidental acquisition expenses. Depreciation is calculated on a straight-line basis over the asset's useful life.

Major items of property, plant and equipment that are replaced at regular intervals, used for different purposes or that generate economic benefits over different periods and require the application of specific depreciation rates or methods, are recognised separately upon initial recognition and when replaced.

The depreciation periods applied are as follows:

- Buildings: 15 to 25 years
- Installations and improvements: 10 years
- Plant and machinery: 15 years
- Other PP&E: 5 to 8 years

Component accounting for major repairs is not applicable to the Group. Furthermore, the Company has not capitalised any dismantling or decontaminating costs that may result from an obligation to restore the site.

Borrowing costs attributable to the financing of an asset and incurred during the construction period are included in the value of the asset, representing qualifying assets within the meaning of IAS 23 "Borrowing costs".

The Group has chosen not to apply the revaluation option offered under IAS 16. As a result, no property, plant and equipment has been revalued.

Grants financing part or the full cost of an item of property, plant or equipment are recognised as deferred income on the balance sheet and as income on the income statement.

IMPAIRMENT OF FIXED ASSETS

In accordance with IAS 36 "Impairment of assets", the net carrying value of property, plant and equipment and intangible assets is tested whenever there is evidence of impairment, and reviewed at the end of each period. This test is performed at least once a year for fixed assets with an indefinite useful life including goodwill, and for fixed assets in progress.

Depreciated and amortised assets are subject to tests for impairment when, due to specific events or circumstances, there is evidence of impairment.

For the performance of these tests, fixed assets are grouped into cash-generating units (CGU). CGUs are homogeneous groups of assets whose continued use generates cash inflows largely independent of the cash inflows generated by other asset groups.

In practice, the cash-generating units correspond to a continental geographical region. Fixed assets attached to these CGUs primarily include equipment and other industrial installations (mainly buildings and machinery). Sales subsidiaries are attached to the CGU from which they primarily source their products, as they are the commercial outlets for the production sites and cannot therefore be disassociated from them.

The CGUs defined by the Group are as follows: Americas CGU, Asia CGU, Europe CGU and Other CGU. No changes were made during the periods presented.

The impairment charge recorded amounts to the excess of the carrying amount of the CGU over its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

In practice, impairment tests are carried out in relation to the value in use of these CGUs, calculated with reference to the present value of future net cash flows.

Impairment thus calculated is first offset against goodwill, then against the CGU's other assets, up to their recoverable value.

Impairment charges for a CGU or an indefinite life asset are recorded under "Non-recurring income and expenses" or "Other operating income and expenses", depending on the origin of the impairment.

Goodwill impairment is only written back to income for equity-accounted companies.

For non-financial assets (other than goodwill) having incurred impairment, the additional impairment charge or the reversal, as the case may be, is reassessed at the closing date.

RIGHT-OF-USE ASSETS (IFRS 16)

Leases confer the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases that meet this definition are recognised according to the terms defined below, except in the case of exemptions provided for by the standard (contract term of less than 12 months and/or low-value underlying assets) and leases not restated due to their non-material impact.

At the lease commencement date, the Group recognises a right-of-use asset and a financial liability in respect of a lease liability. The assets and liabilities are presented on a separate line in the balance sheet.

The lease liability is measured at the present value of outstanding lease payments payable over the term of the lease.

The present value is determined using, as the case may be, the interest rate implicit in the lease (e.g. for finance leases) or the incremental borrowing rate calculated for each country, depending on the term of the lease. The incremental borrowing rate corresponds to a payment profile rate.

Restated leases are mainly fixed and do not include a significant variable component.

Right-of-use assets relating to leases are measured as follows: cumulative depreciation and impairment are deducted from the cost, which is adjusted to take into account any revaluations of the lease liability. No impairment or revaluation of the lease liability was recognised in 2024, as in 2023.

The term of a lease corresponds to the non-cancellable period, plus any period covered by an extension option that the Group is reasonably certain to exercise, and any period covered by a termination option that the Group is reasonably certain not to exercise.

There is no early termination clause in the various leases, nor any clause liable to terminate the contract leading to anything other than non-material penalties, in the event of non-renewal of the lease at the end of the non-cancellable period. Similarly, there are no economic incentives liable to induce one of the parties not to terminate the lease.

The Group has not identified any situations in which it is a lessor, nor any leaseback transactions.

The Group has not identified any leases that should have been subject to a specific impairment test.

Property, plant and equipment at 31 December 2024:

2024

In € millions	Land	Bldgs	Plant and equipment	Other PP&E	Fixed assets in progress	Adv & pre-pay	Right-of-use assets	Total
Gross amount								
Opening balance	128.4	575.5	2,792.9	158.5	705.5	8.3	124.3	4,493.5
Changes in consolidation scope	9.6	51.3	52.1	14.6	3.3	0.0	4.6	135.7
Acquisitions/increases	14.3	55.3	309.4	27.5	72.3	(1.4)	20.8	498.3
Disposals	(0.6)	(2.7)	(38.4)	(1.4)	(1.5)		(9.9)	(54.4)
Other changes	-	5.3	6.2	0.4	(10.7)	-	3.3	4.5
Currency translation adjustments	0.4	13.9	109.0	2.2	17.2	0.2	4.1	147.0
Closing balance	152.1	698.7	3,231.2	201.9	786.1	7.1	147.3	5,224.5
Depreciation & impairment								
Opening balance	-	(244.1)	(1,494.7)	(98.0)	(38.2)		(60.8)	(1,935.8)
Changes in consolidation scope	-	(7.1)	(31.1)	(6.9)	-		(0.4)	(45.5)
Allowances	-	(24.0)	(224.5)	(15.0)	-		(19.7)	(283.1)
Impairment charges								-
Disposals	-	2.5	33.0	1.3	-		9.0	45.7
Other changes	-	(1.1)	(5.9)	(0.6)	-		(0.5)	(8.0)
Currency translation adjustments	-	(6.6)	(59.2)	(1.2)	3.8		(2.3)	(65.5)
Closing balance	-	(280.4)	(1,782.3)	(120.3)	(34.4)	-	(74.7)	(2,292.1)
Opening net value	128.4	331.4	1,298.2	60.6	667.3	8.3	63.5	2,557.7
Closing net value	152.1	418.4	1,448.9	81.7	751.7	7.1	72.6	2,932.4

Capital expenditure on property, plant and equipment in 2024 amounted to €498.3 million, mainly including the following items:

- France: process improvement and increased capacity (€171 million);
- USA: process improvement and increased capacity (€188 million);
- South Korea: increased capacity (€13 million);
- China: increased capacity (€51 million);
- India: increased capacity (€11 million);
- UK: increased capacity (€15 million);
- Brazil: increased capacity (€9 million).

Interest expense capitalised in accordance with IAS 23 amounted to €17 million for fiscal 2024.

Property, plant and equipment at 31 December:

2023

In € millions	Land	Bldgs	Plant and equipment	Other PP&E	Fixed assets in progress	Adv & pre-pay	Right-of-use assets	Total
Gross amount								
Opening balance	109.7	562.5	2,658.7	147.6	580.2	8.4	106.9	4,174.1
Changes in consolidation scope	1.9	0.9	5.7	5.1	0.2	-	2.8	16.6
Acquisitions/increases	21.0	28.9	248.3	9.3	144.6	0.3	24.9	477.3
Disposals	(0.0)	(0.5)	(33.0)	(1.1)	(2.3)		(9.7)	(46.6)
Other changes	-	0.5	3.8	0.5	0.1	-	2.3	7.2
Currency translation adjustments	(4.2)	(16.8)	(90.6)	(3.0)	(17.3)	(0.4)	(3.0)	(135.3)
Closing balance	128.4	575.5	2,792.9	158.5	705.5	8.3	124.3	4,493.5
Depreciation & impairment								
Opening balance	-	(228.7)	(1,360.1)	(85.8)	(30.5)		(53.6)	(1,758.7)
Changes in consolidation scope	-	0.4	(3.3)	(3.3)	-		(0.8)	(7.0)
Allowances	-	(22.7)	(209.6)	(11.3)	(20.7)		(18.1)	(282.3)
Impairment charges								-
Disposals	-	0.1	31.1	0.8	-		9.6	41.6
Other changes	-	(0.0)	0.9	(0.2)	6.4		0.4	7.5
Currency translation adjustments	-	6.8	46.3	1.8	6.5		1.7	63.2
Closing balance	-	(244.1)	(1,494.7)	(98.0)	(38.2)	-	(60.8)	(1,935.8)
Opening net value	109.7	333.8	1,298.6	61.8	549.7	8.4	53.3	2,415.4
Closing net value	128.4	331.4	1,298.2	60.6	667.3	8.3	63.5	2,557.7

4.3. NON-CURRENT FINANCIAL ASSETS

ACCOUNTING PRINCIPLE

Financial assets include non-current financial assets (mainly equity interests) and current assets representing operating receivables, debt securities or investment securities.

Financial assets are stated according to their classification under IFRS 9, depending on how they are managed, as presented below:

- *financial assets stated at fair value through profit or loss (FVTPL): the analysis results in equity interests and cash investments being assigned to this item;*
- *financial assets measured at fair value through other comprehensive income (FVOCI) that may be reclassified to profit or loss: no financial asset falls under this definition for the periods presented;*
- *financial assets measured at fair value through other comprehensive income (FVOCI) that may not be reclassified to profit or loss (irrevocable option for equity interests that meet the standard's criteria);*
- *non-current financial assets (deposits and guarantees, material loans, etc.), trade receivables and current financial assets other than cash and cash equivalents are assigned to this item.*

Transaction costs are recognised in the value of the asset, except for financial assets and liabilities recognised at fair value through profit or loss.

There are no other material operating financial assets (e.g. trade receivables) with a significant financing component.

The standard provides that, if an equity investment is not held for trading, an entity can make an irrevocable election to recognise changes in the fair value in other comprehensive income, with no possibility of recycling through profit or loss.

Non-current financial assets break down as follows:

2024

<i>In € millions</i>	Equity inter- ests	Other long- term invest- ment securi- ties	Rel. receiv.	Loans	Depos- its and guaran- tees	Other	Total
Gross amount							
Opening balance	61.0	0.1	12.7	6.9	3.6	2.7	87.0
Changes in consolidation scope	15.4	-	0.0	0.0	0.6	1.9	17.9
Acquisitions/increases	(0.2)	0.0	2.8	2.0	0.5	2.8	7.8
Disposals/repayments	(1.7)	-	(3.5)	(0.3)	(0.3)	(1.5)	(7.2)
Other changes	-	-	-	(0.1)	0.1	2.4	2.3
Currency translation adjust- ments	(0.0)	(0.0)	0.0	0.2	0.1	0.1	0.4
Closing balance	74.4	0.1	12.0	8.7	4.5	8.5	108.2
Provisions							
Opening balance	-	-	(2.2)	(0.0)	-	(0.1)	(2.3)
Changes in consolidation scope	-	-	-	-	-	-	-
Currency translation adjust- ments	-	-	-	-	-	0.0	0.0
(Allowances)/reversals	-	-	(0.1)	-	-	-	(0.1)
Impairment charges	-	-	-	-	-	-	-
Derecognition/other changes	-	-	-	-	-	(2.2)	(2.2)
Closing balance	-	-	(2.2)	(0.0)	-	(2.3)	(4.5)
Opening net value	61.0	0.1	10.5	6.8	3.6	2.7	84.7
Closing net value	74.4	0.1	9.8	8.7	4.5	6.2	103.7

Non-current financial assets consist mainly of equity interests in non-consolidated companies (€74.4 million) as described in note 6.4 "Equity interests".

2023

<i>In € millions</i>	Equity inter- ests	Other long- term invest- ment securi- ties	Rel. receiv.	Loans	Depos- its and guar- antees	Other	Total
Gross amount							
Opening balance	56.4	0.1	8.0	3.4	3.7	0.5	72.1
Changes in consolidation scope	(1.3)	-	0.7	(0.0)	(0.0)	(0.0)	(0.6)
Acquisitions/increases	5.8	0.0	4.9	4.7	0.5	(0.2)	15.7
Disposals/repayments	(0.0)	-	(1.0)	(0.8)	(0.4)	(0.0)	(2.2)
Other changes	-	-	-	(0.1)	-	2.5	2.4
Currency translation adjust- ments	0.1	(0.0)	0.0	(0.3)	(0.2)	(0.1)	(0.4)
Closing balance	61.0	0.1	12.7	6.9	3.6	2.7	87.0
Provisions							
Opening balance	-	-	(2.2)	(0.0)	-	(0.1)	(2.3)
Changes in consolidation scope			-	-	-	-	-
Currency translation adjust- ments			-	-	-	0.0	0.0
(Allowances)/reversals			-	-	-	-	-
Impairment charges							-
Derecognition/other changes			0.1	-	-	-	0.1
Closing balance	-	-	(2.2)	(0.0)	-	(0.1)	(2.3)
Opening net value	56.4	0.1	5.7	3.3	3.7	0.5	69.8
Closing net value	61.0	0.1	10.5	6.8	3.6	2.7	84.7

4.4. OTHER NON-CURRENT ASSETS

Other non-current assets mainly comprise long-term receivables totalling €2 million in 2024 (€16 million in 2023).

4.5. INVENTORIES AND WORK IN PROGRESS

ACCOUNTING PRINCIPLE

Raw materials and traded goods are carried at actual purchase cost under the FIFO method.

Work in progress and finished goods are measured at production cost, including utilities and supplies and the share of direct and indirect manufacturing costs, restated for under-capacity usage, if applicable.

A provision for impairment is recognised where there are indications of impairment, such as slow turnover, or where the gross value determined under the conditions set out above is greater than the net realisable value, in which case an impairment charge is recorded for the difference.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale (mainly selling expenses).

Borrowing costs are not included in the measurement of inventory because of the short duration of the manufacturing cycle.

Inventories of raw materials are carried at actual purchase cost under the FIFO method, while other inventories are measured at the lower of cost price or market value.

The value of inventories at 31 December 2024 and 2023 broke down as follows:

<i>In € millions</i>	31/12/2024		31/12/2023	
	Gross amount	Impairment	Gross amount	Impairment
Raw materials	418.4	(1.4)	373.1	(0.6)
Work in progress	13.0	-	21.5	-
Finished goods	410.9	(2.7)	373.7	(2.5)
Trade goods	141.1	(2.4)	125.0	(3.3)
Total	983.4	(6.5)	893.3	(6.4)

The increase in this item is mainly due to volume.

Raw materials include a carbon emission trading inventory held by the French companies within the framework of the management of greenhouse gas emissions (net book value of €8.3 million at 31 December 2024 vs. €6.8 million at 31 December 2023).

4.6. TRADE AND OTHER RECEIVABLES

ACCOUNTING PRINCIPLE

Trade receivables

Trade receivables and other current assets largely consist of amounts owed by customers or loans due in less than one year that represent current financial assets. Such assets are recognised at fair value which, in practice, is close to their face value. They are discounted when they contain a financing component (due after one year).

In practice, there was no financing component in the periods presented.

The Group's customer risk is non-material.

A provision is recognised in accordance with IFRS 9 based on expected losses, taking any guarantees into account.

Provisions are recognised taking into account indications of impairment such as late payments, financial difficulties or disputes, or information obtained from the customer in the absence of indications.

The Group has not identified any other assets linked to contracts with customers.

This item also includes employee and tax-related receivables, which are measured at face value.

Other assets relating to contracts with customers

These concern invoices to be drawn up mainly related to long-term contracts, often using a percentage-of-completion method.

The Group acts as the principal in its relations with its customers.

The Group has not identified any other assets linked to contracts with customers.

Other receivables:

Other receivables mainly comprise social security or tax-related receivables. They are stated at face value.

4.6.1. TRADE RECEIVABLES

In € millions	31/12/2023	Changes in cons. scope	Currency translation adjustments	Other changes	31/12/2024
Trade receivables	813.6	34.5	10.2	33.0	891.3
Impairment	(33.8)	(0.1)	0.7	6.2	(26.9)
Total	779.8	34.4	10.9	39.2	864.4

"Trade receivables" primarily comprise amounts owing from customers relating to the Group's operations.

4.6.2. TRADE RECEIVABLES AND PAYABLES ON LONG-TERM CONTRACTS

Long-term contracts for which work is in progress are measured and presented as described in note 5.1.

In € millions	31/12/2024	31/12/2023
Contract assets	76.8	94.6
Contract liabilities	(16.8)	(33.5)
Percentage-of-completion method contracts in progress, net	60.0	61.1

4.7. FINANCIAL ASSETS AND OTHER CURRENT RECEIVABLES

In € millions	31/12/2024	31/12/2023
Supplier advances and rebates receivable	43.7	46.3
Receivables to be invoiced	8.5	10.0
Social security receivables	3.5	3.0
Tax receivables	30.1	46.8
Other tax receivables (including VAT)	86.0	45.9
Customer portfolio management receivables	10.6	8.3
Operating grant receivable	3.1	1.9
Prepaid expenses	24.6	17.9
Customs duty receivable	8.5	5.3
Financial assets	29.4	22.3
Other	17.7	12.9
Total	265.7	220.4

“Supplier advances and rebates receivable” fell €2.2 million in 2024, concerning the Chinese entities.

“Tax receivables” increased €12.3 million, mainly concerning the United States.

“Customs duty receivable” concerns our US subsidiary and corresponds to rebates on customs duty related to products imported to the United States.

“Financial assets” increased €7 million due to external loans.

Receivables for customer portfolio management include security deposits and reserves for repayments relating to the implementation of a factoring agreement in France in 2009 (see note 4.7 above).

The “Other” line item mainly comprises guarantees.

4.8. NET CASH MANAGED

Net cash managed, including cash management financial assets, breaks downs as follows:

<i>In € millions</i>	31/12/2024	31/12/2023
Cash and cash equivalents	438.6	440.7
Bank overdrafts	(0.0)	(0.0)
Net cash and cash equivalents	438.6	440.6
Marketable securities	3.8	3.1
Listed securities (*)	52.2	73.1
Net cash managed	494.6	516.9

(*) Investments with a management term that does not meet IAS 7 criteria for classification as cash equivalents. In terms of their number and nature, these securities remain a perfectly liquid cash investment.

The securities of listed companies and marketable securities consist mainly of short-term investment securities carried at market price at 31 December for the period in question.

4.9. EQUITY

BREAKDOWN OF SHARE CAPITAL

No changes were made to the share capital in 2023 and 2024.

At 31 December 2024, share capital amounted to €50.04 million divided into 4,549,000 shares each with a par value of €11. HFP SAS holds 58.29% of SNF Group's share capital.

ADDITIONAL PAID-IN CAPITAL, RETAINED EARNINGS AND RESERVES (BEFORE APPROPRIATION OF EARNINGS)

Undistributed earnings, including SNF Group balance sheet reserves, amounted to €2,650,300,000 at 31 December 2024 (31 December 2023: €2,340,900,000).

TREASURY SHARES

The Group does not hold any treasury shares.

DIVIDENDS

SNF Group paid a dividend of €0.22 per share for the 2023 fiscal year (24 June 2024 AGM) resulting in a total dividend payout of €1 million.

POLICY FOR MANAGING EQUITY

The Company is not subject to any specific regulatory or contractual obligations with respect to its share capital. The Group does not have a particular policy regarding the management of equity. For the purpose of monitoring its equity, the Company integrates the same items used for its consolidated equity.

4.10. NON-CONTROLLING INTERESTS

The change in non-controlling interests in consolidated companies breaks down as follows:

<i>In € millions</i>	31/12/2024	31/12/2023
Opening balance	45.6	42.2
Share of income of subsidiaries	6.3	8.1
Dividends paid to non-controlling interests	(3.7)	(5.4)
Changes in consolidation scope	13.0	3.3
Other changes	3.0	(0.1)
Currency translation adjustments	0.2	(2.6)
Total	64.5	45.6

The change in non-controlling interests in 2024 mainly results from the consolidation of two companies (one in China and one in Japan) in which minority interests exist.

The change in non-controlling interests in 2023 mainly results from the performance of these entities and changes in dividends paid.

4.11. OTHER PROVISIONS

ACCOUNTING PRINCIPLE

In compliance with IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are recorded only if all of the following criteria are met:

- The Group has a present obligation arising from a past event;
- It is probable that an outflow of resources entailing economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions for contingencies and charges are recorded in compliance with the above three principles in the event of tax litigation, contingencies for non-consolidated subsidiaries or any other event meeting the definition of a liability. A review of all litigation was undertaken at the end of the reporting period by management and outside counsel, when necessary, to determine the amounts required to cover the estimated risk involved.

Information on contingent assets and liabilities is provided in the notes where necessary and when the impact is material.

Restoration of sites

Provisions are recorded for future expenditure for the restoration of sites resulting from a legal or constructive obligation on the basis of a reasonable estimate of their fair value in the period in which the obligation arises.

As a reverse entry for this provision, the costs of restoring sites are capitalised, included in the value of the underlying asset and amortised over its useful life.

The impact of the passage of time on the provision for restoring sites is measured by applying a discount effect to the provision amount.

For the fiscal years presented, Group management has not identified any significant future expenditure for the restoration of sites, whether involving environmental clean-up or dismantling, as defined above, calling for the recognition of a provision and an underlying asset.

Provisions break down as follows:

	31/12/2024		31/12/2023	
<i>In € millions</i>	Non-current	Current	Non-current	Current
Pension and similar liabilities	20.0	1.4	17.1	1.2
Lawsuit contingency provisions	-	0.2		1.4
Provisions for subsidiary customer risks	4.0	0.2	4.3	0.4
Tax contingencies	0.1	-	2.1	
Other contingencies	0.0	0.3	0.9	
Total	24.1	2.1	24.4	3.0

Provisions are divided into current and non-current categories according to their respective portions applicable within or after one year.

Changes in these provisions (excluding pensions and similar liabilities) for the year break down as follows:

<i>In € millions</i>	01/01/2024	Additions	Reversals of unused provisions	Provisions used in the period	Other changes	31/12/2024
Lawsuit contingency provisions	1.4	0.2	(1.4)		0.0	0.2
Other contingencies	4.7	-	(0.6)		0.1	4.2
Provisions for subsidiary customer risks	2.1	-	(1.9)		(0.2)	0.1
Tax contingencies	0.9	0.3	(0.8)		(0.0)	0.3
Total	9.1	0.5	(4.7)	-	(0.0)	4.8

<i>In € millions</i>	01/01/2023	Additions	Reversals of unused provisions	Provisions used in the period	Other changes	31/12/2023
Lawsuit contingency provisions	1.8	-	0.2	(0.5)	(0.1)	1.4
Other contingencies	4.4	-	1.5	(1.1)	(0.2)	4.7
Provisions for subsidiary customer risks	2.3	-	(0.3)	-	0.1	2.1
Tax contingencies	0.9	0.1	-	-	(0.1)	0.9
Total	9.4	0.1	1.5	(1.6)	(0.3)	9.1

Lawsuit contingency provisions

Certain subsidiaries are defendants in litigation and claims by third parties. Provisions for these contingencies have been estimated according to the principle described in the note above.

4.12. EMPLOYEE BENEFITS AND EQUIVALENT

ACCOUNTING PRINCIPLE

RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

In some countries, the Group has an obligation to pay retiring employees either retirement severance benefits or pension payments in accordance with formal retirement plans. The Group also has an obligation to make contributions to pension funds in countries where its subsidiaries operate. The accounting treatment of these retirement liabilities varies according to the applicable provisions of these plans.

· Defined contribution plans

Under defined contribution plans, payments are made to a third-party organisation that releases the employer from any subsequent obligation, while the organisation assumes responsibility for paying the pension to the employee. For this reason, contributions are recognised as expenses when they fall due.

· Defined benefit plans

In accordance with Revised IAS 19 "Employee benefits", the corresponding liabilities are calculated annually by independent actuaries under the projected unit credit method, taking into account actuarial assumptions that are updated for each valuation. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to determine the final obligation. The final obligation is then discounted.

For post-employment plans that meet three criteria (rights defined according to length of service, existence of an asset limit, presence in the company at the date of retirement), the obligation is spread over the years of service that confer benefit entitlement. In other cases, the obligation is spread over the period of service.

Each country defines the criteria to be used to perform the actuarial calculations. These include primarily the following variables: expected staff pay increases, life expectancy, staff turnover and the discount rate.

The discount rate is calculated with reference to government bonds having a maturity close to that of the liabilities.

Actuarial gains and losses resulting from changes in assumptions or differences in results for the plan's investments or liabilities are recognised immediately under other comprehensive income and are not written back to income.

Gains and losses from a change in plan are immediately recognised under income.

In practice, the plan changed following the pension reform adopted in April 2024, with an effective date of 1 September 2024, leading to an increase in the retirement age.

OTHER LONG-TERM BENEFITS

Some subsidiaries pay bonuses when giving length-of-service awards. The method used for calculating these liabilities is the same as that used for defined benefit plans, the only difference being that the benefits are paid at predetermined dates. Actuarial gains and losses arising from the plan's liabilities (such as the impact of the 2024 pension reform) and changes are immediately recognised in income.

4.12.1. POST-EMPLOYMENT BENEFITS

ASSUMPTIONS

Provisions recorded for pension and similar liabilities in accordance with note 4.11 mainly concern France and the USA.

These liabilities are determined by actuaries based on given assumptions that are reviewed each year.

	France		USA	
Assumptions	2024	2023	2024	2023
Economic assumptions				
Wage growth rate*	1.7% to 2.1%	1.8% to 3.5%	2.40%	2.98% to 6.20%
Discount rate	3.40%	3.20%	5.65%	5.00%
Expected rate of return on plan assets	3.40%	3.20%	5.65%	5.00%
Average remaining working lives	22.9 years	21.9 years	15 years	16 years
Social security charge rate	50%	39 to 50%		
Demographic assumptions				
Retirement age	62 to 64 years	62 to 64 years	65 years	65 years
Employee mobility rate*	0.9% to 5%	0.9% to 5%	2.94% to 17%	2.94% to 17%
Mortality tables		TGH & TGF 05	PRI-2012	PRI-2013
	French "Green Industry" law			

* Rates indicated are presented by age range and depend on age and social and professional categories

The investment rate of return is the same as the discount rate applied to the liability in accordance with Revised IAS 19.

INFORMATION ON FINANCIAL ASSETS AND RECOGNISED LIABILITIES

The liability and recognised expense break down as follows:

31/12/2024

In € millions	France	USA	Other countries	Total
Present value of liability	(17.9)	(62.0)	3.6	(76.2)
Present value of fund assets	1.8	67.0		68.8
NET LIABILITY	(16.1)	5.0	3.6	(7.5)

31/12/2023

In € millions	France	USA	Other countries	Total
Present value of liability	(15.8)	(55.8)	(2.7)	(74.4)
Present value of fund assets	1.8	57.7	-	59.4
NET LIABILITY	(14.0)	1.8	(2.7)	(14.9)

The detailed breakdown of changes in the financial position of plans at 31 December 2024 was as follows:

31/12/2024

<i>In € millions</i>	France	USA	Other countries	Total
Present value of liability				
Opening balance	(15.8)	(55.8)	(2.7)	(74.4)
Service costs	(1.2)	(2.2)	(1.3)	(4.7)
Interest costs	(0.5)	(2.8)		(3.3)
Past service costs				-
Benefit payments	0.6	0.2		0.8
Actuarial gains/(losses)	(1.0)	2.3		1.4
Currency translation adjustments		(3.7)	0.4	(3.3)
Closing balance	(17.9)	(62.0)	(3.6)	(83.5)
Present value of fund assets				
Opening balance	1.8	57.7	-	59.4
Return on plan assets	0.1	2.8		2.8
Employer contributions	0.0	2.8		2.8
Benefit payments	0.1	(0.2)		(0.1)
Actuarial gains/(losses)	(0.2)	0.1		(0.1)
Currency translation adjustments and other		3.9		3.9
Closing balance	1.8	67.0	-	68.8

The detailed breakdown of changes in the financial position of plans at 31 December 2023 was as follows:

31/12/2023

<i>In € millions</i>	France	USA	Other countries	Total
Present value of liability				
Opening balance	(15.4)	(90.8)	(2.5)	(108.7)
Service costs	(0.6)	(2.2)	0.0	(2.8)
Interest costs	(0.5)	(4.5)	-	(5.0)
Past service costs	-	-	-	-
Benefit payments	0.6	2.8	-	3.4
Actuarial gains/(losses)	(0.8)	1.4	-	0.6
Other (*)	1.0	34.9	-	35.9
Currency translation adjustments	-	2.5	(0.2)	2.3
Closing balance	(15.8)	(55.8)	(2.7)	(74.4)
Present value of fund assets				
Opening balance	1.7	88.6	-	90.3
Return on plan assets	0.1	4.3	-	4.4
Employer contributions	0.4	3.0	-	3.4
Benefit payments	(0.4)	(2.8)	-	(3.2)
Actuarial gains/(losses)	0.0	1.9	-	2.0
Other (*)	-	(34.9)	-	(34.9)
Currency translation adjustments and other	-	(2.5)	-	(2.5)
Closing balance	1.8	57.7	-	59.4

(*) Other:

For France, this impact is due to the French pension reform, which became law on 15 April 2023.

For the United States, these are contracts transferred to an external entity for employees who have already left (retired or left the SNF Group).

In the United States, 2024 pension liabilities are covered by independent investment funds, the current value of which amounts to €67 million. These funds break down as follows:

- Bonds: 0%
- Equities: 81.5%
- Real estate: 18.5%

In the United States, 2023 pension liabilities are partly covered by independent investment funds, the current value of which amounts to €57.7 million. These funds break down as follows:

- Bonds: 0%
- Equities: 54%
- Real estate: 46%

In France, pension liabilities are funded via insurance companies and banks. These funds amount to €1.8 million and break down as follows:

- Money market: 69%
- Equities: 23%
- Bonds: 8%

For 2023, the breakdown was broadly similar to that of 2024.

The impact of changes in these plans on the financial statements breaks down as follows:

BALANCE SHEET

	2024			
<i>In € millions</i>	France	USA	Other countries	Total
Balance of the prior period	(14.0)	1.8	(2.7)	(14.9)
Costs of the period	(1.7)	(2.2)	(1.3)	(5.2)
Benefit payments net of fund reimbursements	0.7	-	-	0.7
Contributions paid to the plan	0.0	2.8	-	2.8
Actuarial gains/(losses)	(1.1)	2.4	-	1.3
Other (*)				
Reclassifications			-	
Currency translation adjustments and other	-	0.2	0.4	0.6
Closing balance	(16.1)	5.0	(3.6)	(14.7)

(*) Other:

For France, this impact is due to the French pension reform, which became law on 15 April 2024.

	2023			
<i>In € millions</i>	France	USA	Other countries	Total
Balance of the prior period	(13.7)	(2.2)	(2.5)	(18.4)
Costs of the period	(1.1)	(2.4)	0.0	(3.4)
Benefit payments net of fund reimbursements	0.2	-	-	0.2
Contributions paid to the plan	0.4	3.0	-	3.4
Actuarial gains/(losses)	(0.8)	3.4	-	2.6
Other (*)	1.0	-	-	1.0
Reclassifications	-	-	-	-
Currency translation adjustments and other	-	(0.0)	(0.2)	(0.2)
Closing balance	(14.0)	1.8	(2.7)	(14.9)

(*) Other:

For France, this impact is due to the French pension reform, which became law on 15 April 2024.

INCOME STATEMENT

2024

<i>In € millions</i>	France	USA	Other countries	Total
Annual service costs	1.2	2.2	1.3	4.7
Financial costs of the liability	0.5	2.8	-	3.3
Financial income from fund investments	(0.1)	(2.8)	-	(2.8)
Cost of the period (in operating income and expense)	1.7	2.2	1.3	5.2

2023

<i>In € millions</i>	France	USA	Other countries	Total
Annual service costs	(0.3)	2.2	(0.0)	1.8
Financial costs of the liability	0.5	4.5	-	5.0
Financial income from fund investments	(0.1)	(4.3)	-	(4.4)
Cost of the period (in operating income and expense)	0.1	2.4	(0.0)	(4.4)

4.12.2. OTHER LONG-TERM BENEFITS

Liabilities for length-of-service awards in France are reviewed by actuaries and amounted to €1.5 million at 31 December 2024.

The discount rate applied for 2024 was 3.40% (2023: 3.20%).

4.12.3. SENSITIVITY TESTING OF THE LIABILITIES

In France, sensitivity tests with a discount rate of 3.65% and 3.15% lead to a change in retirement severance benefits (IFC) (+/- 3%) and pension liabilities (+/-1.1%) of +/- €0.5 million.

In the United States, a 5.40% discount rate would increase the liability by some €2.4 million, while a 5.90% discount rate would lead to a €2.3 million reduction.

4.13. BORROWINGS

In September 2021, the Group restructured its USD debt in order to benefit from favourable market conditions and extend its debt maturity.

	High yield 2020 (€)	High yield 2020 (€)	High yield 2021 (\$)	High yield 2021 (\$)
Par value	350	350	350	350
Maturity	2026	2029	2027	2030
Coupon	2,000%	2,625%	3.125%	3.375%

4.13.1. GROSS BORROWINGS AT 31 DECEMBER 2024 AND 2023

<i>In € millions</i>	<i>31/12/2024</i>	<i>31/12/2023</i>
Bond debt	1,368.9	1,328.6
Bank borrowings	437.3	399.1
Lease liabilities	59.8	50.6
Employee profit-sharing	0.3	0.3
Other borrowings	6.1	5.3
Non-current borrowings	1,872.3	1,783.9
Bank borrowings	54.5	67.5
Lease liabilities	16.5	15.1
Employee profit-sharing	0.8	0.4
Other borrowings	0.7	0.5
Current borrowings	72.6	83.6
Gross borrowings	1,944.9	1,867.5
Net cash managed	(494.6)	(516.9)
Net borrowings	1,450.3	1,350.6

Borrowings are initially recognised at fair value net of directly attributable debt issuance costs. They are subsequently measured at amortised cost. Measurement of the effective interest rate includes interest payments and the amortisation of debt issuance costs. Debt issuance costs are amortised in financial expenses over the term of the loan using the EIR method.

In June 2024, SNF Group restructured its revolving credit facility. The Group has a €750 million revolving credit facility maturing in June 2029, with a one-year extension option.

At 31 December 2024, €206 million had been drawn down (€158 million at 31 December 2023).

Changes in borrowings are due to the following:

<i>In € millions</i>	<i>31/12/2024</i>			
	<i>Increase</i>	<i>Repayment</i>	<i>Foreign exchange impact</i>	<i>Change</i>
Bonds			40.3	40.3
Bank borrowings	51.8	(28.0)	1.3	25.2
Other	2.1	1.5	(0.9)	2.7
Change	53.9	(26.5)	40.7	68.1

The breakdown of borrowings and debt by maturity is presented below:

<i>In € millions</i>	31/12/2024	31/12/2023
< 1 year	72.6	83.6
1 to 2 years	128.5	25.3
2 to 3 years	348.1	588.4
3 to 4 years	7.0	319.3
4 to 5 years	560.8	163.3
> 5 years	828.0	687.5
Total	1,944.9	1,867.5

This syndicated credit facility was established for SNF Group. This facility includes a pari passu clause with the other bond debts.
The interest rates applied to amounts borrowed corresponds to the benchmark rate in the borrowing currency plus a variable margin.

Breakdown of current borrowings:

<i>In € millions</i>	31/12/2024	31/12/2023
Other borrowings	45.8	60.0
Lease liabilities	16.5	15.1
Current account loans	0.7	0.5
Bank overdrafts	0.0	0.0
Accrued interest on borrowings	8.7	7.5
Employee profit-sharing	0.8	0.4
Current borrowings	72.6	83.6

The “Other borrowings” line item reflects financing for working capital requirements of Chinese and Japanese subsidiaries and amounts borrowed to finance the acquisition of property and equipment for the UK, US and German subsidiaries.

The characteristics of these borrowings are as follows:

31/12/2024

<i>In € millions</i>	Balance sheet amount	Issuance currency	Maturity	Effective rate
NON-CURRENT				
Employee profit-sharing	0	EUR		Fixed
Lease liabilities	60		2024 to 2027	Floating
Current account loans	6	EUR/GBP		Floating
Bond debt	1,369	EUR/USD	2026, 2027, 2029 and 2030	2% and 3.375%
Borrowings/France	435	EUR/USD	2024 to 2028	Fixed & floating
Borrowings/USA	0	USD	2024	Floating SOFR
Borrowings/other countries	2	EUR		Floating
TOTAL NON-CURRENT	1,872			
CURRENT				
Employee profit-sharing	1	EUR/MXN	2024	Fixed
Lease liabilities	17		2024	Floating Euribor
Bank borrowings	(673)		2024	Floating
Borrowings/USA	28	USD	2024	Floating SOFR
Current account loans	1	EUR/GBP	2024	Floating
Borrowings/France	700	EUR/USD	2024	Fixed & floating
Borrowings/other countries			2024	Floating
TOTAL CURRENT	73			

4.13.2. COVENANT

The continued availability of the revolving credit facility is subject to compliance with a financial ratio tested every 12 months at the end of the first half, or at the closing date of the fiscal year in question.

This ratio corresponds to the consolidated net borrowings divided by consolidated EBITDA. EBITDA is defined as EBIT (recurring operating income) plus depreciation, amortisation, impairment and changes in provisions. The definitions of consolidated net borrowings and consolidated EBITDA are set out in the credit facility agreement signed in June 2023.

Under the 27 June 2024 agreement, the Group undertakes that, at each test period, the financial debt ratio will be equal to or less than 4.00.

The margin applicable to credit facilities is adjustable according to the debt ratio calculated for the fiscal year covered by the annual consolidated financial statements or the period ending 30 June of each year covered by the interim financial statements.

The covenant was in compliance in 2024 and 2023.

4.13.3. NET BORROWINGS

<i>In € millions</i>	31/12/2024	31/12/2023
Non-current borrowings	1,872.3	1,783.9
Current borrowings	72.6	83.6
Gross borrowings	1,944.9	1,867.5
Gross cash managed	(494.6)	(516.9)
Net borrowings	1,450.3	1,350.6

Net borrowings include all current and non-current borrowings less cash and cash equivalents and readily realisable cash management assets with maturities of less than one year.

4.13.4. LEASE LIABILITIES (IFRS 16)

At 31 December 2024, lease liabilities amounted to €76.3 million, including €60.1 million due in more than one year and €16.2 million due within a year.

Changes over the year are broken down as described in the table below:

<i>In € millions</i>	31/12/2024	31/12/2023
Opening lease liabilities	65.7	55.8
New lease liabilities	11.3	16.1
First-time consolidation	6.2	2.1
Payment of lease liabilities	(8.8)	(7.0)
Termination of leases	-	-
Other changes	-	-
Foreign exchange impact	1.9	(1.4)
Closing lease liabilities	76.3	65.7

Maturities break down as follows:

In € millions	Current and non-current lease liabilities	< 1 year	1-2 years	2-5 years	> 5 years
Real estate lease liabilities	14.5	0.4	0.4	1.3	12.4
Other lease liabilities	61.8	15.8	20.1	16.0	9.9
31/12/2024	76.3	16.2	20.5	17.3	22.3

4.13.5. AVERAGE COST OF DEBT

The average pre-tax cost of debt for fiscal 2024 was 3.14%.

	2024	2023
Average cost of debt	3.14%	3.07%

This was determined on the basis of the average value of drawn-down credit facilities over the year, adjusted for the weighted gross interest expense (including amortisation of debt issuance costs) for each category of debt.

4.14. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities break down as follows:

	31/12/2024		31/12/2023	
In € millions	Non-current	Current	Non-current	Current
Operating payables	2.4	549.2	2.5	467.5
Payables to fixed asset suppliers	2.3	39.0	2.8	52.1
Tax and social security liabilities	-	136.6	-	123.1
Other payables	17.1	46.8	18.1	70.5
TOTAL	21.8	771.6	23.4	713.3

The decrease in these items is mainly due to a decline in the price of raw materials and in business in fiscal 2024.

4.15. BOOK VALUE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

4.15.1. FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLE

FINANCIAL INSTRUMENTS

Transaction costs directly attributable to the acquisition or issuance of a financial asset or liability are included on initial valuation of all financial assets and liabilities. Acquisition costs include direct external transaction costs. These transaction costs are only attributed to financial assets and liabilities not measured at fair value through profit or loss. Transaction costs are posted to the income statement in accordance with IFRS 9.

FINANCIAL LIABILITIES

Financial liabilities include borrowings, other financing, bank overdrafts and operating payables.

Borrowings are initially recognised at the amount received net of borrowing costs. Subsequently, borrowings are measured at the payable balance under the effective interest method. There are no financial liabilities recognised at fair value.

Other operating financial liabilities (trade payables, etc.) are measured at amortised cost. They contain no financing component.

HEDGING INSTRUMENTS

The Group has chosen not to use hedging instruments such as futures or options to protect against interest rate changes or currency fluctuations.

FACTORING

In light of the terms and conditions accorded to the Group following the revamped non-recourse factoring agreement dated 30 December 2011 with FACTO CIC and with Wells Fargo in the United States in early 2016, the Company records the cash received from the sale of the receivables under "Cash and cash equivalents" and security deposits under "Other current receivables", while assigned receivables which amounted to €66 million (€39 million in France, €23 million in the United States and €4 million in the United Kingdom), compared to €71 million at 31 December 2023, are derecognised, mainly for the following reasons:

- The rights to cash flows from the assets assigned do not expire on the date of assignment;
- The rights to receive cash flows from the assets are transferred to the assignee (factor);
- The risks and rewards are substantially transferred to the factor. It is expressly stipulated under the terms of the contract that the factor shall not have recourse against SNF, in the event of the default of the assigned debtor for receivables guaranteed, and that late payment penalties are transferred to the factor. Based on historical statistics of contracting companies, the risk of default and late payment is nevertheless very low for all receivables assigned;
- Control of the asset is not retained by the Group.

Accounting for this means of financing is analysed on the basis of the decision tree provided under IFRS 9.

The book value of financial assets and liabilities by accounting category defined under IFRS 9 is as follows:

31/12/2024

<i>In € millions</i>	Carrying value	Financial assets measured at FVTPL	Financial assets/ liabilities at amor- tised cost
ASSETS			
Equity instruments	74.4	74.4	
Other financial assets	25.1		25.1
Loans and financial receivables	32.5		32.5
Current account loans	7.9		7.9
Trade receivables	864.4		864.4
Cash and cash equivalents	494.6	494.6	
TOTAL	1,499.0	569.1	929.9
EQUITY & LIABILITIES			
Bonds	1,368.9		1,368.9
Other bank borrowings	491.0		491.0
Borrowings under finance lease agreements	76.3		76.3
Current account loans	6.7		6.7
Other borrowings	0.8		0.8
Bank overdrafts	0.0		0.0
Trade payables	589.8		589.8
TOTAL	2,533.5	-	2,533.5

The fair value of the high yield bond issues carried out by the Group came to €1,368.9 million at 31 December 2024 (€700 million plus US\$700 million, equivalent to €668.9 million) versus €1,333.5 million at 31 December 2023. The euro bonds are quoted at 98.6% and 95.9% and the USD bonds at 94.4% and 87.5% of par.

31/12/2023

In € millions

	Carrying value	Financial assets measured at FVTPL	Financial as- sets/liabilities at amortised cost
ASSETS			
Equity instruments	61.0	61.0	
Other financial assets	23.7		23.7
Loans and financial receivables	22.3		22.3
Current account loans	6.7		6.7
Trade receivables	779.8		779.8
Cash and cash equivalents	516.9	516.9	
TOTAL	1,410.4	577.9	832.6
EQUITY & LIABILITIES			
Bonds	1,328.6		1,328.6
Other bank borrowings	466.6		466.6
Borrowings under finance lease agreements	65.7		65.7
Current account loans	5.7		5.7
Other borrowings	0.4		0.4
Bank overdrafts	0.0		0.0
Trade payables	522.1		522.1
TOTAL	2,389.2	-	2,389.2

The fair value of trade receivables and other current receivables (assets held to maturity) represents their book value, given their short-term maturities.

Non-current financial assets mainly include non-consolidated equity interests, receivables on these interests and receivables due in more than one year. They are:

- remeasured at fair value in the case of equity interests;
- maintained at their acquisition value for other items.

In the absence of quoted prices on an active market, loans and borrowings are presented at their initial subscription value. These financial instruments are subject to an interest calculation, which is determined on the basis of a fixed rate stipulated by contract. This fixed rate, which is agreed upon at the time of subscription, makes it possible to calculate the interest due throughout the term of the loan or borrowing, thus ensuring predictability of financial costs.

4.15.2. CASH AND CASH EQUIVALENTS

ACCOUNTING PRINCIPLE

Cash and cash equivalents include cash on hand, bank balances, short-term investments in money markets as well as amounts made available to us by the factor but unused.

Such assets are recognised and carried at fair value based on the last known price for the year. Changes in fair value are taken to income.

Cash equivalents are liquid investments readily convertible into cash and subject to an insignificant risk of changes in value.

The policy for managing financial risks is presented in note 4.16.

At 31 December 2024, as well as net cash, the Group also held securities of listed companies totalling €52.2 million. These securities do not meet IAS 7 qualification criteria and represent an investment that remains fully liquid.

4.15.3. FAIR VALUE OF CASH AND CASH EQUIVALENTS

The fair value of financial instruments held by the Group is calculated whenever it can be reliably estimated on the basis of market data for assets considering that they are not intended to be sold.

For this purpose, the Group uses the method for measuring financial instruments based on a hierarchy of fair value:

- Level 1: fair value is based on unadjusted quoted prices on markets for identical assets and liabilities;
- Level 2: fair value is based on observable level 1 quoted prices for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from prices);
- Level 3: fair value is based on data relating to the assets or liabilities that is not derived from observable market data.

The following table presents the fair value breakdown of these three levels for financial assets and liabilities measured at fair value:

31/12/2024

<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests			74.4	74.4
Cash and cash equivalents	494.6			494.6
Derivative liabilities		-		-

31/12/2023

<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests			61.0	61.0
Cash and cash equivalents	516.9			516.9
Derivative liabilities		-		-

4.16. MANAGEMENT OF RISKS RELATING TO FINANCIAL INSTRUMENTS

Management of credit risk, liquidity risk and market risk is centralised and monitored by the Finance Department. Based on changes in the Group's various exposures, positions are bought and sold to minimise risk.

4.16.1. CREDIT RISK

In connection with its cash management activities, the Group has an exposure to credit risk. Market transactions are carried out within authorisation limits set by the Finance Department for each counterparty. For the Group, counterparties for financial instruments include:

- for trade receivables, accounts receivable (consisting mainly of receivables related to commercial arrangements with suppliers) for which the Group has trade payables for at least an equivalent amount;
- for cash and cash equivalents, banks or high quality institutions with excellent ratings from the rating agencies.

Impairment for trade receivables is recorded on a case-by-case basis when it is significantly likely that all or part of the amount will not be collected.

Aged trial balance for trade receivables

<i>In € millions</i>	31/12/2024	31/12/2023
Not due	642.0	540.0
Due:	252.0	292.4
- < 30 days overdue	116.2	129.3
- 30-120 days overdue	75.7	114.9
- > 120 days overdue	60.1	48.2
Impairment	(27.7)	(36.6)
TOTAL	866.3	795.8
	252.0	292.4

4.16.2. LIQUIDITY RISK

The SNF Group has short and medium-term credit facilities with top-tier banks that provide it with flexible sources of funding. Drawing on its internal analysis tools, the role of the Finance Department is to maintain sufficient liquidity at all times, by managing Group cash and ensuring secure financing in terms of duration and legal conditions.

At 31 December 2024, €1,944.5 million out of total drawing rights of €2,509.1 million had been drawn down under credit facilities.

At 31 December 2024, undiscounted contractual flows (principal and interest) for the total outstanding amount of financial liabilities by maturity date broke down as follows:

<i>In € millions</i>	2025	2026	2027	2028	2029	> 5 yrs	Total	Car- rying value
Derivative financial instruments							-	-
Trade and other payables							-	-
Drawdowns of credit facilities	56.4	107.9	340.3	1.6	556.6	805.7	1,868.6	1,868.6
Floating-rate finance leases	16.2	20.5	7.7	5.4	4.2	22.3	76.3	76.3
Other borrowings	-						-	-
Other payables								
Other financial liabilities								
TOTAL	72.6	128.5	348.1	7.0	560.8	828.0	1,944.9	1,944.9

31/12/2023

<i>In € millions</i>	2024	2025	2026	2027	2028	> 5 yrs	Total	Car- rying value
Derivative financial instruments	-						-	-
Trade and other payables	-	-		-	-		-	-
Drawdowns of credit facilities	62.2	16.7	581.7	314.5	159.5	667.2	1,801.8	1,801.8
Floating-rate finance leases	21.4	8.6	6.7	4.8	3.8	20.3	65.7	65.7
Other borrowings	-						-	-
Other payables								
Other financial liabilities								
TOTAL	83.6	25.3	588.4	319.3	163.3	687.5	1,867.5	1,867.5

4.16.3. MARKET RISKS

In connection with its operations, the Group may have various exposures to foreign exchange and interest rate risks. The policy for managing these risks is described below.

A) FOREIGN EXCHANGE RISK

A large proportion of the Group's sales are in currencies other than the euro, particularly US dollars, pound sterling, Brazilian reals, Japanese yen, South Korean won and Chinese renminbi yuan. These sales in foreign currencies are primarily carried out by the Group's subsidiaries in their functional currency and consequently do not generate foreign exchange transaction risk at their level.

The Group's primary foreign exchange transaction risks arise from invoicing between Group companies when they invoice or purchase products or services in a currency other than their functional currency:

- For export transactions of production subsidiaries located in euro, dollar or renminbi yuan regions and exporting in their functional currency or US dollars rather than the local currency of the sales subsidiary;
- For import transactions of goods from external suppliers that invoice us in US dollars.

The following table summarises the sensitivity of the Group's consolidated income statement to a 10% increase or decrease in exchange rates in relation to the euro linked to the translation of transactions recorded by the subsidiaries in foreign currencies.

<i>In € millions</i>	Contribution to the consolidated financial statements					Sensitivity to fluctuations of the main currencies versus the euro	
	EUR	USD	CNY	OTHER	TOTAL	+10 %	-10 %
Revenue	2,264.2	767.4	597.5	1,084.4	4,713.5	382.6	(382.6)
EBITDA	388.6	164.7	150.9	196.2	900.3	68.6	(68.6)
Recurring operating income	213.7	106.6	120.2	150.4	591.0	45.1	(45.1)

Because of the Group's international presence, its balance sheet is exposed to fluctuations in foreign exchange rates. A change in the euro affects the translation in the consolidated balance sheet of assets and liabilities of subsidiaries stated in foreign currencies.

The following table summarises the sensitivity of the main balance sheet aggregates of the Group to a 10% increase or decrease in exchange rates in relation to the euro.

In € millions	Contribution to the consolidated financial statements						Sensitivity to fluctuations of the main currencies versus the euro	
	USD	EUR	CNY	JPY	Other	Total	+10 %	-10 %
Gross borrowings	759.6	1,159.1	4.8	11.8	9.7	1,944.9	78.3	(78)
Trade receivables	297.6	113.9	206.6	43.1	203.1	864.4	70.9	(71)
Trade payables	256.9	102.8	105.3	24.4	59.9	549.2	50.2	(50)

B) INTEREST RATE RISK

The SNF Group policy for managing interest rate risk is based on three objectives, covering security, liquidity and profitability. Management of interest rate risk is centralised and monitored on a periodic basis by the Finance Department.

In connection with its financing activities and based on an assessment of exposure to interest rate risk, SNF Group may use financial instruments to reduce exposure and minimise interest costs. Use of such hedging instruments has not been made.

Breakdown of commitments subject to interest rate risks

In € millions	Credit facilities	Property finance leases
2025	43	0
2026		0
2027		0
2028		0
From 2029 onwards	206	
Rate	Euribor/SOFR	
Hedging	None	

Analysis of gross borrowings by type of rate

At 31 December 2024, 87% of Group gross borrowings were at fixed rates, mainly consisting of the €1,368.9 million bond issues, and 13% at floating rates.

Sensitivity analysis of interest rate risks

The analysis of sensitivity is based on the situation of the floating-rate portion of net debt at year-end, with no hedging instruments used at that date.

For interest rate risks, sensitivity corresponds to an immediate 1% increase or decrease in the yield curve relative to prevailing interest rates at year-end.

At 31 December 2024, the impact of an immediate 1% increase in all yield curves would increase the Group's net interest expense by €8.9 million. Group net income after tax at the actual tax rate would reduce by €6.6 million.

At 31 December 2024, the impact of an immediate 1% decrease in all yield curves would reduce Group net interest expense by €8.9 million. Group net income would increase by €6.6 million.

NOTE 5 - NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1. REVENUE

ACCOUNTING PRINCIPLE

Revenue represents the value, excluding tax, of goods and services sold by consolidated companies during their normal operating activities after eliminating intercompany sales.

Revenue is recognised at the fair value of the consideration received or receivable, i.e. after deducting amounts for trade discounts, rebates and related items.

The Group recognises revenue and costs relating to long-term contracts according to the cost-based percentage-of-completion method:

- The percentage of completion applicable to the contract is determined according to the ratio between costs incurred to date and expected costs to complete.
- The margin on completion of the contract is estimated on the basis of analyses of costs and revenue on completion, which are periodically revised at regular intervals over the duration of the contracts.

Contract costs on completion include:

- Materials purchased, outsourced studies, contract costs and other services related directly to the contract;
- Costs for the time of personnel directly assigned to the contract, including social security charges.

The costs of percentage-of-completion method contracts do not include financial expenses.

Provisions are recorded for the full amount of any probable losses on the contract from the moment they are identified.

Revenue from a contract consists of costs incurred and the margin recognised on a cost-based percentage-of-completion basis calculated for the contract according to the aforementioned method.

Revenue recognition is based on a number of estimates determined by monitoring the progress of the work and taking into account possibilities for unforeseen events in light of past experience. Consequently, adjustments may be made to these initial estimates over the term of the contract that may have a material effect on future results.

By type

<i>In € millions</i>		2024	2023
Sales	(1)	4,630.8	4,447.9
Services		82.7	71.0
TOTAL		4,713.5	4,518.9

(1) Revenue from percentage-of-completion method contracts amounted to €32 million in 2024 and €46 million in 2023.

By region

<i>In € millions</i>	2024	2023
France	137.6	117.1
Europe (excluding France)	804.9	757.9
Americas	2,311.2	2,261.4
Asia	1,351.3	1,283.1
Other countries	108.5	99.5
TOTAL	4,713.5	4,518.9

5.2. OPERATING EXPENSES

ACCOUNTING PRINCIPLE

Operating expenses include the cost of sales, research and development expenditure, selling and administrative expenses.

<i>In € millions</i>	2024	2023
Cost of sales	(3,706.4)	(3,538.3)
<i>Including raw material and transport costs</i>	(2,763.7)	(2,678.1)
<i>Including manufacturing costs</i>	(942.6)	(860.3)
Selling expenses	(199.3)	(175.0)
Research and development expenditure	(63.8)	(62.7)
General and administrative expenses	(153.2)	(125.1)
TOTAL	(4,122.7)	(3,901.1)

5.3. STAFF COSTS

Breakdown of staff costs

<i>In € thousands</i>	2024	2023
Salaries and wages (excluding temporary personnel)	(444.7)	(391.0)
Social security charges	(132.8)	(117.7)
Statutory and optional employee profit-sharing	(7.7)	(5.0)
Total staff costs	(585.2)	(513.7)

Breakdown of personnel at year-end by category

Personnel employed by consolidated companies break down as follows by category:

Category	31/12/2024	31/12/2023
Managers and senior executives	1,116	904
Technicians and supervisory staff	1,444	1,295
Office staff	1,853	1,725
Plant workers	4,416	3,975
TOTAL	8,828	7,899

5.4. AMORTISATION, DEPRECIATION AND PROVISIONS

Amortisation, depreciation and provisions included under operating expenses concern the following items:

	2024			2023		
<i>In € thousands</i>	Depr. & amort.	Provisions	Total	Depr. & amort.	Provisions	Total
Development costs	(10.8)	(0.1)	(10,9)	(9.1)	0.1	(9,0)
Manufacturing costs	(275.0)	(0.2)	(275,2)	(252.6)	(5.6)	(258,2)
Marketing expenses	(6.2)	(5.3)	(11,5)	(4.7)	(3.3)	(8,0)
General expenses	(11.4)	(0.4)	(11,8)	(9.9)	1.1	(8,7)
Total	(303.4)	(6.0)	(309,4)	(276.3)	(7.8)	(284,0)

5.5. NON-RECURRING OPERATING INCOME AND EXPENSES

ACCOUNTING PRINCIPLE

Other operating income and expenses

"Non-recurring operating income and expenses" consists of material items that are unusual, abnormal or infrequent in their occurrence.

This account includes other material operating income or expenses relating to extraordinary events that could affect the analysis and comparability of the Group's business.

<i>In € millions</i>	2024	2023
Tax litigation	0.6	-
Sales-related litigation	(14.8)	(9.9)
Site streamlining and operational restructuring costs	(2.9)	(5.3)
Asset impairment	-	(23.1)
Other expenses and income	(17.8)	(25.4)
TOTAL	(34.9)	(63.7)

TAX LITIGATION

The 2024 expense corresponds to the settlement of tax litigation in Brazil.

SALES-RELATED LITIGATION

This item includes €10 million in losses from projects in India and UAE.

OTHER EXPENSES AND INCOME

In 2024, this item mainly consisted of:

- the cost of employee litigation in the United States (€4.3 million);
- an opening adjustment of costs in China (€11.2 million).

In 2023, this item mainly consisted of:

- the cost of employee litigation in the United States (€2.7 million) and France (€0.8 million);
- restructuring costs in the United States (€12.6 million).

5.6. NET FINANCIAL INCOME/(EXPENSE)

ACCOUNTING PRINCIPLE

Net interest expense

Net interest expense equals gross interest expense, consisting of interest on borrowings under the effective interest method, as well as amortisation of debt issuance expenses (this results from the EIR (effective interest rate) method), less income on cash investments.

Other financial income and expenses

"Other financial income and expenses" include all other income and expenses not related to net borrowings (e.g. costs of banking services), as well as income and expenses related to equity interests (e.g. changes in fair value, gain or loss on disposal, etc.).

<i>In € thousands</i>	2024	2023
Gross interest expense	(61.6)	(67.4)
Income from cash and cash equivalents	2.9	4.0
Net interest expense	(58.7)	(63.3)
Other financial income and expenses	12.1	18.5
Currency gains/(losses)	(17.2)	(18.6)
Net book value of assets sold	(6.0)	1.2
Reversals of/(additions to) amortisation and provisions	(24.8)	(1.3)
Other financial income and expenses	(35.9)	(0.2)
Net financial income/(expense)	(94.6)	(63.5)

Gross interest expense includes €1.9 million in non-cash expenses, the amount shown on the cash flow statement being €63.4 million.

Foreign exchange gains and losses relating to transactions in foreign currencies are recognised under operating margin. Translation differences relating to financing activities are recognised under financial income and expense.

Gross interest expense in 2023 included €3 million in non-cash expenses, the amount shown on the cash flow statement being €64 million.

In 2024, other financial income and expenses mainly consisted of:

- capitalised interest totalling €17 million;
- €2.5 million income from investments in and loans to non-consolidated entities;
- €20.9 million reduction in the fair value of investment securities.

In 2023, other financial income and expenses mainly consisted of:

- capitalised interest totalling €14 million;
- €0.9 million income from investments in and loans to non-consolidated entities;
- €13.6 million increase in the fair value of investment securities.

5.7. INCOME TAX

ACCOUNTING PRINCIPLE

Income tax expense and income include current tax expense/(income) and deferred tax expense/(income).

Current tax is the estimated tax due based on taxable income for the period. It also includes adjustments to amounts of current taxes of prior periods.

Deferred tax is calculated per entity under the balance sheet method. Temporary differences between book and tax values of assets and liabilities result in deferred tax in accordance with the liability method based on year-end tax rates.

Deferred tax assets resulting from temporary differences or unused tax losses are only offset against deferred liabilities with the same maturity, unless it is highly probable that they will be offset against future taxable income within the foreseeable future - generally considered to be from one to five years, or if the Group has decided to set up an internal tax accounting arrangement.

In compliance with IAS 12 "Income taxes", deferred tax assets and liabilities are not discounted.

For balance sheet presentation purposes, deferred tax assets and liabilities are offset at the level of each tax entity.

The regional economic contribution tax or CET (contribution économique territoriale) is comprised of two different levies - one assessed on business property (contribution foncière des entreprises or CFE) and the other on added value (cotisation sur la valeur ajoutée des entreprises or CVAE). This latter contribution is assessed on the basis of added value generated by the Company over the year. The Group has decided that CVAE meets the definition of income tax as defined by IAS 12.

TAX EXPENSE

<i>In € thousands</i>	2024	2023
Current income tax	(106.9)	(114.7)
Net deferred tax	(23.2)	(3.1)
Income tax	(130.2)	(117.8)
Including non-recurring tax effects	-	-
Total excluding non-recurring tax effects	(130.2)	(117.8)

Current income tax equals amounts paid or payable in the short term to tax authorities for the fiscal year in accordance with the rules and rates in force in the different countries.

In France, the Group benefits from rules allowing taxable income and losses to be offset between a parent company and subsidiaries that belong to a tax group. Under these rules the results of all companies included in the tax group are not impacted and the tax group does not generate any material tax savings with the exception of the immediate offset of losses against profits.

ANALYSIS OF TAX EXPENSE

At 31 December 2024, the tax rate applicable in France was the basic rate of 25.00% plus a 3.30% social security contribution rate, giving a total rate of 25.825%.

The Group's effective tax rate, excluding non-recurring tax effects, amounted to 28.21% in 2024 compared to 24.01% in 2023.

The difference between the effective tax rate and the statutory French tax rate in 2024 breaks down as follows:

<i>In € millions</i>	31/12/2024	31/12/2023
Statutory tax rate	25.83%	25.83%
Consolidated book income before tax	461.6	490.5
Theoretical tax expense at applicable rates	(119.2)	(126.7)
Effective tax expense	(130.2)	(117.8)
Variance between effective and theoretical tax expense	(11.0)	8.9
Impact of permanent differences	30.4	16.6
Impact of differences in tax rates	(17.5)	(21.3)
Impact of tax losses and tax credits	2.0	0.9
Impact of specific taxes and tax audits	(3.8)	(5.2)
Total	11.0	(8.9)
Effective tax rate	28.21%	24.01%

The change in the statutory tax rate reflects changes in the respective contributions of each taxable entity to Group pre-tax net income and the fact that some entities posted taxable income while others posted taxable losses.

Research tax credits akin to grants are classified under recurring operating income. At 31 December 2024, €5.5 million was recognised on that basis in respect of the French and US companies.

Deferred tax assets and liabilities

<i>In € millions</i>	31/12/2024	31/12/2023
Non-current assets	(167.1)	(176.6)
On loss carryforwards	(1.5)	(0.9)
Pension liabilities	6.8	(1.2)
Elimination of intercompany profits	(12.2)	1.1
On other temporary differences	(23.2)	12.8
Total deferred taxes	(197.1)	(164.9)
Of which:		
Deferred tax assets	33.2	11.0
Deferred tax liabilities	(230.3)	(175.9)

Deferred taxes recognised on the balance sheet under "Fixed assets" result from temporary differences between the accounting and tax bases of those assets.

5.8. NET EARNINGS PER SHARE

ACCOUNTING PRINCIPLE

Basic earnings per share is calculated using net income of the period attributable to the Group divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share is identical to basic earnings per share as the Group does not have any equity instruments, such as stock options, or discontinued operations.

Item (In € millions)	2024	2023
Net income for the period	326	365
Net income for the calculation of diluted earnings per share	326	365
Number of shares outstanding at beginning of period	4,549,000	4,549,000
Weighted average number of shares before dilution	4,549,000	4,549,000
Weighted average number of shares with dilution	4,549,000	4,549,000
Earnings per share (in €)	71.62	80.31
Diluted earnings per share (in €)	71.62	80.31

NOTE 6 - NOTES RELATING TO COMMITMENTS AND OTHER DISCLOSURES

6.1. OFF-BALANCE SHEET COMMITMENTS AND COLLATERAL

<i>In € millions</i>	31/12/2024	31/12/2023
Guarantees given to customs authorities	2.6	3.4
Guarantees given to customers (performance bonds, bid bonds)	91.2	102.4
Guarantees for debt of non-consolidated entities		-
Guarantees given to employees for time savings accounts and banks	0.1	0.1
Seveso and bank guarantees	6.3	6.3
Share of loans secured by collateral	3.1	3.9
TOTAL	103.2	116.0

Guarantees have not been provisioned, because we have noted no risks as yet.

The SNF Group recognises obligations or commitments in connection with future payments:

<i>In € millions</i>	Total	Payments due by period		
		< 1 year	1-5 years	> 5 years
Interest expense on borrowings	194.2	56.8	135.0	2.3
TOTAL	194.2	56.8	135.0	2.3

On behalf of the French entities, the Group obtained grants receivable totalling €17.2 million, €13 million of which had been received at 31 December 2024. These grants are subject to conditions relating to amounts invested and jobs created.

6.2. RELATED PARTIES

6.2.1. EXECUTIVE MANAGEMENT (CORPORATE OFFICERS)

A) COMPENSATION OF MANAGEMENT BODIES:

Compensation allocated for fiscal 2024 to members of the SNF Group Management Committee and Board of Directors for their duties within Group subsidiaries amounted to €4.1 million.

B) ATTENDANCE FEES:

Attendance fees paid to directors in 2024 amounted to €0.1 million.

6.2.2. RELATIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

The consolidated financial statements include transactions carried out by the Group in the course of its normal business operations with associates and non-consolidated subsidiaries. These transactions are carried out on arm's-length terms.

These items break down as follows in the income statement:

In € millions

2024

2023

Operating income	117.3	97.4
Associates	18.6	19.6
Non-consolidated subsidiaries	98.7	77.8
Operating expenses	-	-
Associates	-	-
Non-consolidated subsidiaries	-	-
Other financial income and expenses	1.1	1.6
Associates	0.1	0.1
Non-consolidated subsidiaries	1.0	1.5

Assets and liabilities of the Group concerning related parties at year-end break down as follows:

In € millions

31/12/2024

31/12/2023

Loans or advances granted	20.0	19.6
Associates	1.0	0.9
Non-consolidated subsidiaries	18.9	18.7
Trade and other receivables	42.6	28.9
Associates	3.7	4.6
Non-consolidated subsidiaries	38.9	24.4
Trade and other payables	-	-
Associates	-	-
Non-consolidated subsidiaries	-	-

There are no other transactions to report with related parties as defined under IAS 24, i.e. shareholders, associates and joint ventures.

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

SNF Group

Société anonyme

ZAC de Milieux

42160 ANDREZIEUX BOUTHEON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31st, 2023

To the Annual General Meeting of SNF Group

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of SNF Group for the year ended December 31st, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31st, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2023 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the assessments which, in our professional judgment, were of most significance in our audit of the financial statements addressed the appropriateness of the accounting principles used.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations of the information presented in the report of the Board of Directors on the management of the group.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the report of the Board of Directors on the management of the group, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards 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 specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Saint-Etienne and Lyon, March 8th, 2024

The statutory auditors

French original signed by

BM AUDIT

DELOITTE & ASSOCIES

Emilie VIRICELLE

Josselin VERNAY

2023

**Financial statements
&
Notes to the consolidated
financial statements**

CONTENTS

FINANCIAL STATEMENTS 4

Income statement	4
Consolidated statement of comprehensive income.....	5
Consolidated statement of financial position.....	6
Consolidated cash flow statement	8
Consolidated statement of changes in equity	9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 10

Note 1 – Highlights of the period and post balance sheet events	10
Note 2 - Statement of accounting policies	12
Note 3 - Principles of consolidation.....	15
Note 4 - Accounting principles.....	18
Note 5 - Presentation of the income statement	26
Note 6 - Consolidation scope	28
Note 7 - Notes to the consolidated financial statements.....	32
Note 8 - Notes to the consolidated income statement	60
Note 9 - Notes relating to commitments and other disclosures.....	66

FINANCIAL STATEMENTS

INCOME STATEMENT

In € thousands

Notes

2023

2022

Revenue	8.1	4,518,938	4,910,922
Cost of sales	8.2	(2,678,064)	(3,239,883)
GROSS MARGIN		1,840,874	1,671,040
MANUFACTURING COSTS	8.2	(860,254)	(813,241)
Marketing costs	8.2	(175,003)	(147,724)
Research and development expenditure	8.2	(62,720)	(59,059)
Administrative expenses	8.2	(125,107)	(113,809)
GENERAL AND ADMINISTRATIVE EXPENSES		(362,829)	(320,592)
RECURRING OPERATING INCOME		617,791	537,207
Non-recurring operating income/(expenses)	8.6	(63,736)	(89,056)
OPERATING INCOME		554,054	448,151
Financial income/(expenses)	8.6	(63,508)	(106,327)
INCOME BEFORE TAX		490,547	341,824
Income tax	8.7	(117,763)	(79,957)
Share in earnings of associates		646	1,960
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		373,430	263,827
Profit/(loss) from discontinued operations		-	-
NET INCOME		373,430	263,827
Attributable to non-controlling interests		(8,099)	(9,829)
NET INCOME ATTRIBUTABLE TO THE GROUP		365,331	253,998
Basic earnings per share		80.31	55.84
Diluted earnings per share		80.31	55.84

Amortisation, depreciation and provisions for impairment amounted to €284 million in 2023 compared to €266 million in 2022 (see breakdown in note 8.4).

Notes 1 to 9 to the consolidated financial statements are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In € thousands</i>	Notes	2023	2022
Consolidated net income		373,430	263,827
Hedging instruments		-	-
Currency translation adjustments		(100,150)	33,691
Taxation		-	-
Items subsequently posted to profit or loss		(100,150)	33,691
Actuarial gains/(losses)		(20,220)	22,179
Taxation		(500)	(5,015)
Items not posted to profit or loss		(20,719)	17,164
Total income and expenses directly recognised in equity		(120,870)	50,855
Comprehensive income for the period		252,560	314,682
Attributable to owners of the parent company		247,032	305,842
Attributable to non-controlling interests		5,529	8,840

Notes 1 to 9 to the consolidated financial statements are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>In € thousands</i>	Notes	31/12/2023	31/12/2022
Goodwill	7.1	98,991	92,157
Other intangible assets	7.1	116,631	98,832
Right-of-use lease assets	2.1	63,510	53,300
Property, plant and equipment	7.2	2,494,156	2,362,066
Investments in associates	6.3	5,477	13,629
Financial assets	7.3	60,987	56,426
Other non-current financial assets	7.3	23,725	13,378
Deferred tax	8.7	4,369	317
Other non-current assets	7.4	22,636	19,890
NON-CURRENT ASSETS		2,890,484	2,709,994
Inventories and work in progress	7.5	886,850	1,020,027
Trade receivables and other assets relating to contracts with customers	7.6	779,821	846,224
Other current receivables	7.7	198,147	177,487
Current tax	8.7	24,350	43,692
Other current financial assets	7.7	22,296	12,706
Cash management financial assets	7.8	76,209	60,869
Cash and cash equivalents	7.8	440,672	309,559
CURRENT ASSETS		2,428,345	2,470,565
TOTAL ASSETS		5,318,828	5,180,559

Notes 1 to 9 to the consolidated financial statements are an integral part of the financial statements.

EQUITY & LIABILITIES

<i>In € thousands</i>	Notes	31/12/2023	31/12/2022
Share capital	7.9	50,039	50,039
Retained earnings and reserves		2,030,633	1,875,062
Net income for the period		365,331	253,998
EQUITY ATTRIBUTABLE TO THE GROUP		2,446,003	2,179,098
NON-CONTROLLING INTERESTS	7.10	45,619	42,250
TOTAL SHAREHOLDERS' EQUITY		2,491,622	2,221,348
Deferred tax	8.7	175,883	175,839
Non-current provisions	7.11	24,379	25,964
Non-current borrowings	7.13	1,733,308	1,809,063
Non-current finance lease liabilities		50,552	41,241
Other non-current liabilities	7.14	23,355	30,060
NON-CURRENT LIABILITIES		2,007,477	2,082,167
Current provisions	7.11	2,979	2,958
Current borrowings	7.13	68,470	42,229
Current finance lease liabilities		15,126	14,576
Trade payables	7.14	467,534	584,576
Other current liabilities	7.14	245,761	214,351
Current tax	8.7	19,861	18,354
CURRENT LIABILITIES		819,730	877,044
TOTAL EQUITY AND LIABILITIES		5,318,828	5,180,559

Notes 1 to 9 to the consolidated financial statements are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In € thousands

Notes

2023

2022

NET INCOME ATTRIBUTABLE TO THE GROUP		365,331	253,998
Depreciation, amortisation and provisions		311,498	302,389
Reversals of depreciation, amortisation and provisions		(5,971)	(13,911)
Grants transferred to net income		(205)	(185)
Undistributed earnings of associates		(383)	(1,366)
Gains/(losses) from asset disposals		6,168	29,618
Other items		(2,088)	(1,711)
Income attributable to minority interests		8,099	9,829
Income tax charge (current and deferred)		118,502	84,059
Gross interest expense	8.6	64,344	113,829
FREE CASH FLOW		865,296	776,549
Change in inventories and work in progress		103,092	(168,471)
Change in trade receivables		53,265	(108,765)
Change in trade payables		(110,480)	16,495
Change in other payables and receivables		(10,522)	188
Tax paid		(95,994)	(68,059)
Interest paid		(67,013)	(55,482)
NET CASH FROM OPERATING ACTIVITIES		737,645	392,455
Inflows from fixed asset disposals		2,731	2,040
Investments in property, plant and equipment and intangible assets		(475,182)	(418,483)
Financial investments		(20,216)	4,733
Acquisition of subsidiaries, net of cash acquired		(50,294)	(30,993)
Repayments of non-current financial assets		5,192	8,323
NET CASH FROM INVESTING ACTIVITIES		(537,769)	(434,381)
Change in borrowings		(26,029)	126,829
Repayment of loans and borrowings		0	(1)
Share capital increases/(reductions)		0	(0)
Dividends paid (including to minority interests)		(6,373)	(4,605)
NET CASH FROM FINANCING ACTIVITIES		(32,402)	122,223
Effect of changes in exchange rates		(21,003)	(17,254)
NET CHANGE IN CASH AND CASH EQUIVALENTS		146,471	63,043
Opening cash and cash equivalents	7.8	370,429	307,615
Opening bank overdrafts		(44)	(274)
Closing cash and cash equivalents		516,880	370,429
Closing bank overdrafts	7.8	(24)	(44)

Notes 1 to 9 to the consolidated financial statements are an integral part of the financial statements.

During the fiscal year ended 31 December 2023, changes in long-term borrowings excluding changes in cash amounted to a €24 million reduction due to unrealised foreign exchange gains and losses.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € thousands

	Share capital	Retained earnings and reserves	Currency translation adjustments	Equity attributable to the Group
1 JANUARY 2022	50,039	1,707,079	115,963	1,873,081
Consolidated net income for the period		253,998		253,998
Gains and losses recognised in other comprehensive income		17,164	34,680	51,844
Comprehensive net income for the period		271,162	34,680	305,842
Distribution of dividends		(1,020)		(1,020)
Share capital increase				
Changes in consolidation scope		480	(708)	(228)
Other changes		(1,140)	2,564	1,424
31 DECEMBER 2022	50,039	1,976,561	152,499	2,179,099
Consolidated net income for the period		365,331		365,331
Gains and losses recognised in other comprehensive income		(20,719)	(97,576)	(118,295)
Comprehensive net income for the period		344,611	(97,576)	247,036
Distribution of dividends		(1,001)		(1,001)
Share capital increase				
Changes in consolidation scope		23,157	4,473	27,630
Other changes		(2,387)	(4,373)	(6,760)
AT 31 DECEMBER 2023	50,039	2,340,941	55,023	2,446,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Founded in 1978, SNF Group is a French limited company (société anonyme) subject to all laws and regulations governing trading companies in France and, in particular, to the provisions of the French Commercial Code (Code de Commerce). The Company's registered office is located in ZAC de Milieu, Andrézieux-Bouthéon (Loire), France. The Group designs, manufactures and sells a range of chemical products.

The Company's fiscal year runs from 1 January to 31 December.

The 2023 consolidated financial statements including notes thereto were approved by the SNF Group Board of Directors on 6 March 2024. The information and accounting data presented below is expressed in thousands of euros, with the exception of earnings per share information, which is given in euros.

NOTE 1 – HIGHLIGHTS OF THE PERIOD AND POST BALANCE SHEET EVENTS

1.1. HIGHLIGHTS OF THE PERIOD

IMPACT OF THE RISE IN INTEREST RATES AND ENERGY PRICES

The rise in interest rates had no material impact as borrowings are mostly at fixed rates.

The increase in energy prices led to an increase of €1.5 million in energy expenses in 2023. The Group has adopted a policy of increased use of renewable energy sources. The positive effects of this policy have limited the impact of rising costs in 2023 while stepping up the decarbonisation of our operations.

Energy represents 3.4% of revenue, which is low in the chemical industry, in line with our soft chemistry activity.

• PENSION AND RETIREMENT IMPACT

Following the French pension reform adopted on 15 April 2023, the statutory retirement age increased from 62 to 64 for employees under the general scheme. Pursuant to IFRS, the pension reform is considered as a change in the pension plan, with the impact being immediately recognised under profit or loss. The estimated impact of €1.4 million was recognised in profit or loss for H1 2023.

• BUSINESS ACTIVITY IN 2023

The Group generated net total revenue of €4,519 million in 2023, down 8.0% compared to 2022. Currency depreciation, especially concerning the dollar and the yuan, had a negative impact of 3.3%. Exchange-adjusted growth was therefore a contraction of 4.7% due to a 3.3% fall in prices and a 1.4% fall in volumes. Gross margin came to €1,841 million compared to €1,671 million in 2022. This sharp increase in the margin is mainly due to lower raw material prices.

• 2023 CAPITAL EXPENDITURE

Investments in property, plant and equipment rose to €477 million in 2023 from €423 million in 2022. The investments concern process improvements and capacity increases, mainly in France (€192 million), USA (€171 million), and Asia (€65 million).

• BORROWINGS

Gross borrowings totalled €1,867 million at 31 December 2023, versus €1,907 million at 31 December 2022.

The credit facility was renewed on 27 June 2023. The amount that can be drawn down was increased from €350 million to €750 million with a final maturity date of 27 June 2028, which can be further extended by two years.

• STATUS OF LITIGATION

Patents: SNF Group is involved in and institutes litigation proceedings in various countries. None of these disputes are likely to have a material impact on the Group financial statements.

• ACQUISITION OF EQUITY INTERESTS

SNF Group continues its development and has acquired equity interests:

- in South America with the acquisition of Sabinur, Argentina, and the buyout of all minority interests in BM Allied, Mexico;
- in North America with the acquisition of two distributors;
- in Asia with the acquisition of a majority stake.

OTHER HIGHLIGHTS

The Group fully impaired the property, plant, and equipment under construction in Russia to reflect the current geopolitical context.

1.2. POST BALANCE SHEET EVENTS

No material events have occurred between the end of the reporting period (31 December 2023) and the date the Board of Directors approved the financial statements (6 March 2024) that could modify the financial information presented herein.

NOTE 2 - STATEMENT OF ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the general principles of IFRS: fair presentation, going concern, accrual basis of accounting, consistency of presentation, materiality and aggregation. The historical cost basis of accounting is applied to all assets, with the exception of financial assets and financial instruments measured at fair value.

The Group's financial statements are prepared in euros, the presentation currency as well as the functional currency of the parent company.

2.1. BASIS OF PREPARATION

In accordance with the terms of the 23 June 2006 senior syndicated credit facility and the June 2006 high yield corporate bond issue, since 1 January 2006 the SNF Group's consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable for the fiscal year ended 31 December 2023. The IFRS may be consulted on the European Commission website.

The accounting policies applied are consistent with those used to prepare the 2023 consolidated financial statements with the exception of standards, amendments and interpretations adopted by the European Union effective 1 January 2023. These mainly concern:

- amendment to IAS 1 - Disclosure of Accounting Policies, and updated IFRS Practice Statement 2: Making Materiality Judgements, adopted by the EU in March 2022;
- amendment to IAS 8 - Definition of accounting estimates, adopted by the EU in March 2022;
- amendment to IAS 12 - Deferred tax related to assets and liabilities arising from the same transaction, adopted by the EU in August 2022;
- amendment to IAS 12 - Pillar Two, adopted by the EU in November 2023 and immediately applicable in 2023.

The Group continues to work on assessing its exposure to Pillar Two provisions and currently believes that the impact will not be material considering the tax rates applied by its subsidiaries worldwide.

The new standards, amendments and interpretations applicable from 1 January 2023 are not applicable or did not have a material impact on the Group's financial statements.

- New standards and interpretations applicable from 1 January 2022
The European Union adopted the following texts whose application is mandatory for the Group for its fiscal year beginning 1 January 2022:
 - Amendments to IFRS 3 - Reference to the conceptual framework;
 - Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract;
 - Amendment to IAS 16 - Property, plant and equipment - Proceeds before intended use;
 - Annual improvements to standards - 2018-2020 (amendments to IAS 41 - Taxation in Fair Value Measurements; IFRS 1 - Subsidiary that becomes a first-time adopter;
 - IFRS 9 - Derecognition of financial liabilities: fees in the "10% test";
 - IFRS 16 - Lease incentives.

The application of the IFRIC decision published in April 2021 on the recognition of SaaS software configuration and customisation costs did not have a material impact on the financial statements.

These amendments did not have an impact on the Group financial statements.

- Standards and interpretations adopted by the IASB not yet applicable at 31 December 2022
The Group did not apply in advance any new standards, amendments and interpretations, whether adopted or not yet adopted by the European Union, due to come into force after 1 January 2023 subject to their adoption by the European Commission, whose application was therefore possible but

not mandatory. These mainly concern the following standards, amendments and interpretations:

- Amendments to IAS 1 - Disclosure of accounting policies, published by the IASB in February 2021 and adopted by the European Union in March 2022 (a);
- Amendments to IAS 8 - Definition of accounting estimates, published by the IASB in February 2021 and adopted by the European Union in March 2022 (a);
- Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from the same transaction, adopted by the European Union in August 2022 (a);
- Amendments to IAS 1 - Classification of liabilities as current or non-current, published by the IASB in January and July 2020, and amendments to IAS 1 - Non-current liabilities with covenants, published by the IASB in October 2022, whose adoption process by the European Union began at the end of 2022 (b).

The other standards, amendments and interpretations adopted by the IASB, for which the adoption process is currently underway, are as follows:

- Amendment to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate or joint venture;
- Amendments to IFRS 16 - Lease liability in a sale and leaseback (b).

(a) : date of first-time application: 1 January 2023;

(b) : date of first-time application: 1 January 2024.

The Group did not apply in advance any new standards, amendments or interpretations, whether adopted or to be adopted by the European Union, due to come into force after 1 January 2024, whose application was therefore possible in 2023 but not mandatory. These mainly concern:

- amendment to IFRS 16 - Lease liability in a sale and leaseback, published by the EU in November 2023;
- amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current, and non-current liabilities with covenants, adopted by the EU in December 2023.

The other standards, amendments and interpretations adopted by the IASB, for which the adoption process by the EU is currently underway, are as follows:

- amendment to IFRS 7 - Financial instruments: supplier finance arrangements, adopted by the IASB in May 2023, adoption underway by the EU (applicable for periods beginning on or after 1 January 2024);
- amendment to IAS 21 - Lack of Exchangeability, adopted by the IASB in August 2023, adoption underway by the EU (applicable for periods beginning on or after 1 January 2025).

The Group does not expect these standards, amendments and interpretations to have an impact on the consolidated financial statements.

There are no accounting policies that contradict any IFRS mandatory for periods beginning on or after 1 January 2023, not yet adopted by the European Union, and which would have had a material impact on the financial statements for the year.

2.2. USE OF ESTIMATES

In preparing the financial statements, estimates and assumptions are made that affect amounts recognised under assets and liabilities. These estimates are established, on the basis of the going concern principle, according to information available at that time. These estimates may be revised if the circumstances on which they were based change, or if subsequently modified or supplemented by new information. Actual future results may differ from these estimates.

The main estimates made by management in preparing these financial statements concern:

- assumptions adopted for the measurement of certain provisions, notably for lawsuits, severance retirement benefits and long service awards;
- the measurement of property, plant and equipment and intangible assets;
- the measurement of equity interests in non-consolidated companies;
- capitalization of research and development expenses;
- percentage-of-completion method contracts: Group policy is defined in note 5.1;
- provisions for impairment of current assets and current and non-current provisions;
- evaluating the useful lives of certain property, plant and equipment.

The nature and amount of these estimates are presented in the detailed notes to the corresponding account headings.

The Group is not aware of any major change during the year in the uncertainties underlying such estimates and assumptions, except for high volatility in the discount rate used for calculating employee benefit liabilities (see note 7.12).

2.3. CLIMATE-RELATED RISKS

Through its regional sites, the SNF Group is exposed to significant risks related to climate change. These risks take several forms, since ongoing climate disruptions can have varying levels of impact on:

1. Group operations, in light of the increase in extreme weather events, particularly droughts, torrential rain, floods, storms, landslides and earthquakes;
2. access to financing in the event of non-compliance with the Paris Agreement greenhouse gas reduction targets;
3. the Company's image and reputation among customers and stakeholders, requiring companies to proactively tackle climate change;
4. Group employees whose working conditions could be affected, particularly in areas that will experience extreme heat.
5. The different sites of the Group may be affected by floods or other climate-related risks, which could lead to damage or destruction.

The increased frequency of extreme weather events can have direct (business interruption, supply chain disruption) and indirect consequences on the Group's business.

NOTE 3 - PRINCIPLES OF CONSOLIDATION

3.1. BASIS OF CONSOLIDATION

The Group fully consolidates companies that it controls. Control for consolidation purposes is assessed based on IFRS 10 criteria, which include power over the relevant operations, exposure to variable returns and capacity to use its power to influence the level of those returns. A controlling interest is considered to exist for companies in which SNF Group directly or indirectly holds at least 50% of the voting rights. To determine this control, potential voting rights that are immediately exercisable, including those held by another entity, are taken into account.

Companies in which the Group exercises significant influence are consolidated under the equity method.

Following an analysis of joint arrangements under IFRS 11 criteria, the Group did not identify any joint ventures or joint operations.

Shares in companies that do not meet these criteria are recognised under non-current financial assets. The consolidation of these companies would have a non-material effect on the consolidated financial statements, as they are entities whose potential losses are recognised in the form of impairment. Furthermore, these entities are financed by the Group, which accounts for virtually all their purchases or sales.

- The list of consolidated companies is presented in note 6.2.
- All transactions between consolidated companies are eliminated.

3.2. BUSINESS COMBINATIONS

Business combinations are recognised using the acquisition method. This method involves recognising the assets acquired and liabilities and contingent liabilities assumed at fair value.

The difference between the purchase cost of the investment and the Group share of the companies' assets, liabilities and contingent liabilities at fair value, as identified as at the acquisition date, is recognised under goodwill. Acquisition costs for fully consolidated companies are expensed in the year when incurred. Where the acquisition does not cover 100% of the subsidiary's capital, non-controlling interests are valued at the acquisition date, either at fair value, or at the share of the acquiree's identified net assets.

If the cost of acquisition is less than the fair value of the subsidiary's net assets, identifiable assets and liabilities are subject to an additional analysis and the resulting goodwill gain is recognised directly in income.

Recognition of the business combination is finalised within one year of the date on which control is obtained.

3.3. TRANSACTIONS BETWEEN SHAREHOLDERS, ACQUISITIONS AND DISPOSALS OF NON-CONTROLLING INTERESTS AFTER THE ACQUISITION DATE

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests not involving a change in control are considered as transactions with Group shareholders. Under this approach, the difference between the price paid to increase the percentage of ownership in entities already controlled and the additional portion of share capital thus acquired is recorded under Group equity. In the same way, a reduction in the percentage of the Group's interest in an entity remaining under its control is accounted for under Group equity without impacting profit or loss.

3.4. INTERCOMPANY TRANSACTIONS

Transactions involving reciprocal assets/liabilities and income/expenses between fully consolidated companies are eliminated in the consolidated financial statements. These items are eliminated:

- in full if the transaction is between two controlled subsidiaries;
- for the percentage of the equity-accounted interest in the case of earnings between a fully consolidated company and a company consolidated under the equity method.

3.5. TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

General translation principles, excluding hyperinflationary countries:

In most cases, the functional currency of Group companies is their local currency. Transactions in foreign currency are translated by the subsidiary into their functional currency using the prevailing exchange rate as at the transaction date.

The Group applies the closing rate method for the translation of its subsidiaries' financial statements:

- Assets and liabilities in a functional currency other than the euro are translated at the closing rate, while income statement items are translated at the weighted average exchange rate for the period. All shareholders' equity accounts other than net income for the year are translated based on historical exchange rates;
- The resulting exchange difference is posted to other comprehensive income as a movement for the year. Currency differences are presented separately under shareholders' equity.

Goodwill arising from the acquisition of a foreign entity is treated as an asset or liability of said entity and, therefore, is stated in the entity's functional currency and translated at the closing rate.

Currency differences are posted to income when the subsidiary is no longer consolidated due to sale, liquidation, etc.

Application of hyperinflationary accounting:

IAS 29 "Financial reporting in hyperinflationary economies" was applied for the first time to the Group financial statements at 1 January 2022 for Turkey (criteria met in Q1 2022) and Argentina (non-material impact previously).

In accordance with the provisions of IAS 29, since the acquisition non-monetary items in the balance sheet have been revalued using a general price index. In practice, non-monetary items are non-material for both subsidiaries (distribution subsidiaries).

Items in the income statement and statement of comprehensive income are restated by applying changes in the general price index following initial recognition of income and expense items in the financial statements. The difference is presented in the income statement.

The adjusted financial statements (balance sheet and income statement) are translated at the closing rate.

The impact of the first-time application of hyperinflationary accounting, i.e. on 1 January 2022, amounted to €2.6 million and was recorded under reserves.

The cumulative impact of the differences relating to the application of IAS 29 amounted to €4.4 million at 31 December 2023 and is presented as currency translation adjustments in equity.

3.6. TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY

Recognition and measurement of transactions in foreign currency are defined by IAS 21 “The effects of changes in foreign exchange rates”. Transactions in currencies other than the euro are recognised at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in these other currencies are translated at the closing rate. Currency gains and losses resulting from translation are recognised in the income statement for the year.

However, for non-monetary assets and liabilities, all changes in fair value, including exchange rate changes, are recognised according to the principles that apply to the corresponding categories of financial assets to which they belong.

The Group does not practice any currency hedging.

NOTE 4 - ACCOUNTING PRINCIPLES

4.1. INTANGIBLE ASSETS

4.1.1. DEVELOPMENT COSTS

In accordance with IAS 38 "Intangible assets", research costs are recognised as an expense, while development costs must be capitalised if they meet the following criteria:

- Technical feasibility for the entity to complete the intangible asset so that it will be available for use or sale
- Entity intends to complete the development project for use or sale
- Ability of the entity to use or sell the asset
- It is likely that the future economic benefits generated by the intangible asset will accrue to the entity
- The entity possesses adequate technical, financial and other resources to complete the development and to use or sell the asset
- The cost of this intangible asset can be accurately measured

Capitalised expenditure includes staff costs, cost of materials and services used and directly attributable to the project in question, as well as all expenses directly attributable to a development project that meet the conditions for capitalisation. These assets are amortised from the date on which the products are first marketed or the industrial processes concerned are first used, over the estimated duration of the economic benefits expected from the project.

These assets are amortised over a period of four years. This period corresponds to the average lifespan for a commercial reference based on the Group's experience in this area.

These assets are amortised starting from the release date for production of a new commercial reference.

Development costs that do not meet the criteria defined by this standard are expensed in the period in which they are incurred.

Gross development costs totalled €41.8 million at 31 December 2023, while an amount of €4.2 million was recognised as intangible assets in 2023.

4.1.2. GOODWILL AND BUSINESS COMBINATIONS

Positive goodwill from consolidated companies is recognised on the balance sheet under "Goodwill". As at the date when control is obtained, the excess of the purchase price over the net fair value of the acquiree's identifiable assets and liabilities is recognised under goodwill. The acquisition cost (or consideration transferred) is measured at the fair value of assets transferred, equity instruments issued or liabilities incurred or assumed at the acquisition date plus or minus any adjustments to the acquisition cost.

In accordance with IFRS 3 "Business combinations", goodwill is not amortised. On the acquisition date, this goodwill is allocated to an identifiable cash-generating unit (CGU). Goodwill is tested for impairment at least once a year and whenever any evidence of impairment is identified. Procedures for conducting impairment tests and their recognition are given in note 4.3 "Impairment of fixed assets".

Goodwill is recorded in the balance sheet after deducting impairment losses that may be recognised. Impairment charges are recognised under "Recurring operating income" or "Non-recurring operating income and expenses" depending on the event underlying the impairment.

4.1.3. OTHER INTANGIBLE ASSETS

Other intangible assets are held in the balance sheet at cost less any cumulative amortisation and impairment losses. This item primarily concerns know-how and patents acquired in connection with the Group's activities and development, as well as software applications.

When they have finite useful lives, these assets are amortised on a straight-line basis over the periods corresponding to their estimated useful lives. The amortisation methods and useful lives are reviewed at least once a year. The estimated useful lives are as follows:

- Know-how for a period of 5 to 10 years according to the expected or foreseeable duration of the project
- Software over a period of 5 years

Assets with indefinite useful lives are not amortised, and are subject to an impairment test once a year (see note 4.3).

Subsequent expenditure on intangible assets is capitalised only if it is probable that such expenditure will enable the asset in question to generate future economic benefits in excess of its originally assessed standard of performance. Other expenditure is recognised as an expense when incurred.

As stated in note 2.1, the application since 2022 of the IFRS IC decision on accounting for configuration and customisation costs in SaaS arrangements had no material impact on the Group financial statements.

4.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost plus any incidental acquisition expenses. Depreciation is calculated on a straight-line basis over the asset's useful life.

Major items of property, plant and equipment that are replaced at regular intervals, used for different purposes or that generate economic benefits over different periods and require the application of specific depreciation rates or methods, are recognised separately upon initial recognition and when replaced.

The depreciation periods applied are as follows:

- Buildings: 15 to 25 years
- Installations and improvements: 10 years
- Plant and machinery: 15 years
- Other PP&E: 5 to 8 years

Component accounting for major repairs is not applicable to the Group. Furthermore, the Company has not capitalised any dismantling or decontaminating costs that may result from an obligation to restore the site.

Borrowing costs attributable to the financing of an asset and incurred during the construction period are included in the value of the asset, representing qualifying assets within the meaning of IAS 23 "Borrowing costs".

The Group has chosen not to apply the revaluation option offered under IAS 16. As a result, no property, plant and equipment has been revalued.

Grants financing part or the full cost of an item of property, plant or equipment are recognised as deferred income on the balance sheet and as income on the income statement.

RIGHT-OF-USE ASSETS (IFRS 16)

Leases confer the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases that meet this definition are recognised according to the terms defined below, except in the case of exemptions provided for by the standard (contract term of less than 12 months and/or low-value underlying assets) and leases not restated due to their non-material impact.

At the lease commencement date, the Group recognises a right-of-use asset and a financial liability in respect of a lease liability. The assets and liabilities are presented on a separate line in the balance sheet.

Right-of-use assets relating to leases are measured as follows: cumulative depreciation and impairment are deducted from the cost, which is adjusted to take into account any revaluations of the lease liability. No impairment or revaluation of the lease liability was recognised in 2023, as in 2022.

At the lease commencement date, the Group recognises a right-of-use asset and a financial liability in respect of a lease liability. The assets and liabilities are presented on a separate line in the balance sheet.

The lease liability is measured at the present value of outstanding lease payments payable over the term of the lease. Lease payments are discounted at the interest rate implicit in the contract, for finance leases, and at the incremental borrowing rate for other contracts, determined according to the term of the contract.

The term of a lease corresponds to the non-cancellable period, plus any period covered by an extension option that the Group is reasonably certain to exercise, and any period covered by a termination option that the Group is reasonably certain not to exercise.

There is no early termination clause in the various leases, nor any clause liable to terminate the contract leading to anything other than non-material penalties, in the event of non-renewal of the lease at the end of the non-cancellable period. Similarly, there are no economic incentives liable to induce one of the parties not to terminate the lease.

Right-of-use assets are depreciated over their estimated useful life for finance leases and over the lease term for other leases.

The Group has not identified any situations in which it is a lessor, nor any leaseback transactions.

The Group has not identified any leases that should have been subject to a specific impairment test.

4.3. IMPAIRMENT OF FIXED ASSETS

In accordance with IAS 36 "Impairment of assets", the net carrying value of property, plant and equipment and intangible assets is tested whenever there is evidence of impairment, and reviewed at the end of each period. This test is performed at least once a year for fixed assets with an indefinite useful life including goodwill, and for fixed assets in progress.

Depreciated and amortised assets are subject to tests for impairment when, due to specific events or circumstances, there is evidence of impairment.

For the performance of these tests, fixed assets are grouped into cash-generating units (CGU). CGUs are homogeneous groups of assets whose continued use generates cash inflows largely independent of the cash inflows generated by other asset groups.

In practice, the cash-generating units correspond to a continental geographical region. Fixed assets attached to these CGUs primarily include equipment and other industrial installations (mainly buildings and machinery). Sales subsidiaries are attached to the CGU from which they primarily source their products, as they are the commercial outlets for the production sites and cannot therefore be disassociated from them.

The CGUs defined by the Group are as follows: Americas CGU, Asia CGU, Europe CGU and Other CGU. No changes were made during the periods presented.

The impairment charge recorded amounts to the excess of the carrying amount of the CGU over its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

In practice, impairment tests are carried out in relation to the value in use of these CGUs, calculated with reference to the present value of future net cash flows.

Impairment thus calculated is first offset against goodwill, then against the CGU's other assets, up to their recoverable value.

Impairment charges for a CGU or an indefinite life asset are recorded under "Non-recurring income and expenses" or "Other operating income and expenses", depending on the origin of the impairment.

Goodwill impairment is only written back to income if the related entity is deconsolidated due to sale or liquidation, except for equity-accounted companies.

For non-financial assets (other than goodwill) having incurred impairment, the additional impairment charge or the reversal, as the case may be, is reassessed at the closing date of each year.

4.4. FINANCIAL INSTRUMENTS

Transaction costs directly attributable to the acquisition or issuance of a financial asset or liability are included on initial valuation of all financial assets and liabilities. Acquisition costs include direct external transaction costs. These transaction costs are only attributed to financial assets and liabilities not measured at fair value through profit or loss. Transaction costs are posted to the income statement in accordance with IFRS 9.

4.4.1. FINANCIAL ASSETS

Financial assets include non-current financial assets (mainly non-consolidated investments), current assets representing operating receivables, debt securities or investment securities.

Financial assets are stated according to their classification under IFRS 9, depending on how they are managed, as presented below:

- financial assets stated at fair value through profit or loss (FVTPL): the analysis results in non-consolidated investments and cash investments being assigned to this item;
- financial assets measured at fair value through other comprehensive income (FVOCI) that may be reclassified to profit or loss: no financial asset falls under this definition for the periods presented;
- financial assets measured at fair value through other comprehensive income (FVOCI) that may not be reclassified to profit or loss (irrevocable option for non-consolidated investments that meet the standard's criteria);
- non-current financial assets (deposits and guarantees, material loans, etc.), trade receivables and current financial assets other than cash and cash equivalents are assigned to this item. Transaction costs are recognised in the value of the asset, except for financial assets and liabilities recognised at fair value through profit or loss.

There are no other material operating financial assets (e.g. trade receivables) with a significant financing component.

The standard provides that, if an equity investment is not held for trading, an entity can make an irrevocable election to recognise changes in the fair value in other comprehensive income, with no possibility of recycling through profit or loss.

4.4.2. FINANCIAL LIABILITIES

Financial liabilities include borrowings, other financing, bank overdrafts and operating payables.

Borrowings are initially recognised at the amount received net of borrowing costs. Subsequently, borrowings are measured at the payable balance under the effective interest method. There are no financial liabilities recognised at fair value.

Other operating financial liabilities (trade payables, etc.) are measured at amortised cost. They contain no financing component.

4.4.3. HEDGING INSTRUMENTS

The Group has chosen not to use hedging instruments such as futures or options to protect against interest rate changes or currency fluctuations.

4.5. INVENTORIES AND WORK IN PROGRESS

Raw materials and traded goods are carried at actual purchase cost under the FIFO method.

Work in progress and finished goods are measured at production cost, including utilities and supplies and the share of direct and indirect manufacturing costs, restated for under-capacity usage, if applicable.

A provision for impairment is recognised where there are indications of impairment, such as slow turnover, or where the gross value determined under the conditions set out above is greater than the net realisable value, in which case an impairment charge is recorded for the difference.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale (mainly selling expenses).

Borrowing costs are not included in the measurement of inventory because of the short duration of the manufacturing cycle.

4.6. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables and other current assets largely consist of amounts owed by customers or loans due in less than one year that represent current financial assets. Such assets are recognised at fair value which, in practice, is close to their face value. They are discounted when they contain a financing component (due after one year).

In practice, there was no financing component in the periods presented. A provision is recorded when the recoverable amount is lower than the book value. The book value takes into account indications of impairment, based on criteria such as late payments, financial difficulties or disputes, or information obtained from the customer in the absence of indications.

The Group has not identified any other assets linked to contracts with customers.

This item also includes employee and tax-related receivables, which are measured at face value.

4.7. FACTORING

In light of the terms and conditions accorded to the Group following the revamped non-recourse factoring agreement dated 30 December 2011 with FACTO CIC and with Wells Fargo in the United States in early 2016, the Company records the cash received from the sale of the receivables under "Cash and cash equivalents" and security deposits under "Other current receivables", while assigned receivables which amounted to €71 million (€46 million in France, €22 million in the United States

and €3.9 million in the United Kingdom), compared to €75 million at 31 December 2022, are derecognised, mainly for the following reasons:

- The rights to cash flows from the assets assigned do not expire on the date of assignment;
- The rights to receive cash flows from the assets are transferred to the assignee (factor);
- The risks and rewards are substantially transferred to the factor. It is expressly stipulated under the terms of the contract that the factor shall not have recourse against SNF, in the event of the default of the assigned debtor for receivables guaranteed, and that late payment penalties are transferred to the factor. Based on historical statistics of contracting companies, the risk of default and late payment is nevertheless very low for all receivables assigned;
- Control of the asset is not retained by the Group.

Accounting for this means of financing is analysed on the basis of the decision tree provided under IFRS 9.

4.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank balances, short-term investments in money markets as well as amounts made available to us by the factor but unused.

Such assets are recognised and carried at fair value based on the last known price for the year. Changes in fair value are taken to income.

Cash equivalents are liquid investments readily convertible into cash and subject to an insignificant risk of changes in value.

4.9. INCOME TAX

Income tax expense and income include current tax expense/(income) and deferred tax expense/(income).

Current tax is the estimated tax due based on taxable income for the period. It also includes adjustments to amounts of current taxes of prior periods.

Deferred tax is calculated per entity under the balance sheet method. Temporary differences between book and tax values of assets and liabilities result in deferred tax in accordance with the liability method based on year-end tax rates.

Deferred tax assets resulting from temporary differences or unused tax losses are only offset against deferred liabilities with the same maturity, unless it is highly probable that they will be offset against future taxable income within the foreseeable future - generally considered to be from one to five years, or if the Group has decided to set up an internal tax accounting arrangement.

In compliance with IAS 12 "Income taxes", deferred tax assets and liabilities are not discounted.

For balance sheet presentation purposes, deferred tax assets and liabilities are offset at the level of each tax entity.

The regional economic contribution tax or CET (*contribution économique territoriale*) is comprised of two different levies - one assessed on business property (*contribution foncière des entreprises* or CFE) and the other on added value (*cotisation sur la valeur ajoutée des entreprises* or CVAE). This latter contribution is assessed on the basis of added value generated by the Company over the year. The Group has decided that CVAE meets the definition of income tax as defined by IAS 12.

4.10. PROVISIONS

In compliance with IAS 37 “Provisions, contingent liabilities and contingent assets”, provisions are recorded only if all of the following criteria are met:

- The Group has a present obligation arising from a past event;
- It is probable that an outflow of resources entailing economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions for contingencies and charges are recorded in compliance with the above three principles in the event of tax litigation, contingencies for non-consolidated subsidiaries or any other event meeting the definition of a liability. A review of all litigation was undertaken at the end of the reporting period by management and outside counsel, when necessary, to determine the amounts required to cover the estimated risk involved.

Information on contingent assets and liabilities is provided in the notes where necessary and when the impact is material.

Restoration of sites

Provisions are recorded for future expenditure for the restoration of sites resulting from a legal or constructive obligation on the basis of a reasonable estimate of their fair value in the period in which the obligation arises.

As a reverse entry for this provision, the costs of restoring sites are capitalised, included in the value of the underlying asset and amortised over its useful life.

The impact of the passage of time on the provision for restoring sites is measured by applying a discount effect to the provision amount.

For the fiscal years presented, Group management has not identified any significant future expenditure for the restoration of sites, whether involving environmental clean-up or dismantling, as defined above, calling for the recognition of a provision and an underlying asset.

4.11. EMPLOYEE BENEFITS

4.11.1. RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

In some countries, the Group has an obligation to pay retiring employees either retirement severance benefits or pension payments in accordance with formal retirement plans. The Group also has an obligation to make contributions to pension funds in countries where its subsidiaries operate. The accounting treatment of these retirement liabilities varies according to the applicable provisions of these plans.

- Defined contribution plans

Under defined contribution plans, payments are made to a third-party organisation that releases the employer from any subsequent obligation, while the organisation assumes responsibility for paying the pension to the employee. For this reason, contributions are recognised as expenses when they fall due.

- Defined benefit plans

In accordance with Revised IAS 19 “Employee benefits”, the corresponding liabilities are calculated

annually by independent actuaries under the projected unit credit method, taking into account actuarial assumptions that are updated for each valuation. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to determine the final obligation. The final obligation is then discounted.

For post-employment plans that meet three criteria (rights defined according to length of service, existence of an asset limit, presence in the company at the date of retirement), the obligation is spread over the years of service that confer benefit entitlement. In other cases, the obligation is spread over the period of service.

Each country defines the criteria to be used to perform the actuarial calculations. These include primarily the following variables: expected staff pay increases, life expectancy, staff turnover and the discount rate.

The discount rate is calculated with reference to government bonds having a maturity close to that of the liabilities.

Actuarial gains and losses resulting from changes in assumptions or differences in results for the plan's investments or liabilities are recognised immediately under other comprehensive income and are not written back to income.

Gains and losses from a change in plan are immediately recognised under income.

In practice, the plan changed following the pension reform adopted in April 2023, with an effective date of 1 September 2023, leading to an increase in the retirement age.

4.11.2. OTHER LONG-TERM BENEFITS

Some subsidiaries pay bonuses when giving length-of-service awards. The method used for calculating these liabilities is the same as that used for defined benefit plans, the only difference being that the benefits are paid at predetermined dates. Actuarial gains and losses arising from the plan's liabilities (such as the impact of the 2023 pension reform) and changes are immediately recognised in income.

NOTE 5 - PRESENTATION OF THE INCOME STATEMENT

5.1. REVENUE

Revenue represents the value, excluding tax, of goods and services sold by consolidated companies during their normal operating activities after eliminating intercompany sales.

Revenue is recognised upon the transfer of control related to the ownership of the goods.

Revenue is recognised at the fair value of the consideration received or receivable, i.e. after deducting amounts for trade discounts, rebates and related items.

The Group recognises revenue and costs relating to long-term contracts according to the cost-based percentage-of-completion method:

- The percentage of completion applicable to the contract is determined according to the ratio between costs incurred to date and expected costs to complete.
- The margin on completion of the construction contract is estimated on the basis of analyses of costs and revenue on completion, which are periodically revised at regular intervals over the duration of the contracts.

Contract costs on completion include:

- Materials purchased, outsourced studies, contract costs and other services related directly to the contract;
- Costs for the time of personnel directly assigned to the contract, including social security charges.

The costs of percentage-of-completion method contracts do not include financial expenses.

Provisions are recorded for the full amount of any probable losses on the contract from the moment they are identified.

Revenue from a contract consists of costs incurred and the margin recognised on a cost-based percentage-of-completion basis calculated for the contract according to the aforementioned method.

Revenue recognition is based on a number of estimates determined by monitoring the progress of the work and taking into account possibilities for unforeseen events in light of past experience. Consequently, adjustments may be made to these initial estimates over the term of the contract that may have a material effect on future results.

5.2. OPERATING EXPENSES

Operating expenses include the cost of sales, research and development expenditure, selling and administrative expenses.

5.3. OTHER OPERATING INCOME AND EXPENSES

- Recurring

“Other recurring operating income and expenses” includes capital gains and losses from the disposal of assets, where they do not meet the definition of non-recurring income and expenses, and are not attributable to sold or discontinued operations.

- Non-recurring

“Non-recurring operating income and expenses” consists of material items that are unusual, abnormal or infrequent in their occurrence. These are detailed in note 8.5 “Non-recurring operating income and expenses”.

5.4. OPERATING PROFIT

Operating profit includes all expenses and income not resulting from financing activities, associates, discontinued operations and income tax.

5.5. INTEREST EXPENSE

Net interest expense equals gross interest expense, consisting of interest on borrowings under the effective interest method, as well as amortisation of debt issuance expenses (this results from the EIR (effective interest rate) method: there is no amortisation of “debt issuance costs” under IFRS), less income on cash investments.

5.6. OTHER FINANCIAL INCOME AND EXPENSES

“Other financial income and expenses” include all other income and expenses not related to net borrowings (e.g. costs of banking services), income and expenses related to non-consolidated investments (e.g. changes in fair value, gain or loss on disposal, etc.).

5.7. EARNINGS PER SHARE

Basic earnings per share is calculated using net income of the period attributable to the Group divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share is identical to basic earnings per share as the Group does not have any equity instruments, such as stock options, or discontinued operations.

NOTE 6 - CONSOLIDATION SCOPE

6.1. CHANGES IN GROUP STRUCTURE

In 2023, the consolidation scope changed in South America with the acquisition of Sabinur (Argentina) and the buyout of all minority interests in BM Allied (Mexico), in North America with the acquisition of two distributors, and in Asia with the acquisition of a majority stake.

In 2022, the scope of consolidation changed with the consolidation of SNF Argentina S.R.L., a commercial entity that exceeded the consolidation threshold, and the acquisition of an entity in the Asia region.

6.2. CONSOLIDATED COMPANIES

The main companies consolidated at 31 December 2023 are as follows:

Entities	Country	Ownership interest (%)	Consolidation method
SNF Group	France	Parent company	
SNF SA	France	100%	Full consolidation
SNF Coagulants	France	100%	Full consolidation
Flocryl SA	France	100%	Full consolidation
Chemquest	South Africa	100%	Full consolidation
Polychemie GmbH	Germany	100%	Full consolidation
Reiflock	Germany & Austria	100%	Full consolidation
SNF Saudi Arabia	Saudi Arabia	75%	Full consolidation
SNF Argentina S.R.L.	Argentina	100%	Full consolidation
SABINUR	Argentina	100%	Full consolidation
SNF Australia (PTY) Ltd	Australia	100%	Full consolidation
Biomontan GmbH	Austria	50%	Full consolidation
SNF Water SPRL	Belgium	100%	Full consolidation
SNF do Brasil	Brazil	100%	Full consolidation
Flopam do Brazil Quimica Ltda	Brazil	100%	Full consolidation
SNF Canada Ltd	Canada	100%	Full consolidation
SNF Chile S.A.	Chile	100%	Full consolidation
Taixing Sen'ai Import and Export Co., Ltd	China	100%	Full consolidation
SNF (Shenyang) Petroleum Equipment Co., Ltd	China	100%	Full consolidation
SNF (Rudong) Chemicals Co	China	100%	Full consolidation
SNF Korea	South Korea	100%	Full consolidation
Sooyang Co., Ltd	South Korea	90%	Full consolidation
SNF Floerger Iberica SLU	Spain	100%	Full consolidation
SNF Holding Company	USA	100%	Full consolidation
SNF Inc.	USA	100%	Full consolidation

Flomin Inc.	USA	100%	Full consolidation
FloPam Inc.	USA	100%	Full consolidation
Polydyne Inc.	USA	100%	Full consolidation
Chemtall Incorporated	USA	100%	Full consolidation
Flocryl LLC	USA	100%	Full consolidation
Polychemie Inc.	USA	100%	Full consolidation
Floquip Engineering Company Inc.	USA	100%	Full consolidation
Global Environmental Solutions, Inc.	USA	100%	Full consolidation
SNF Oil and Gas	UK	100%	Full consolidation
SNF (UK) Limited	UK	100%	Full consolidation
Allied Water Solutions CEE	Hungary	100%	Full consolidation
SNF India	India	100%	Full consolidation
SNF Flopam India	India	100%	Full consolidation
PT. SNF Polymers Indonesia	Indonesia	100%	Full consolidation
SNF Italia S.p.A.	Italy	100%	Full consolidation
SNF Japan	Japan	90%	Full consolidation
Tomooka KK Ltd	Japan	65%	Full consolidation
SNF Mexico	Mexico	100%	Full consolidation
BM Allied Chemicals	Mexico	100%	Full consolidation
Petroleum Polymer Company LLC	Sultanate of Oman	99%	Full consolidation
Korona JV	Poland	100%	Full consolidation
SNF Vostok Ltd	Russia	100%	Full consolidation
SNF Flopam LLC	Russia	100%	Full consolidation
Flonex AG	Switzerland	100%	Full consolidation
SNF Turkey	Turkey	100%	Full consolidation

6.3. INVESTMENTS IN ASSOCIATES

Investments in associates mainly involve manufacturing and commercial companies.

<i>In € thousands</i>	2023	2022
Gross amount		
Opening balance	13,629	11,178
Share in net income/(loss)	383	1,366
Changes in consolidation scope	(1,482)	-
First-time consolidation	(6,038)	-
Other changes	(1,074)	520
Currency translation adjustments	60	565
Closing balance	5,477	13,629

The contribution of associates to the SNF Group financial statements as determined according to total assets (current and non-current), total liabilities (current and non-current), revenue and net income is non-material. Goodwill exists for certain associates, which has been tested in consequence according to the method described in note 7.1.

Direct and indirect holdings in these associates in which SNF Group exercises a significant influence range between 25% and 50%.

6.4. NON-CONSOLIDATED COMPANIES

As mentioned in note 3.1 “Basis of consolidation”, certain companies controlled by the Group considered non-material in relation to the size of the Group have not been consolidated (revenue less than €18 million and total assets less than €14 million).

6.4.1. DETAILS OF NON-CONSOLIDATED COMPANIES AT 31 DECEMBER 2023

Equity investments in companies not listed on an active market are measured using internal valuation techniques based on observable inputs (prices or price-derived data).

Amounts recognised under financial assets are presented below:

<i>In € thousands</i>	Ownership interest (%)	31/12/2023 Fair value	31/12/2022
SNF Portugal	100.00%	9,411	6,779
PT SNF Florindo	98.82%	7,396	7,077
Hymo Corporation	14.20%	6,609	6,900
SNF Netherlands	100.00%	5,203	6,323
PT. SNF Specialties Indonesia	100.00%	4,983	4,106
SNF Colombia	100.00%	3,655	689
KF-SNF Co., Ltd	100.00%	2,280	1,434
SNF Nordic AB	100.00%	1,942	1,927
Floerger (SEA) Singapore PTE Ltd	100.00%	1,935	1,788
HTS Bio SA	100.00%	1,926	2,055
FMI Process SA	100.00%	1,614	-
SNF Oman LLC	70.00%	1,499	1,510
SNF Chemical (Thailand) Co., Ltd	49.00%	1,483	1,446
SNF Floerger Philippines, Inc.	100.00%	1,190	699
EP MECA	20.00%	900	873
Sokoflok	99.00%	1,746	1,536
Beijing Zhijie Flocculant Co., Ltd (BZF)	100.00%	634	671
SNF Chad	100.00%	526	398
Other		6,057	10,217
Total		60,987	56,426

6.4.2. CHANGES IN NON-CONSOLIDATED COMPANIES IN FISCAL 2023

<i>In € thousands</i>	2023	2022
Gross amount		
Opening balance	56,426	50,613
Acquisitions/increases	5,759	10,713
Disposals	-	-
Changes in consolidation scope	(1,320)	(5,554)
Other changes	-	564
Currency translation adjustments	122	90
Closing balance	60,987	56,426

NOTE 7 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. INTANGIBLE ASSETS

In accordance with IAS 36 and IAS 38, indefinite life fixed assets, namely goodwill, are not amortised but rather subject to annual impairment tests. Details on procedures for impairment tests are provided in the note below.

Other finite life intangible assets are amortised on a straight-line basis over their useful lives. Allowances for amortisation are recognised under the operating margin.

2023

<i>In € thousands</i>	Goodwill	Devel- opment costs	Patents	Other intan- gible assets	Adv & prepay	Total
Gross amount						
Opening balance	92,157	40,142	67,021	88,017	17,681	305,016
Changes in consolidation scope	10,001	(2,578)	1,497	16,841	-	25,761
Acquisitions/increases	(748)	4,220	2,261	11,903	4,661	22,297
Disposals/decreases	(17)	-	-	(35)	(2,039)	(2,091)
Other changes	(462)			(4,610)	63	(5,010)
Currency translation adjustments	(1,939)	-	(1,442)	(1,912)	-	(5,293)
Closing balance	98,991	41,784	69,336	110,203	20,365	340,679
Amortisation and impairment						
Opening balance		(31,531)	(42,295)	(40,202)		(114,028)
Changes in consolidation scope		1,910	526	(314)		2,123
Allowances		(3,842)	(2,639)	(7,993)		(14,473)
Impairment charges						-
Disposals		-	-	28		28
Other changes		-	-	675		675
Currency translation adjustments		-	282	336		618
Closing balance	-	(33,462)	(44,125)	(47,469)	-	(125,057)
Opening net value	92,157	8,611	24,726	47,815	17,681	190,989
Closing net value	98,991	8,321	25,211	62,734	20,365	215,622

The change in “Advances and prepayments” comes from an increase in French intangible assets in progress (capitalised development costs) compared with the previous year.

Intangible assets in progress at 31 December 2023 amounted to €20 million, compared to €17 million in 2022. Commissioning will mostly take place in 2024.

Goodwill breaks down by geographical region as follows:

<i>In € thousands</i>	31/12/2023	31/12/2022
Europe	16,071	15,952
Americas	73,456	61,786
Asia	7,768	12,697
Other	1,696	1,722
Total	98,991	92,157

Data for 2022:

2022						
<i>In € thousands</i>	Good-will	Devel-opment costs	Patents	Other intan-gible assets	Adv & prepay	Total
Gross amount						
Opening balance	79,075	35,910	75,377	89,755	15,401	295,518
Changes in consolidation scope	9,534	-	-	253	-	9,787
Acquisitions/increases	(151)	153	1,909	8,920	8,210	19,041
Disposals/decreases	-	-	(10,978)	(11,205)	(1,428)	(23,610)
Other changes	-	4,079	424	(3,813)	(4,503)	(3,813)
Currency translation adjustments	3,699	-	289	4,107	-	8,094
Closing balance	92,157	40,142	67,021	88,017	17,681	305,016
Amortisation and impairment						
Opening balance		(26,715)	(50,076)	(48,763)		(125,554)
Changes in consolidation scope		-	-	(40)		(40)
Allowances		(4,816)	(2,539)	(7,408)		(14,763)
Impairment charges						-
Disposals		-	10,978	11,118		22,096
Other changes		-	(0)	6,343		6,343
Currency translation adjustments		-	(658)	(1,452)		(2,110)
Closing balance	-	(31,531)	(42,295)	(40,202)	-	(114,028)
Opening net value	79,075	9,195	25,301	40,992	15,401	169,964
Closing net value	92,157	8,611	24,726	47,815	17,681	190,989

The change in “Advances and prepayments” comes from an increase in French intangible assets in progress (capitalised development costs and acquisition of know-how) compared with the previous year.

Goodwill is tested for impairment at the end of each period on the basis of five-year plans approved by the Board of Directors. These tests are conducted using the discounted cash flow (DCF) method applied at the level of the cash-generating units (CGU) as described in note 4.3.

Goodwill tested amounted to €16.1 million for the Europe region and €7.8 million for the Asia region. Otherwise, goodwill amounted to €73.5 million for the Americas CGU and €1.7 million for Rest of the World.

The pre-tax discount rates used for these calculations correspond to the weighted average cost of capital (WACC) and are applied to post-tax cash flows. Their use results in the calculation of recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36. The assumptions used for revenue projections and terminal values for the Americas, Asia and Europe CGUs are in line with the business plans drawn up and take into account, in particular, the strong worldwide growth in demand for water and sludge treatment products.

No impairment was recognised following tests carried out on CGU goodwill in 2023 and 2022. These tests are performed every year in the fourth quarter.

It should be noted that there is no goodwill in the Russia region.

The following discount rates and perpetuity growth rates were applied to fiscal years 2023 and 2022:

	31/12/2023		31/12/2022	
In € thousands	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
Europe	9.30%	1.50%	9.50%	1.50%
Americas	8.40%	2.50%	8.60%	2.50%
Asia	8.90%	2.50%	9.30%	2.50%
Other	12.80%	1.00%	11.70%	1.00%

Sensitivity testing performed at 31 December 2023, in the case of a reasonable variation (+/-0.5%) in the underlying discount rate and perpetuity growth rate assumptions, has confirmed the net book values of the different CGUs. We did not identify any reasonably likely scenarios that could necessitate a material impairment charge against goodwill.

Sensitivity testing on the main assumptions showed an increase of the Goodwill of €0.9 million in the case of a 0.50% decrease and a decrease of €1 million in the case of a 0.50% increase.

7.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2023:

2023

<i>In € thousands</i>	Land	Bldgs	Plant and equipment	Other PP&E	Fixed assets in progress	Adv & pre-pay	Right-of-use assets	Total
Gross amount								
Opening balance	109,700	562,530	2,658,703	147,644	580,221	8,359	106,945	4,174,102
Changes in consolidation scope	1,890	874	5,693	5,146	199	-	2,846	16,648
Acquisitions/increases	20,989	28,904	248,328	9,344	144,572	341	24,869	477,347
Disposals	(30)	(469)	(33,025)	(1,104)	(2,319)		(9,655)	(46,601)
Other changes	-	454	3,822	506	144	-	2,318	7,245
Currency translation adjustments	(4,154)	(16,779)	(90,622)	(3,002)	(17,319)	(381)	(3,028)	(135,285)
Closing balance	128,396	575,515	2,792,899	158,535	705,499	8,319	124,295	4,493,457
Depreciation and impairment								
Opening balance	-	(228,684)	(1,360,067)	(85,808)	(30,532)		(53,645)	(1,758,736)
Changes in consolidation scope	-	396	(3,306)	(3,293)	-		(782)	(6,985)
Currency translation adjustments	-	(22,725)	(209,554)	(11,295)	(20,672)		(18,081)	(282,327)
Allowances								-
Other changes	-	95	31,066	788	-		9,647	41,595
Impairment charges	-	(50)	874	(170)	6,422		389	7,465
Derecognition	-	6,848	46,311	1,811	6,541		1,687	63,198
Closing balance	-	(244,119)	(1,494,677)	(97,968)	(38,241)	-	(60,785)	(1,935,791)
Opening net value	109,700	333,846	1,298,636	61,836	549,689	8,359	53,300	2,415,365
Closing net value	128,396	331,396	1,298,223	60,567	667,257	8,319	63,510	2,557,667

Capital expenditure on property, plant and equipment in 2023 amounted to €477 million, mainly including the following items:

- France: process improvement and increased capacity (€192 million);
- USA: process improvement and increased capacity (€171 million);
- Indonesia: increased capacity (€20 million);
- South Korea: increased capacity (€19 million).
- China: increased capacity (€15 million);
- India: increased capacity (€11 million);
- UK: increased capacity (€9 million);
- Argentina: increased capacity (€4 million);
- Brazil: increased capacity (€3 million).

Interest expense capitalised in accordance with IAS 23 amounted to €14 million for fiscal year 2023.

An €18.9 million impairment of the assets of a Russian entity was recorded in 2023.

Property, plant and equipment at 31 December 2022:

2022								
In € thou- sands	Land	Bldgs	Plant and equip- ment	Other PP&E	Fixed assets in pro- gress	Adv & pre- pay	Right- of-use assets	Total
Gross amount								
Opening balance	102,150	491,415	2,285,242	127,299	617,497	10,180	87,776	3,721,560
Changes in consol- idation scope	1,249	7,146	12,765	408	-	-	-	21,568
Acquisitions/in- creases	4,877	9,786	32,412	6,340	348,208	193	21,436	423,252
Disposals	(577)	(544)	(59,042)	(1,264)	(5,274)	(2,062)	(5,197)	(73,960)
Other changes	-	44,734	331,934	11,078	(389,313)	(5)	580	(992)
Currency transla- tion adjustments	2,001	9,993	55,392	3,783	9,103	53	2,350	82,675
Closing balance	109,700	562,530	2,658,703	147,644	580,221	8,359	106,945	4,174,102
Depreciation and impairment								
Opening balance	-	(202,169)	(1,170,528)	(74,089)	(1,555)	-	(39,061)	(1,487,401)
Changes in consol- idation scope	-	(623)	(1,970)	(175)	-	-	-	(2,769)
Allowances	-	(21,617)	(194,119)	(10,613)	(30,404)	-	(17,559)	(274,311)
Impairment charges	-	-	-	-	-	-	-	-
Disposals	-	168	35,598	1,073	-	-	4,988	41,827
Other changes	-	-	178	100	-	-	(526)	(248)
Currency transla- tion adjustments	-	(4,444)	(29,226)	(2,105)	1,427	-	(1,487)	(35,835)
Closing balance	-	(228,684)	(1,360,067)	(85,808)	(30,532)	-	(53,645)	(1,758,736)
Opening net value	102,150	289,246	1,114,714	53,210	615,942	10,180	48,716	2,234,158
Closing net value	109,700	333,846	1,298,636	61,836	549,689	8,359	53,300	2,415,365

7.3. EQUITY INTERESTS

Non-current financial assets break down as follows:

2023							
<i>In € thousands</i>	Non-consolidated investments	Other long-term investment securities	Rel. receiv.	Loans	Deposits and guarantees	Other	Total
Gross amount							
Opening balance	56,426	141	7,974	3,355	3,710	543	72,149
Changes in consolidation scope	(1,303)	-	749	(5)	(32)	(0)	(591)
Acquisitions/increases	5,759	1	4,942	4,686	464	(181)	15,673
Disposals/repayments	(17)	-	(985)	(838)	(389)	(11)	(2,239)
Other changes	-	-	-	(98)	-	2,482	2,383
Currency translation adjustments	122	(13)	0	(250)	(174)	(85)	(400)
Closing balance	60,987	129	12,680	6,851	3,579	2,748	86,975
Provisions							
Opening balance	-	-	(2,233)	(33)	-	(80)	(2,345)
Changes in consolidation scope			-	-	-	-	-
Currency translation adjustments			-	-	-	5	5
(Allowances)/reversals			-	-	-	-	-
Impairment charges							-
Derecognition/other changes			78	-	-	-	78
Closing balance	-	-	(2,155)	(33)	-	(75)	(2,262)
Opening net value	56,426	141	5,742	3,323	3,710	463	69,804
Closing net value	60,987	129	10,525	6,818	3,579	2,673	84,713

Non-current financial assets consist mainly of equity interests in non-consolidated companies (€61 million) as described in note 6.4 “Non-consolidated companies”.

2022

<i>In € thousands</i>	Non-consolidated investments	Other long-term investment securities	Rel. receiv.	Loans	Deposits and guarantees	Other	Total
Gross amount							
Opening balance	50,613	149	12,250	3,626	3,933	606	71,176
Changes in consolidation scope	(5,310)	-	(0)	-	-	(442)	(5,751)
Acquisitions/increases	10,713	1	1,394	1,380	64	535	14,088
Disposals/repayments	-	-	(6,909)	(480)	(168)	(4)	(7,560)
Other changes	320	-	1,238	(1,128)	0	(112)	318
Currency translation adjustments	90	(10)	-	(43)	(119)	(40)	(122)
Closing balance	56,426	141	7,974	3,355	3,710	543	72,149
Provisions							
Opening balance	-	-	(8,659)	(46)	-	(79)	(8,784)
Changes in consolidation scope	-	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	-	(0)	(0)
(Allowances)/reversals	-	-	(278)	10	-	-	(269)
Impairment charges	-	-	-	-	-	-	-
Derecognition/other changes	-	-	6,705	3	-	-	6,708
Closing balance	-	-	(2,233)	(33)	-	(80)	(2,345)
Opening net value	50,613	149	3,592	3,580	3,933	526	62,393
Closing net value	56,426	141	5,742	3,323	3,710	463	69,804

7.4. OTHER NON-CURRENT ASSETS

Other non-current assets mainly comprise long-term receivables totalling €16 million in 2023 (€18.2 million in 2022).

7.5. INVENTORIES AND WORK IN PROGRESS

In accordance with note 4.5 "Inventories and work-in-progress", inventories of raw materials are carried at actual purchase cost under the FIFO method, while other inventories are measured at the lower of cost price or market value.

The value of inventories at 31 December 2023 and 2022 broke down as follows:

In € thousands	31/12/2023	31/12/2022
Raw materials	372,469	445,925
Work in progress	21,547	19,376
Finished goods	371,128	399,041
Trade goods	121,706	155,685
Total	886,850	1,020,027

The decrease in the item is due to a decline in the price of raw materials and in business in fiscal year 2023.

7.6. TRADE RECEIVABLES/RECEIVABLES & PAYABLES ON LONG-TERM CONTRACTS

7.6.1. TRADE RECEIVABLES

In € thousands	31/12/2023	31/12/2022
Trade receivables	813,624	871,141
Impairment	(33,803)	(24,917)
Total	779,821	846,224

“Trade receivables” primarily comprise amounts owing from customers relating to the Group’s operations.

The fair value of trade receivables represents their carrying value given their short-term maturities (less than one year).

The financial position of customers is reviewed periodically and provisions are recorded for any bad debt risks in view of the age of the receivables and the customer’s financial situation. During the period presented, the Group did not experience any significant difficulties with respect to the collection of trade receivables.

7.6.2. TRADE RECEIVABLES AND PAYABLES ON LONG-TERM CONTRACTS

Long-term contracts for which work is in progress are measured and presented as described in note 5.1.

<i>In € thousands</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
Trade receivables	94,591	72,803
Trade payables	(33,536)	(33,966)
Percentage-of-completion method contracts in progress, net	61,055	38,837

7.7. FINANCIAL ASSETS AND OTHER CURRENT RECEIVABLES

<i>In € thousands</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
Supplier advances and rebates receivable	46,255	41,005
Receivables to be invoiced	10,002	10,362
Social security receivables	3,009	3,151
Tax receivables	46,758	39,878
VAT receivables	45,921	41,110
Accrued income	-	-
Current account loans to non-consolidated subsidiaries	298	225
Customer portfolio management receivables	8,348	8,472
Operating grant receivable	1,876	1,944
Prepaid expenses	17,850	17,538
Customs duty receivable	5,256	5,446
Financial assets	22,296	12,706
First demand guarantee	-	-
Other	12,573	8,355
Total	220,443	190,193

“Supplier advances and rebates receivable” rose in 2023 by €5.2 million from Chinese entities.

Tax receivables increased €6.9 million, mainly from French entities for €4.3 million and from Indian entities.

The increase in VAT receivables was mainly due to a higher VAT credit in China (€3.7 million).

“Customs duty receivable” concerns our US subsidiary and corresponds to rebates on customs duty related to products imported to the United States.

Financial assets increased €9.6 million with deposits and guarantees, which rose by €5 million in India and €3.5 million in China.

Receivables for customer portfolio management include security deposits and reserves for repayments relating to the implementation of a factoring agreement in France in 2009 (see note 4.7 above).

7.8. NET CASH AND CASH EQUIVALENTS

Net cash managed, including cash management financial assets, breaks downs as follows:

<i>In € thousands</i>	31/12/2023	31/12/2022
Marketable securities	3,079	1,315
Cash at bank	440,672	309,559
Gross cash and cash equivalents	443,750	310,874
Bank overdrafts	(24)	(44)
Net cash and cash equivalents	443,726	310,830
Cash management financial assets		
Listed securities (*)	73,130	59,555
Net cash managed	516,856	370,385

(*) Investments with a management term that does not meet IAS 7 criteria for classification as cash equivalents

The securities of listed companies and marketable securities consist mainly of short-term investment securities carried at market price at 31 December for the period in question.

7.9. EQUITY

BREAKDOWN OF SHARE CAPITAL

No changes were made to the share capital in 2022 and 2023.

At 31 December 2023, share capital amounted to €50.04 million divided into 4,549,000 shares each with a par value of €11. HFP SAS holds 58.29% of SNF Group's share capital.

ADDITIONAL PAID-IN CAPITAL, RETAINED EARNINGS AND RESERVES (BEFORE APPROPRIATION OF EARNINGS)

Undistributed earnings, including SNF Group balance sheet reserves, amounted to €1,975.6 million at 31 December 2023 (31 December 2022: €1,722.6 million).

TREASURY SHARES

The Group does not hold any treasury shares.

DIVIDENDS

SNF Group paid a dividend of €0.22 per share for the 2022 fiscal year (26 June 2023 AGM) resulting in a total dividend payout of €1 million.

POLICY FOR MANAGING EQUITY

The Company is not subject to any specific regulatory or contractual obligations with respect to its share capital. The Group does not have a particular policy regarding the management of equity. For the purpose of monitoring its equity, the Company integrates the same items used for its consolidated equity.

7.10. NON-CONTROLLING INTERESTS

The change in non-controlling interests among consolidated companies breaks down as follows:

<i>In € thousands</i>	31/12/2023	31/12/2022
Opening balance	42,250	37,364
Share of income of subsidiaries	8,099	9,829
Dividends paid to non-controlling interests	(5,372)	(3,965)
Changes in consolidation scope	3,294	289
Other changes	(77)	(278)
Currency translation adjustments	(2,575)	(990)
Total	45,619	42,250

The change in non-controlling interests in 2023 mainly results from the performance of these entities and changes in dividends paid.

The change in non-controlling interests in 2022 mainly resulted from the performance of these entities and changes in currency translation adjustments.

7.11. OTHER PROVISIONS

Provisions break down as follows:

	31/12/2023		31/12/2022	
<i>In € thousands</i>	Non-current	Current	Non-current	Current
Pension and similar liabilities	17,098	1,184	18,434	1,085
Lawsuit contingency provisions		1,409		1,806
Provisions for subsidiary customer risks	4,291	386	4,349	66
Tax contingencies	2,134		2,270	
Other contingencies	856		910	
Total	24,379	2,979	25,964	2,958

Provisions are divided into current and non-current categories according to their respective portions applicable within or after one year.

Changes in these provisions (excluding pensions and similar liabilities) for the year break down as follows:

<i>In € thousands</i>	01/01/2023	Additions	Reversals of unused provisions	Provisions used in the period	Other changes	31/12/2023
Lawsuit contingency provisions	1,806	-	243	(562)	(77)	1,410
Other contingencies	4,416	-	1,520	(1,062)	(197)	4,677
Provisions for subsidiary customer risks	2,270	-	(251)	-	115	2,134
Tax contingencies	911	50	-	-	(106)	855
Total	9,403	50	1,513	(1,624)	(265)	9,077

Lawsuit contingency provisions

Certain subsidiaries are defendants in litigation and claims by third parties. Provisions for these contingencies have been estimated according to the principle described in note 4.10.

At 31 December 2023, lawsuit contingency provisions included:

	31/12/2023		31/12/2022	
<i>In € thousands</i>	Current	Non-current	Current	Non-current
Waste elimination contingencies	-		34	
Local administration litigation/contingencies		2,134		2,270
Sales-related litigation/contingencies	386	4,291	66	4,349
Staff-related litigation/contingencies	243		528	
Other litigation and contingencies	1,166	856	1,244	911
Total	1,795	7,282	1,873	7,530

Sales-related contingencies concern provisions for loss on completion in respect of percentage-of-completion method contracts.

7.12. EMPLOYEE BENEFITS AND EQUIVALENT

7.12.1. POST-EMPLOYMENT BENEFITS

ASSUMPTIONS

Provisions recorded for pension and similar liabilities in accordance with note 4.11 mainly concern France and the USA.

These liabilities are determined by actuaries based on given assumptions that are reviewed each year.

	France		USA	
Assumptions	2023	2022	2023	2022
Economic assumptions				
Wage growth rate*	1.8% to 3.5%	1.8% to 3.5%	2.98% to 6.20%	2.98% to 6.20%
Discount rate	3.20%	3.75%	5.00%	5.15%
Expected rate of return on plan assets	3.20%	3.75%	5.00%	5.15%
Average remaining working lives	21.9 years	20.3 years	16 years	14 years
Social security charge rate	39 to 50%	40 to 50%		
Demographic assumptions				
Retirement age	62 to 64 years	60 to 62 years	65 years	65 years
Employee mobility rate*	0.9% to 5%	0.9% to 5%	2.94% to 17%	3% to 17%
Mortality tables	TGH & TGF 05	TGH & TGF 05	PRI-2012	PRI-2012
	INSEE H / F 2018 – 2020			

* Rates indicated depend on age and social and professional categories

The investment rate of return is the same as the discount rate applied to the liability in accordance with Revised IAS 19.

INFORMATION ON FINANCIAL ASSETS AND RECOGNISED EXPENSES

The liability and recognised expense break down as follows:

31/12/2023

In € thousands	France	USA	Other countries	Total
Present value of liability	(15,815)	(55,839)	(2,728)	(74,383)
Present value of fund assets	1,796	57,651		59,448
UNDERFUNDED LIABILITY	(14,019)	1,812	(2,728)	(14,935)

31/12/2022

<i>In € thousands</i>	France	USA	Other countries	Total
Present value of liability	(15,363)	(90,784)	(2,539)	(108,687)
Present value of fund assets	1,689	88,614		90,303
UNDERFUNDED LIABILITY	(13,674)	(2,171)	(2,539)	(18,384)

The detailed breakdown of changes in the financial position of plans at 31 December 2023 was as follows:

The increase in interest rates led to a sharp change in actuarial gains and losses.

31/12/2023

<i>In € thousands</i>	France	USA	Other countries	Total
Present value of liability				
Opening balance	(15,363)	(90,784)	(2,539)	(108,687)
Service costs	(624)	(2,205)	28	(2,801)
Interest costs	(517)	(4,525)		(5,043)
Past service costs				-
Benefit payments	571	2,839		3,410
Actuarial gains/(losses)	(843)	1,425		582
Other (*)	961	34,944		35,905
Currency translation adjustments		2,468	(217)	2,251
Closing balance	(15,815)	(55,839)	(2,728)	(74,382)
Present value of fund assets				
Opening balance	1,689	88,614		90,303
Return on plan assets	69	4,340		4,410
Employer contributions	358	3,007		3,366
Benefit payments	(356)	(2,839)		(3,195)
Actuarial gains/(losses)	35	1,949		1,984
Other (*)		(34,944)		
Currency translation adjustments and other		(2,476)		(2,476)
Closing balance	1,796	57,651	-	94,391

(*) Other:

For France, this impact is due to the pension reform in France, which became law on 15 April 2023

For the United States, these are contracts transferred to an external entity for employees who have already left (retired or left the SNF Group)

The detailed breakdown of changes in the financial position of plans at 31 December 2022 was as follows:

31/12/2022				
<i>In € thousands</i>	France	USA	Other countries	Total
Present value of liability				
Opening balance	(18,721)	(116,537)	(2,514)	(137,772)
Service costs	(1,253)	(3,519)	10	(4,763)
Interest costs	(224)	(3,524)		(3,749)
Past service costs				-
Benefit payments	1,241	2,692		3,932
Actuarial gains/(losses)	3,595	37,714		41,309
Currency translation adjustments		(7,609)	(35)	(7,644)
Closing balance	(15,363)	(90,784)	(2,539)	(108,687)
Present value of fund assets				
Opening balance	2,010	95,214	-	97,224
Return on plan assets	24	2,778		2,802
Employer contributions	261	5,454		5,715
Benefit payments	(576)	(2,692)		(3,268)
Actuarial gains/(losses)	(30)	(18,183)		(18,213)
Currency translation adjustments and other		6,043		6,043
Closing balance	1,689	88,614	-	90,303

In the United States, 2023 pension liabilities are partly covered by independent investment funds, the current value of which amounts to €57.7 million. These funds break down as follows:

- Bonds: 0%
- Equities: 54%
- Real estate: 46%

In the United States, 2022 pension liabilities are partly covered by independent investment funds, the current value of which amounts to €88.6 million. These funds break down as follows:

- Bonds: 0%
- Equities: 43%
- Real estate: 57%

The impact of changes in these plans on the financial statements breaks down as follows:

BALANCE SHEET

2023

In € thousands				
	France	USA	Other countries	Total
Balance of the prior period	(13,674)	(2,170)	(2,538)	(18,382)
Costs of the period	(1,072)	(2,390)	28	(3,434)
Benefit payments net of fund reimbursements	215			215
Contributions paid to the plan	358	3,007		3,366
Actuarial gains/(losses)	(808)	3,374		2,566
Other (*)	961			
Reclassifications				
Currency translation adjustments and other		(8)	(217)	(225)
Closing balance	(14,019)	1,812	(2,727)	(15,895)

(*) Other:

For France, this impact is due to the pension reform in France, which became law on 15 April 2023

2022

In € thousands				
	France	USA	Other countries	Total
Balance of the prior period	(16,712)	(21,323)	(2,513)	(40,548)
Costs of the period	(1,455)	(4,265)	10	(5,710)
Benefit payments net of fund reimbursements	667			667
Contributions paid to the plan	261	5,454		5,714
Actuarial gains/(losses)	3,566	19,531		23,096
Reclassifications				
Currency translation adjustments and other		(1,567)	(35)	(1,602)
Closing balance	(13,674)	(2,170)	(2,539)	(18,383)

INCOME STATEMENT

	2023			
<i>In € thousands</i>	France	USA	Other countries	Total
Annual service costs	(338)	2,205	(28)	1,839
Financial costs of the liability	517	4,525		5,043
Financial income from fund investments	(69)	(4,340)		(4,410)
Cost of the period (in operating income and expense)	110	2,390	(28)	2,472

	2022			
<i>In € thousands</i>	France	USA	Other countries	Total
Annual service costs	1,253	3,519	(10)	4,763
Financial costs of the liability	224	3,524		3,749
Financial income from fund investments	(24)	(2,778)		(2,802)
Cost of the period (in operating income and expense)	1,453	4,265	(10)	5,709

7.12.2. OTHER LONG-TERM BENEFITS

Liabilities for length-of-service awards in France are reviewed by actuaries and amounted to €1.4 million at 31 December 2023.

The discount rate applied for 2023 was 3.20% (2022: 3.75%).

7.12.3. SENSITIVITY TESTING OF THE LIABILITIES

In France, sensitivity tests with a discount rate of 3.45% and 2.95% lead to a change in retirement severance benefits (IFC) (+/-3%) and pension liabilities (+/-1.5%) of +/- €0.4 million.

In the United States, a 4.75% discount rate would increase the liability by some €2.5 million while a 5.25% discount rate would lead to a €2.4 million reduction.

7.13. BORROWINGS

In September 2021, the Group restructured its USD debt in order to benefit from favourable market conditions and extend its debt maturity.

On 20 September 2021, the US\$500 million high yield bond placements issued in 2013 and 2017 were restructured as follows:

	High yield 2013 & 2017	High yield 2021	High yield 2021
Nominal value (US\$)	500	350	350
Maturity	2025	2027	2030
Interest rate	4.875%	3.125%	3.375%

7.13.1. GROSS BORROWINGS AT 31 DECEMBER 2023 AND 2022

<i>In € thousands</i>	31/12/2023	31/12/2022
Bond debt	1,328,565	1,347,826
Bank borrowings	399,150	456,727
Lease liabilities	50,552	41,241
Other borrowings	5,321	4,510
Employee profit-sharing	272	-
Non-current borrowings	1,783,859	1,850,304
Bank borrowings	67,544	41,231
Employee profit-sharing	439	456
Other borrowings	487	542
Lease liabilities	15,126	14,576
Current borrowings	83,596	56,806
Gross borrowings	1,867,455	1,907,109
Gross cash and cash equivalents	(516,880)	(370,429)
Net borrowings	1,350,574	1,536,681

Borrowings are initially recognised at fair value net of directly attributable debt issuance costs. They are subsequently measured at amortised cost. Measurement of the effective interest rate includes interest payments and the amortisation of debt issuance costs. Debt issuance costs are amortised in financial expenses over the term of the loan using the EIR method.

In June 2023, SNF Group restructured its revolving credit facility. The Group has a €750 million revolving credit facility maturing in June 2028, with two extension options of one year each. At 31 December 2023, €158 million had been drawn down (€48 million at 31 December 2022).

The breakdown of borrowings and debt by maturity is presented below:

<i>In € thousands</i>	31/12/2023	31/12/2022
< 1 year	83,596	56,806
1 to 2 years	25,291	126,417
2 to 3 years	588,413	55,529
3 to 4 years	319,337	633,263
4 to 5 years	163,317	329,905
> 5 years	687,501	705,190
Total	1,867,455	1,907,109

This syndicated credit facility was established for SNF Group. This facility includes a *pari passu* clause with the other bond debts.

The interest rate applied to amounts borrowed corresponds to the benchmark rate in the borrowing currency plus a variable margin.

7.13.2. COVENANT

The continued availability of the revolving credit facility is subject to compliance with a financial ratio tested every 12 months at the end of the first half, or at the closing date of the fiscal year in question.

This ratio corresponds to the consolidated net borrowings divided by consolidated EBITDA. The definitions of consolidated net borrowings and consolidated EBITDA are set out in the credit facility agreement signed in June 2023.

Under the 27 June 2023 agreement, the Group undertakes that, at each test period, the financial debt ratio will be equal to or less than 4.00.

The margin applicable to credit facilities is adjustable according to the debt ratio calculated for the fiscal year covered by the annual consolidated financial statements or the period ending 30 June of each year covered by the interim financial statements.

The covenant was in compliance in 2023 and 2022.

Breakdown of current borrowings:

<i>In € thousands</i>	31/12/2023	31/12/2022
Other borrowings	60,006	33,283
Lease liabilities	15,126	14,576
Current account borrowings	487	542
Bank overdrafts	24	44
Accrued interest on borrowings	7,514	7,904
Employee profit-sharing	439	456
Current borrowings	83,596	56,806

The “Other borrowings” line item reflects financing for working capital requirements of Chinese and Japanese subsidiaries and amounts borrowed to finance the acquisition of property and equipment for the UK, US and German subsidiaries.

The characteristics of these borrowings are as follows:

2023

<i>In € thousands</i>	Balance sheet amount	Issuance currency	Maturity	Effective rate
NON-CURRENT				
Employee profit-sharing	272	EUR		Fixed
Lease liabilities	50,552		2023 to 2027	Floating
Current account borrowings	5,235	EUR/GBP		Floating
Bond debt	1,328,565	EUR/USD	2026, 2027, 2029 and 2030	2% and 3.375%
Borrowings/France	398,876	EUR/USD	2023 to 2028	Fixed & floating
Borrowings/USA	273	USD	2023	Variable SOFR
Borrowings/other countries	0	EUR		Floating
TOTAL NON-CURRENT	1,783,772			
CURRENT				
Employee profit-sharing	439	EUR/MXN	2023	Fixed
Lease liabilities	15,126		2023	Floating Euribor
Bank borrowings	11,822		2023	Floating
Borrowings/USA	55,110	USD	2023	Variable SOFR
Current account borrowings	487	EUR/GBP	2023	Floating
Borrowings/France	700	EUR/USD	2023	Fixed & floating
Borrowings/other countries			2023	Floating
TOTAL CURRENT	83,682			

7.13.3. NET BORROWINGS

<i>In € thousands</i>	31/12/2023	31/12/2022
Non-current borrowings	1,783,859	1,850,304
Current borrowings	83,596	56,806
Gross borrowings	1,867,455	1,907,109
Gross cash managed	(516,880)	(370,429)
Derivatives		
Net borrowings	1,350,574	1,536,681

Net borrowings include all current and non-current borrowings less cash and readily realisable cash equivalents with maturities of less than one year.

7.13.4. LEASE LIABILITIES

At 31 December 2023, lease liabilities amounted to €65.7 million, including €44.2 million due in more than one year and €21 million due within a year.

Changes over the year are broken down as described in the table below:

<i>In € thousands</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
Opening lease liabilities	55,817	50,813
New lease liabilities	16,147	14,501
First-time consolidation	2,097	(0)
Payment of lease liabilities	(6,971)	(10,429)
Termination of leases		
Other changes	-	-
Foreign exchange impact	(1,413)	932
Closing lease liabilities	65,677	55,817

Maturities break down as follows:

<i>In € thousands</i>	<i>Current and non-current lease liabilities</i>	<i>< 1 year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>> 5 years</i>
Real estate lease liabilities	12,212	311	323	1,048	10,529
Other lease liabilities	53,465	21,131	8,298	14,248	9,789
31/12/2023	65,677	21,442	8,621	15,296	20,318

7.13.5. AVERAGE COST OF DEBT

The average pre-tax cost of debt for fiscal 2023 was 3.07%.

	<i>2023</i>	<i>2022</i>
Average cost of debt	3.07%	2.75%

This was determined on the basis of the average value of drawn-down credit facilities over the year, adjusted for the weighted gross interest expense (including amortisation of debt issuance costs) for each category of debt.

7.14. TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities break down as follows:

	31/12/2023		31/12/2022	
<i>In € thousands</i>	Non-cur- rent	Current	Non-cur- rent	Current
Operating payables	2,481	467,534	2,686	584,576
Payables to fixed asset suppliers	2,793	52,108	0	49,191
Tax and social security liabilities	-	123,105	-	94,244
Other payables	18,081	70,549	27,374	70,916
TOTAL	23,355	713,295	30,060	798,927

The decrease in these items is mainly due to a decline in the price of raw materials and in business in fiscal year 2023.

7.15. BOOK VALUE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

7.15.1. FINANCIAL INSTRUMENTS

The book value of financial assets and liabilities by accounting category defined under IFRS 9 is as follows:

	31/12/2023		
<i>In € thousands</i>	Carrying value	Financial as- sets measured at FVTPL	Financial as- sets/liabilities at amortised cost
ASSETS			
Equity instruments	60,987	60,987	
Other financial assets	23,749		23,749
Loans and financial receivables	22,273		22,273
Current account borrowings	6,736		6,736
Trade receivables	779,821		779,821
Cash and cash equivalents	516,880	516,880	
TOTAL	1,410,446	577,868	832,578
EQUITY & LIABILITIES			
Bonds	1,328,565		1,328,565
Other bank borrowings	466,648		466,648
Borrowings under finance lease agreements	65,677		65,677
Current account borrowings	5,721		5,721
Other borrowings	439		439
Bank overdrafts	24		24
Trade payables	522,123		522,123
TOTAL	2,389,197	-	2,389,197

The fair value of the €1,333.5 million high yield bond issues carried out by the Group (€700 million plus US\$700 million, equivalent to €633 million) amounted to €1,356.3 million at 31 December 2022. The euro bonds are quoted at 96.3% and 91.6% and the USD bonds at 91.9% and 86.4% of par.

31/12/2022

<i>In € thousands</i>	Carrying value	Financial assets measured at FVTPL	Financial assets/liabilities at amortised cost
ASSETS			
Equity instruments	56,426	56,426	
Other financial assets	12,062		12,062
Loans and financial receivables	14,023		14,023
Current account borrowings	1,450		1,450
Trade receivables	846,224		846,224
Cash and cash equivalents	370,429	370,429	
TOTAL	1,300,613	426,854	873,759
EQUITY & LIABILITIES			
Bonds	1,347,826		1,347,826
Other bank borrowings	497,914		497,914
Borrowings under finance lease agreements	55,817		55,817
Current account borrowings	5,052		5,052
Other borrowings	456		456
Bank overdrafts	44		44
Trade payables	636,453		636,453
TOTAL	2,543,562	-	2,543,562

The fair value of trade receivables and other current receivables (assets held to maturity) represents their book value, given their short-term maturities.

Non-current financial assets mainly include non-consolidated equity interests, receivables on these interests and receivables due in more than one year. These assets are carried at their acquisition cost, which according to the Group's estimates represents their fair value in the absence of an active market.

Loans and borrowings, in the absence of quoted prices on an active market, are measured on the basis of future cash flows, item by item, discounted up to the closing date based on the rates observed on the market at period end for comparable types of debt instruments.

7.15.2. CASH AND CASH EQUIVALENTS

The policy for managing financial risks is presented in note 7.15.

At 31 December 2023, the Group mainly held securities of listed companies totalling €73 million.

7.15.3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments held by the Group is calculated whenever it can be reliably estimated on the basis of market data for assets considering that they are not intended to be sold.

For this purpose, the Group uses the method for measuring financial instruments based on a hierarchy of fair value:

- Level 1: fair value is based on unadjusted quoted prices on markets for identical assets and liabilities;
- Level 2: fair value is based on observable level 1 quoted prices for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from prices);
- Level 3: fair value is based on data relating to the assets or liabilities that is not derived from observable market data.

The following table presents the fair value breakdown of these three levels for financial assets and liabilities measured at fair value:

31 December 2023

<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests		60,987		60,987
Cash and cash equivalents	516,880			516,880
Derivative liabilities		-		-

31 December 2022

<i>In € thousands</i>	Level 1	Level 2	Level 3	Total
Equity interests		56,426		56,426
Cash and cash equivalents	370,429			370,429
Derivative liabilities		-		-

7.16. MANAGEMENT OF RISKS RELATING TO FINANCIAL INSTRUMENTS

Management of credit risk, liquidity risk and market risk is centralised and monitored by the Finance Department. Based on changes in the Group's various exposures, positions are bought and sold to minimise risk.

7.16.1. CREDIT RISK

In connection with its cash management activities, the Group has an exposure to credit risk. Market transactions are carried out within authorisation limits set by the Finance Department for each counterparty. For the Group, counterparties for financial instruments include:

- for trade receivables, accounts receivable (consisting mainly of receivables related to commercial arrangements with suppliers) for which the Group has trade payables for at least an equivalent amount;
- for cash and cash equivalents, banks or high quality institutions with excellent ratings from the rating agencies.

Impairment for trade receivables is recorded on a case-by-case basis when it is significantly likely that all or part of the amount will not be collected.

Aged trial balance for trade receivables

<i>In € thousands</i>	31/12/2023		31/12/2022	
Not due	540,024		573,204	
Due:	292,403		318,956	
- < 30 days overdue	129,350		159,528	
- 30-120 days overdue	114,890		108,666	
- > 120 days overdue	48,163		50,761	
Provisions	(36,577)		(27,708)	
TOTAL	795,849	292,403	864,452	318,956

7.16.2. LIQUIDITY RISK

The SNF Group has short and medium-term credit facilities (see note 7.13) with top-tier banks that provide it with flexible sources of funding. Drawing on its internal analysis tools, the role of the Finance Department is to maintain sufficient liquidity at all times, by managing Group cash and ensuring secure financing in terms of duration and legal conditions.

At 31 December 2023, €1,867 million out of total drawing rights of €2,459 million had been drawn down under credit facilities.

At 31 December 2023, undiscounted contractual flows (principal and interest) for the total outstanding amount of financial liabilities by maturity date broke down as follows:

**31 December
2023**

<i>In € thousands</i>	2024	2025	2026	2027	2028	> 5 yrs	Total	Car- rying value
Derivative financial instruments							-	-
Trade and other payables							-	-
Drawdowns of credit facilities	62,154	16,669	581,673	314,549	159,549	667,183	1,801,778	1,801,778
Floating-rate finance leases	21,442	8,621	6,740	4,788	3,769	20,318	65,677	65,677
Other borrowings	-						-	-
Other payables								
Other financial liabilities								
TOTAL	83,596	25,291	588,413	319,337	163,317	687,501	1,867,455	1,867,455

**at 31 Decem-
ber 2022**

<i>In € thousands</i>	2023	2024	2025	2026	2027	> 5 yrs	Total	Car- rying value
Derivative financial instruments							-	-
Trade and other payables							-	-
Drawdowns of credit facilities	42,229	115,692	48,596	629,022	326,827	688,927	1,851,292	1,851,292
Floating-rate finance leases	14,576	10,725	6,932	4,242	3,078	16,263	55,817	55,817
Other borrowings	-						-	-
Other payables								
Other financial liabilities								
TOTAL	56,806	126,417	55,529	633,263	329,905	705,190	1,907,109	1,907,109

7.16.3. MARKET RISKS

In connection with its operations, the Group may have various exposures to foreign exchange and interest rate risks. The policy for managing these risks is described below.

A) FOREIGN EXCHANGE RISK

A large proportion of the Group's sales are in currencies other than the euro, particularly US dollars, pound sterling, Brazilian reals, Japanese yen, South Korean won and Chinese renminbi yuan. These sales in foreign currencies are primarily carried out by the Group's subsidiaries in their functional currency and consequently do not generate foreign exchange transaction risk at their level.

The Group's primary foreign exchange transaction risks arise from invoicing between Group companies when they invoice or purchase products or services in a currency other than their functional currency:

- For export transactions of production subsidiaries located in euro, dollar or renminbi yuan regions and exporting in their functional currency or US dollars rather than the local currency of the sales subsidiary;
- For import transactions of goods from external suppliers that invoice us in US dollars.

The following table summarises the sensitivity of the Group's consolidated income statement to a 10% increase or decrease in exchange rates in relation to the euro linked to the translation of transactions recorded by the subsidiaries in foreign currencies.

In € thousands	Contribution to the consolidated financial statements					Sensitivity to fluctuations of the main currencies versus the euro	
	EUR	USD	CNY	OTHER	TOTAL	+10 %	-10 %
Revenue	2,211,153	808,446	549,898	949,442	4,518,938	362,302	(362,302)
EBITDA	425,280	166,117	158,746	151,677	901,820	70,204	(70,204)
Recurring operating income	266,235	106,888	132,602	112,065	617,791	48,821	(48,821)

Because of the Group's international presence, its balance sheet is exposed to fluctuations in foreign exchange rates.

A change in the euro affects the translation in the consolidated balance sheet of assets and liabilities of subsidiaries stated in foreign currencies.

The following table summarises the sensitivity of the main balance sheet aggregates of the Group to a 10% increase or decrease in exchange rates in relation to the euro.

In € thousands	Contribution to the consolidated financial statements						Sensitivity to fluctuations of the main currencies versus the euro	
	USD	EUR	CNY	JPY	OTHER	Total	+10 %	-10 %
Gross borrowings	742,947	1,104,648	9,319	2,681	7,860	1,867,455	76,281	(76,281)
Trade receivables	272,042	151,214	174,346	18,177	164,042	779,821	59,386	(59,386)
Trade payables	236,047	99,026	81,046	5,363	46,052	467,534	43,324	(43,324)

B) INTEREST RATE RISK

The SNF Group policy for managing interest rate risk is based on three objectives, covering security, liquidity and profitability. Management of interest rate risk is centralised and monitored on a periodic basis by the Finance Department.

In connection with its financing activities and based on an assessment of exposure to interest rate risk, SNF Group may use financial instruments to reduce exposure and minimise interest costs. Use of such hedging instruments has not been made.

Breakdown of commitments subject to interest rate risks

In € thousands	Credit facilities	Property finance leases
2024	55,108	0
2025	13,575	0
2026		0
2027		0
From 2028 onwards	158,000	
Rate	Euribor/SOFR	
Hedging	None	

Analysis of gross borrowings by type of rate

At 31 December 2023, 87% of Group gross borrowings were at fixed rates, mainly consisting of the €1,333 million bond issues, and 13% at floating rates.

Sensitivity analysis of interest rate risks

The analysis of sensitivity is based on the situation of the floating-rate portion of net debt at year-end, with no hedging instruments used at that date.

For interest rate risks, sensitivity corresponds to an immediate 1% increase or decrease in the yield curve relative to prevailing interest rates at year-end.

At 31 December 2023, the impact of an immediate 1% increase in all yield curves would increase the Group's net interest expense by €7 million. Group net income after tax at the actual tax rate would reduce by €5.3 million.

At 31 December 2023, the impact of an immediate 1% decrease in all yield curves would reduce Group net interest expense by €7 million. Group net income would increase by €5.3 million.

NOTE 8 - NOTES TO THE CONSOLIDATED INCOME STATEMENT

8.1. REVENUE

By type

<i>In € thousands</i>		2023	2022
Sales	(1)	4,447,927	4,845,431
Services		71,011	65,491
TOTAL		4,518,938	4,910,922

(1) Revenue from percentage-of-completion method contracts amounted to €46 million in 2023 and €32 million in 2022.

By region

<i>In € thousands</i>		2023	2022
France		117,077	127,853
Europe		757,947	839,052
Americas		2,261,351	2,397,300
Asia		1,283,058	1,439,178
Other countries		99,505	107,540
TOTAL		4,518,938	4,910,922

8.2. OPERATING EXPENSES

<i>In € thousands</i>		2023	2022
Cost of sales		(3,538,318)	(4,053,124)
Selling expenses		(175,003)	(147,724)
Research and development expenditure		(62,720)	(59,059)
General and administrative expenses		(125,107)	(113,809)
TOTAL		(3,901,147)	(4,373,716)

8.3. STAFF COSTS

Breakdown of staff costs

<i>In € thousands</i>	2023	2022
Salaries and wages (excluding temporary personnel)	(390,994)	(346,950)
Social security charges	(117,694)	(109,966)
Statutory and optional employee profit-sharing	(5,027)	(540)
Total staff costs	(513,715)	(457,456)

Breakdown of personnel at year-end by category

Personnel employed by consolidated companies break down as follows by category:

Category	31/12/2023	31/12/2022
Managers and senior executives	904	816
Technicians and supervisory staff	1,295	1,202
Office staff	1,725	1,512
Plant workers	3,975	3,724
TOTAL	7,899	7,254

8.4. AMORTISATION, DEPRECIATION AND PROVISIONS

Amortisation, depreciation and provisions included under operating expenses concern the following items:

	2023		2022	
<i>In € thousands</i>	Depr. & amort.	Provisions	Depr. & amort.	Provisions
Development costs	(9,069)	52	(9,681)	(57)
Manufacturing costs	(252,587)	(5,648)	(239,962)	(3,697)
Marketing expenses	(4,742)	(3,305)	(4,536)	1,008
General expenses	(9,877)	1,145	(8,954)	243
Total	(276,274)	(7,755)	(263,133)	(2,503)

8.5. NON-RECURRING OPERATING INCOME AND EXPENSES

<i>In € thousands</i>	2023	2022
Tax litigation		-
Sales-related litigation	(9,916)	(12,250)
Site streamlining and operational restructuring costs	(5,282)	(31,580)
Asset impairment	(23,102)	(27,870)
Other expenses and income	(25,436)	(17,356)
TOTAL	(63,735)	(89,056)

TAX LITIGATION

No tax dispute was recorded under other operating expenses in 2022 and 2023.

SALES-RELATED LITIGATION

This item includes €9 million in deprececiation of certain trade receivables, primarily in hyperinflationary economies.

SITE STREAMLINING AND OPERATIONAL RESTRUCTURING COSTS

In 2023, these costs mainly comprised a €5 million loss following the shutdown of our xanthate operations.

ASSET IMPAIRMENT

This item comprises a €23 million asset impairment charge applied in Saratov plant to take account of the geopolitical situation.

It should be noted that the settlement of sales-related litigation, streamlining costs and impairment charges had no impact on cash.

OTHER EXPENSES AND INCOME

This account includes other material operating income or expenses relating to extraordinary events that could affect the analysis and comparability of the Group's business.

In 2023, this item mainly consisted of:

- the cost of employee litigation in the United States (€2.7 million) and France (€0.8 million);
- restructuring costs in the United States (€12.6 million).

In 2022, this item mainly consisted of:

- the cost of employee litigation in the United States (€2 million) and France (€1.7 million);
- climate related costs in the United States (€0.9 million).

8.6. NET FINANCIAL INCOME/(EXPENSE)

<i>In € thousands</i>	2023	2022
Gross interest expense	(67,367)	(51,306)
Income from cash and cash equivalents	4,019	351
Other financial income and expenses	18,532	(18,265)
Currency gains/(losses)	(18,596)	(43,729)
Net book value – financial investments	1,192	34
Reversals of/(additions to) amortisation and provisions	(1,288)	6,587
Net financial income/(expense)	(63,508)	(106,327)

Gross interest expense includes €3 million in non-cash expenses, the amount shown on the cash flow statement being €64 million.

Foreign exchange gains and losses relating to transactions in foreign currencies are recognised under operating margin. Translation differences relating to financing activities are recognised under financial income and expense.

Gross interest expense in 2022 included €2.7 million in non-cash expenses, the amount shown on the cash flow statement being €113.8 million.

In 2023, other financial income and expenses mainly consisted of:

- capitalised interest totalling €14 million;
- €0.9 million income from investments in and loans to non-consolidated entities;
- €13.6 million increase in the fair value of investment securities.

In 2022, other financial income and expenses mainly consisted of:

- €3.7 million income from investments in and loans to non-consolidated entities;
- €24.6 million reduction in the fair value of investment securities.

8.7. INCOME TAX

TAX EXPENSE

<i>In € thousands</i>	2023	2022
Current income tax	(114,675)	(68,451)
Net deferred tax	(3,088)	(11,505)
Income tax	(117,763)	(79,957)
Including non-recurring tax effects	-	-
Total excluding non-recurring tax effects	(117,763)	(79,957)

Current income tax equals amounts paid or payable in the short term to tax authorities for the fiscal year in accordance with the rules and rates in force in the different countries.

In France, the Group benefits from rules allowing taxable income and losses to be offset between a parent company and subsidiaries that belong to a tax group. Under these rules the results of all companies included in the tax group are not impacted and the tax group does not generate any material tax savings with the exception of the immediate offset of losses against profits.

ANALYSIS OF TAX EXPENSE

At 31 December 2023, the tax rate applicable in France was the basic rate of 25.00% plus a 3.30% social security contribution rate, giving a total rate of 25.825%.

The Group's effective tax rate, excluding non-recurring tax effects, amounted to 24.01% in 2023 compared to 23.39% in 2022.

The difference between the effective tax rate and the statutory French tax rate in 2023 breaks down as follows:

<i>In € thousands</i>	2023	2022
Statutory tax rate	25.83%	25.83%
Consolidated book income before tax	490,547	341,824
Theoretical tax expense at applicable rates	(126,684)	(88,276)
Effective tax expense	(117,763)	(79,957)
Variance between effective and theoretical tax expense	8,921	8,319
Impact of permanent differences	16,611	16,019
Impact of differences in tax rates	(21,311)	(26,516)
Impact of tax losses and tax credits	938	1,461
Impact of specific taxes and tax audits	(5,159)	717
Total	(8,921)	(8,319)
Effective tax rate	24.01%	23.39%

The change in the statutory tax rate reflects changes in the respective contributions of each taxable entity to Group pre-tax net income and the fact that some entities posted taxable income while others posted taxable losses.

Research tax credits akin to grants are classified under recurring operating income. At 31 December 2023, €6.9 million was recognised on that basis in respect of the French and US companies.

Deferred tax assets and liabilities

<i>In € thousands</i>	31/12/2023	31/12/2022
Non-current assets	(176,640)	(208,058)
On loss carryforwards	(938)	(1,461)
Pension liabilities	(1,242)	8,323
Elimination of intercompany profits	1,124	11,882
On other temporary differences	12,815	21,756
Total deferred taxes	(164,882)	(167,558)
Of which:		
Deferred tax assets	11,002	8,281
Deferred tax liabilities	(175,883)	(175,839)

Deferred taxes recognised on the balance sheet under “Fixed assets” result from temporary differences between the accounting and tax bases of those assets.

8.8. NET EARNINGS PER SHARE

Item	2023	2022
Net income for the period	365,331	253,998
Net income for the calculation of diluted earnings per share	365,331	253,998
Number of shares outstanding at beginning of period	4,549,000	4,549,000
Weighted average number of shares before dilution	4,549,000	4,549,000
Weighted average number of shares with dilution	4,549,000	4,549,000
Basic earnings per share	80.31	55.84
Diluted earnings per share	80.31	55.84

NOTE 9 - NOTES RELATING TO COMMITMENTS AND OTHER DISCLOSURES

9.1. OFF-BALANCE SHEET COMMITMENTS AND COLLATERAL

<i>In € thousands</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
Guarantees given to customs authorities	3,380	5,033
Guarantees given to customers (performance bonds, bid bonds)	102,421	120,200
Guarantees for debt of non-consolidated entities	-	-
Guarantees given to employees for time savings accounts and banks	64	8,958
Seveso and bank guarantees	6,308	6,308
Share of loans secured by collateral	3,852	4,552
TOTAL	116,025	145,052

The SNF Group recognises obligations or commitments in connection with future payments:

<i>In € thousands</i>	<i>Total</i>	<i>Payments due by period</i>		
		<i>< 1 year</i>	<i>1-5 years</i>	<i>> 5 years</i>
Interest expense on borrowings	218,363	54,815	151,891	11,657
TOTAL	218,363	54,815	151,891	11,657

On behalf of the French entities, the Group obtained grants receivable totalling €17.2 million, €0.9 million of which had been received at 31 December 2023. These grants are subject to conditions relating to amounts invested and jobs created.

9.2. RELATED PARTIES

9.2.1 EXECUTIVE MANAGEMENT (CORPORATE OFFICERS)

A) COMPENSATION OF MANAGEMENT BODIES:

Compensation allocated for fiscal year 2023 to members of the SNF Group Management Committee and Board of Directors for their duties within Group subsidiaries amounted to €3.7 million.

B) ATTENDANCE FEES:

Attendance fees paid to directors in 2023 amounted to €0.1 million.

9.2.2. RELATIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES:

The consolidated financial statements include transactions carried out by the Group in the course of its normal business operations with associates and non-consolidated subsidiaries. These transactions are carried out on arm's-length terms.

These items break down as follows in the income statement:

<i>In € thousands</i>	2023	2022
Operating income	97,357	115,228
Associates	19,594	23,581
Non-consolidated subsidiaries	77,763	91,647
Operating expenses	-	-
Associates	-	-
Non-consolidated subsidiaries	-	-
Other financial income and expenses	1,620	1,029
Associates	92	70
Non-consolidated subsidiaries	1,528	959

Assets and liabilities of the Group concerning related parties at year-end break down as follows:

<i>In € thousands</i>	31/12/2023	31/12/2022
Loans or advances granted	19,617	9,443
Associates	916	201
Non-consolidated subsidiaries	18,700	9,243
Trade and other receivables	28,936	34,868
Associates	4,550	6,171
Non-consolidated subsidiaries	24,386	28,696
Trade and other payables	-	-
Associates	-	-
Non-consolidated subsidiaries	-	-

There are no other transactions to report with related parties as defined under IAS 24, i.e. shareholders, associates and joint ventures.

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SNF Group

5.626% Senior Notes due 2031

OFFERING MEMORANDUM

Global Coordinators and Joint Bookrunners

BofA Securities

BNP PARIBAS

Active Bookrunners

Credit Agricole CIB

HSBC

Natixis

Co-Managers

CIC CIB

Société Générale & Investment Banking

BBVA

June 4, 2026