THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document, which comprises: (i) a simplified prospectus for the purposes of Article 14 of Regulation (EU) 2017/1129, as amended, relating to Synthomer plc (the "**Company**" or "**Synthomer**") and prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority of the United Kingdom ("**FCA**") made under section 73A of FSMA (the "**Prospectus Regulation Rules**"); and (ii) a circular prepared in accordance with the Listing Rules of the FCA made under section 73A of FSMA. This document has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129, in accordance with section 87A of FSMA and made available to the public in accordance with the Prospectus Regulation Rules. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer that is the subject of this document or of the quality of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights that are the subject matter of this document. Investors should make their own assessment as to the suitability of investing in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights.

If you sell or transfer, or have sold or otherwise transferred, all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 8:00 a.m. on 28 September 2023 (being the "**Ex-Rights Date**"), please send this document, together with the Provisional Allotment Letter (if applicable and when received), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer will be or was effected for onward delivery to the transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations including, but not limited to, Australia, Canada, Hong Kong, Singapore, the United Arab Emirates and the United States (subject to certain limited exceptions), and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation (the "**Excluded Territories**"). If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document and in the Provisional Allotment Letter. If you sell or transfer, or have sold or otherwise transferred, all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK & International Limited ("**Euroclear UK**"), the operator of CREST, which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The directors of the Company, whose names appear on page 43 of this document (the "**Directors**"), and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The distribution of this document, any other offering or publicity material relating to the Rights Issue, the Capital Reorganisation and/or any Provisional Allotment Letter and/or the transfer of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights into jurisdictions other than the United Kingdom may be restricted by law or regulation, and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, such documents should not be distributed in, forwarded to or transmitted in or into any of the Excluded Territories. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdictions.

SYNTHOMER PLC

(*incorporated in England and Wales under the Companies Act 2006 with registered number 00098381*)

Proposed 6 for 1 Rights Issue of 140,200,818 New Ordinary Shares at 197 pence per New Ordinary Share

Proposed Capital Reorganisation of 1 New Ordinary Share of 1 pence nominal value for every 20 Existing Ordinary Shares of 10 pence nominal value
Notice of General Meeting

J.P. Morgan Cazenove

Sponsor, Joint Global Co-ordinator and Joint Bookrunner

Goldman Sachs International
Joint Global Co-ordinator and Joint Bookrunner

Morgan Stanley
Joint Global Co-ordinator and Joint Bookrunner

Citigroup
Joint Bookrunner

The Existing Ordinary Shares have been admitted to the premium listing segment of the official list maintained by the FCA pursuant to FSMA (the "**Official List**") and to trading on the main market for listed securities of the London Stock Exchange. Application will be made to the FCA for the Consolidated Ordinary Shares and the New Ordinary Shares (nil and fully paid up) to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). It is expected that admission of the Nil Paid Rights on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange ("**Admission of the Nil Paid Rights**") will become effective, and dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 28 September 2023 and that dealings in the New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence at 8:00 a.m. on 13 October 2023.

You should read the whole of this document, including the information incorporated by reference into this document and any accompanying document. Your attention is drawn to the letter from the Chair of Synthomer, which is set out in Part V (*Letter from the Chair of Synthomer plc*) of this document and which contains a recommendation from the Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the Risk Factors set out on pages 11 to 36 of this document and which include a discussion of certain risks and uncertainties that should be taken into account when considering the matters referred to in this document.

A Notice of a General Meeting of the Company, to be held at the Company's offices at 45 Pall Mall, London, SW1Y 5JG, United Kingdom is set out at the end of this document. You are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Company's registrar, Computershare Investor Services PLC, by not later than 12:30 p.m. on 21 September 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxy electronically at www.investorcentre.co.uk/eproxy using the Control Number, Shareholder Reference Number and PIN on the Form of Proxy. You are encouraged to appoint the chair of the General Meeting as your proxy for the General Meeting. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 12:30 p.m. on 21 September 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Subject to, amongst other things, the passing of the Resolutions at the General Meeting, it is expected that Qualifying Non-CREST Shareholders (other than Excluded Shareholders) will be sent Provisional Allotment Letters on 27 September 2023, and that Qualifying CREST Shareholders (other than Excluded Shareholders) will receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 28 September 2023. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear UK as soon as practicable after the Admission of the Nil Paid Rights.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

The latest time and date for acceptance and payment in full for the New Ordinary Shares by holders of Nil Paid Rights is expected to be 11:00 a.m. on 12 October 2023. The procedures for delivery, acceptance and payment of Nil Paid Rights are set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letter. Qualifying CREST Shareholders should refer to section 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document.

Each of Goldman Sachs International ("**Goldman Sachs**"), J.P. Morgan Securities plc (conducting its UK investment banking activities as J.P. Morgan Cazenove) ("**JP Morgan**" or the "**Sponsor**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**" and, together with Goldman Sachs and JP Morgan, the "**Joint Global Coordinators**") and Citigroup Global Markets Limited ("**Citi**" and, together with the Joint Global Coordinators, the "**Underwriters**") is authorised in the United Kingdom by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the FCA and the PRA. The Underwriters are each acting exclusively for Synthomer and are acting for no one else in connection with the Rights Issue and will not regard any other person as a client in relation to the Rights Issue and will not be responsible to anyone other than Synthomer for providing the protections afforded to their respective clients or clients of their respective affiliates, nor for providing advice in connection with the Rights Issue or any other matter, transaction or arrangement referred to in this document. Each of the Underwriters has given and not withdrawn their consent to the issue of this document with the inclusion of the reference to their respective names in the form and context in which they are included. Apart from the responsibilities and liabilities, if any, which may be imposed on each of JP Morgan and Morgan Stanley by FSMA or the regulatory regime established thereunder, neither the Underwriters nor any of their respective subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person for the contents of this document, including its accuracy, correctness or for any other statement made or purported to be made by it, or on its behalf in connection with Synthomer, the Rights Issue and any other matters referred to in this document and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Save for the aforementioned responsibilities and liabilities, if any, which may be imposed under FSMA, each of the Underwriters, their respective subsidiaries, branches and affiliates accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any other statement.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to contents of this document, including its accuracy, completeness or verification, or regarding the legality of any investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights by any person under the laws applicable to such person, or for any other statement made or purported to be made by the Company or on the Company's behalf, in connection with Synthomer, the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past, present or future. To the fullest extent permitted by law, the Underwriters and their respective affiliates, directors, officers, employees and advisers accordingly disclaim all and any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in contract, in tort, under statute or otherwise) which they might otherwise have in respect of this document or any such statement.

The Rights Issue has been fully underwritten (in respect of the Non-KLK Rights Issue Shares) by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement, and (in respect of the KLK Rights Issue Shares) KLK. The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to Admission of the Nil Paid Rights. If these conditions are not satisfied or (where permitted) waived by Admission of the Nil Paid Rights, the Underwriting Agreement will terminate. After Admission of the Nil Paid Rights, none of the Underwriters has the right to unilaterally terminate the Underwriting Agreement.

In connection with the Rights Issue, the Underwriters and any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own account in the securities of the Company and related or other securities and instruments (including New Ordinary Shares, Nil Paid Rights and Fully Paid Rights) and may offer or sell such securities other than in connection with the Rights Issue. Accordingly, references in this document to New Ordinary Shares, Nil Paid Rights and Fully Paid Rights being offered should be read as including any offering of New Ordinary Shares, Nil Paid Rights and Fully Paid Rights to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including margin loans) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of New Ordinary Shares, Nil Paid Rights and Fully Paid Rights. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

Further to any contractual obligations that may be in place between the Company and the Underwriters, in the event that the Underwriters or their respective affiliates subscribe for New Ordinary Shares which are not taken up by Qualifying Shareholders, the Underwriters and their

respective affiliates may for a limited period co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

NOTICE TO OVERSEAS SHAREHOLDERS

This document does not constitute an offer of, or a solicitation to subscribe for or purchase, any securities in any jurisdiction in which such offer or solicitation is unlawful or to any person to whom it is unlawful to make such offer or solicitation. The Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights have not been, and will not be, registered or qualified for distribution to the public under the relevant laws of any Excluded Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into any Excluded Territory, except pursuant to an applicable exemption. Synthomer and the Underwriters do not make any representation to any offeree, subscriber or acquirer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights regarding the legality of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights by such offeree, subscriber or acquirer under the laws applicable to such offeree, subscriber or acquirer. Each investor should consult with his or its own advisers as to the legal, tax, business, financial and related aspects of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.

EXCEPT AS OTHERWISE PROVIDED FOR HEREIN, NEITHER THE PROVISIONAL ALLOTMENT LETTER NOR THIS DOCUMENT CONSTITUTES AN OFFER OF NEW ORDINARY SHARES, OR NIL PAID RIGHTS, OR FULLY PAID RIGHTS TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS LOCATED OR RESIDENT IN ANY EXCLUDED TERRITORY.

In addition, certain of the Underwriters or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements or its affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or its affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company may routinely hedge their credit exposure to the Company consistent with their customary risk management policies. A typical hedging strategy would include these Underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities.

The Underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Group from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Group in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the Banks and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

NOTICE TO US SHAREHOLDERS

The Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or under any securities law of any state or other jurisdiction of the United States or the relevant laws of any other Excluded Territory and may not be offered, sold, taken up, pledged, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption. There will be no public offer of the Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights in the United States.

The Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and this document have not been recommended, approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the accuracy or adequacy of the Provisional Allotment Letter or this document. Any representation to the contrary is a criminal offence in the United States.

The Underwriters may arrange for the offer of New Ordinary Shares in the United States not taken up in the Rights Issue only to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights offered outside the United States are being offered in reliance on Regulation S under the US Securities Act ("**Regulation S**"). Prospective investors are hereby notified that sellers of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may be relying on the exemption from registration provisions under section 5 of the US Securities Act, provided by Rule 144A thereunder.

Subject to certain limited exceptions, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell, issue or apply for, or any solicitation of any offer to purchase, subscribe for, or take up entitlements to the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to any person with a registered address, or who is resident or located in, the United States. Notwithstanding the foregoing, the Nil Paid Rights may be offered and delivered to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Qualifying Shareholders whom Synthomer reasonably believes to be "qualified institutional buyers", in offerings exempt from the registration requirements of the US Securities Act. Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a QIB is required to disregard them. QIBs that satisfy Synthomer as to their status may exercise the Nil Paid Rights and the Fully Paid Rights by delivering a properly completed Provisional Allotment Letter to the Receiving Agent in accordance with the procedures set out in this document. Permitted US Shareholders must also complete, execute and return to Synthomer, a QIB Representation Letter as described in section 7.2 (*United States*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document, and may be required to make certain certifications in the Provisional Allotment Letter for the Nil Paid Rights and the Fully Paid Rights.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the New Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

NOTICE TO CANADIAN SHAREHOLDERS

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights and any representation to the contrary is an offence. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights may not be offered, sold, taken up, pledged, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into Canada or to any person subject to the securities laws of Canada or any province or territory of Canada, except pursuant to an applicable exemption. There will be no public offer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights in Canada.

The Underwriters may arrange for the offer in Canada of New Ordinary Shares not taken up in the Rights Issue only to a person or persons reasonably believed to be an "accredited investor", as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario) and a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**").

Any offer and sale of New Ordinary Shares not taken up in the Rights Issue in Canada is being made on a private placement basis and is exempt from the requirement that the issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of such New Ordinary Shares acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which resale restrictions may under certain circumstances apply to resales of the New Ordinary Shares outside of Canada.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (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 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 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), this offering is conducted pursuant to an exemption from the requirement that Canadian investors be provided with certain underwriter conflicts of interest disclosure that would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

NOTICE TO SWISS SHAREHOLDERS

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights may not be publicly offered, sold or marketed, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except under the following exemptions under FinSA: (i) to any investor that qualifies as a professional client within the meaning of FinSA; (ii) to fewer than 500 investors that are not professional investors; or (iii) in any other circumstances falling within Article 36 of FinSA, provided, in each case, that no such offer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights referred to in (i) through (iii) above shall require the publication of a prospectus pursuant to FinSA.

The New Ordinary Shares have not been and will not be admitted to trading on any trading venue in Switzerland.

Neither this document nor any other marketing or offering material relating to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights constitutes a prospectus within the meaning of FinSA. This document has not been and will not be filed with, or reviewed or approved by, a Swiss review authority, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of FinSA. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to FinSA.

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights is prohibited. By accepting delivery of this document, each offeree of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights agrees to the foregoing. The distribution of this document and/or the Provisional Allotment Letters and/or the transfer of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into any of the Excluded Territories. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights are not transferable, except in accordance with, and the distribution of the Provisional Allotment Letters and this document are subject to, the restrictions set out in section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). No action has been taken by the Company or by the Underwriters that would permit an offer of the New Ordinary Shares or rights thereto or possession or distribution of the Provisional Allotment Letters or this document or any other offering or publicity material or the Nil Paid Rights, or the Fully Paid Rights in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must carry out their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

None of Synthomer or the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, is making any representation to any offeree, subscriber or acquirer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights regarding the legality of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights by such offeree, subscriber or acquirer under the law applicable to such offeree, subscriber or acquirer. Each investor should consult with his or its own advisers as to the legal, tax, business, financial and related aspects of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.

The investors also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Rights Issue (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriters.

NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (b) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the offer of New Ordinary Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A, respectively, of the FCA Handbook Conduct of Business Sourcebook; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

Without limitation, the contents of the Group's websites (other than the information as set out in Part XIV (*Documents Incorporated by Reference*)) do not form part of this document.

Capitalised terms have the meanings ascribed to them in the schedule to this document entitled "Definitions".

The date of this document is 7 September 2023.

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SUMMARY

1. INTRODUCTION AND WARNINGS

1.1 Details of the issuer

The issuer is Synthomer plc, a public limited company incorporated in England and Wales with registered number 00098381.

The Company's registered office is at Temple Fields, Harlow, Essex, United Kingdom, CM20 2BH. Its telephone number is +44 1279 436 211 and the legal entity identifier of the Company is 213800EHT3TI1KPQQJ56.

1.2 Details of the securities

On Admission, the New Ordinary Shares will be registered with an ISIN of GB00BNTVWJ75 and a SEDOL of BNTVWJ7. The ISIN for the Nil Paid Rights will be GB00BPH12600 and the SEDOL will be BPH1260. The ISIN for the Fully Paid Rights will be GB00BPH12717 and the SEDOL will be BPH1271.

The New Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "SYNT.L".

1.3 Details of the FCA

The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000. This document was approved by the FCA on 7 September 2023.

1.4 Warnings

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to this document.

Any decision to invest in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights should be based on a consideration of this document as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid in considering whether to invest in the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company is a public limited company, incorporated and domiciled in England and Wales with registered number 00098381 and with its registered office in England. The principal legislation under which the Company operates is the Companies Act, and the legal entity identifier of the Company is 213800EHT3TI1KPQQJ56.

(A) Principal activity

Synthomer is a speciality chemical company focused on three core end-markets: coatings and construction; adhesives; and health and protection. Speciality chemicals are value-add products manufactured using polymerisation and other reactive processes to transform commodity raw materials into polymers and other complex chemical outputs that are used by customers in a variety of downstream industries including the healthcare, consumer goods and construction sectors. End products for the Group's speciality chemicals include, but are not limited to, medical gloves, tyres and rubber modifiers, artificial turf and carpet backing, mattresses, food packaging, coatings and adhesives. The Group had continuing revenue of £2,383.9 million and EBITDA of £249.2 million from continuing operations for the year ended 31 December 2022. With strong geographic diversity and product differentiation, the Group is a major player in a wide range of markets including coatings, construction, textiles, paper and healthcare.

As at 31 December 2022, the Group served over 6,000 customers through these three core end-markets, currently supported by the operation of 36 production sites (taking account of announced

closures) in 17 countries, including four innovation Centres of Excellence that form part of the broader network of 20 technical centres, and approximately 5,200 employees globally.

(B) Major shareholders

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Existing Ordinary Shares:

Name of shareholder	Percentage of total voting rights
Kuala Lumpur Kepong Berhad Group	26.87%
UBS Asset Management	7.65%
Columbia Threadneedle Investments	4.24%
BlackRock	4.00%
Janus Henderson Investors	3.66%
Fidelity International	3.47%
Vanguard Group	3.37%

(C) Key managing directors

The executive directors are Michael Willome (Chief Executive Officer) and Lily Liu (Chief Financial Officer).

(D) Statutory auditor

PricewaterhouseCoopers LLP is the statutory auditor of the Company and is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Its business address is 1 Embankment Place, London WC2N 6RH.

2.2 What is the key financial information regarding the issuer?

(A) Selected historical key financial information

The tables below set out selected key financial information for the Group for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 and the six months ended 30 June 2023 and 30 June 2022. The financial information set out in the tables below has been extracted without material adjustment from the Historical Financial Information.

Summary consolidated income statement data

£m	Six months ended 30 June (IFRS) 2023 (unaudited)	2022[1] (unaudited)	Year ended 31 December (IFRS) 2022	2021 (restated)[2]	2021	2020
Revenue	**1075.3**	**1,228.3**	**2,383.9**	**2,144.2**	**2,329.5**	**1,644.2**
Company and subsidiaries operating profit	(9.5)	113.2	(22.2)	293.9	305.9	57.2
Share of joint ventures	0.7	0.6	1.7	2.6	2.6	1.2
Operating (loss)/profit	**(8.8)**	**113.8**	**(20.5)**	**296.5**	**308.5**	**58.4**
Interest payable	(35.8)	(16.1)	(44.8)	(27.9)	(27.9)	(25.5)
Interest receivable	5.0	0.3	1.6	1.0	1.0	1.2
Net interest expense on defined benefit obligations	(1.1)	(0.8)	(1.2)	(2.0)	(2.4)	(3.7)
Interest element of lease payments	(0.7)	(0.7)	(1.4)	(1.5)	(1.5)	(1.6)
Fair value gain on unhedged interest rate derivatives	(1.8)	15.8	25.1	6.2	6.2	(3.6)
Loss on extinguishment of financing facilities	(4.6)	0	0	0	0	(4.9)
Financing costs	**(39.0)**	**(1.5)**	**(20.7)**	**(24.2)**	**(24.6)**	**(38.1)**
(Loss)/profit before taxation	**(47.8)**	**112.3**	**(41.2)**	**272.3**	**283.9**	**20.3**
Taxation	(3.4)	(30.3)	15.3	(73.3)	(73.9)	(21.8)
(Loss)/profit for the year from continuing operations	**(51.2)**	**82.0**	**(25.9)**	**199.0**	**210.0**	**(1.5)**
Profit/(loss) for the year from discontinuing operations attributable to equity holders of the parent	38.8	3.1	(7.1)	11.0	—	—
(Loss)/profit for the year	**(12.4)**	**85.1**	**(33.0)**	**210.0**	**210.0**	**(1.5)**
Attributable to:						
Ordinary shareholders	(12.1)	85.4	(32.5)	208.7	208.7	3.1
Non-controlling interests	(0.3)	(0.3)	(0.5)	1.3	1.3	(4.6)

Summary consolidated balance sheet data

£m	As at 30 June 2023 (unaudited)	2022[1] (unaudited)	As at 31 December 2022	2021	2020
Non-current assets	1,773.9	2,083.5	1,883.2	1,375.9	1,423.2
Current assets	907.9	1,332.1	1,164.4	1,075.0	635.9
Total assets	**2,681.8**	**3,415.6**	**3,047.6**	**2,450.9**	**2,059.1**
Current liabilities	(527.8)	(833.2)	(582.7)	(563.5)	(468.4)
Non-current liabilities	(1,190.7)	(1,448.1)	(1,433.9)	(854.4)	(962.6)
Total liabilities	**(1,718.5)**	**(2,281.3)**	**(2,016.6)**	**(1,417.9)**	**(1,431.0)**
Net assets	963.3	**1,134.3**	**1,031.0**	**1,033.0**	**628.1**
Equity attributable to ordinary shareholders	950.4	1,120.1	1,017.0	1,019.3	615.0
Non-controlling interests	12.9	14.2	14.0	13.7	13.1
Total equity	**963.3**	**1,134.3**	**1,031.0**	**1,033.0**	**628.1**

Summary consolidated cash flow statement data

£m	Six months ended 30 June		Year ended 31 December		
	2023 (unaudited)	2022[1] (unaudited)	2022	2021	2020
Net cash inflow from operating activities before taxation paid	53.3	11.9	199.5	359.9	218.2
Taxation paid	(4.5)	(49.3)	(65.6)	(86.4)	(31.4)
Net cash inflow/(outflow) from operating activities	48.8	(37.4)	133.9	273.5	186.8
Net cash inflow/(outflow) from investing activities	164.7	(792.2)	(848.2)	(78.6)	(365.8)
Net cash (outflow)/inflow from financing activities	(217.0)	546.0	414.5	118.5	273.2
Change in cash and cash equivalents	**(3.5)**	**(283.6)**	**(299.8)**	**313.4**	**94.2**
Cash and cash equivalents at 1 January	**209.2**	**505.3**	**505.3**	**191.3**	**103.6**
Exchange (losses)/gains on cash and cash equivalents	(6.7)	18.5	3.7	0.6	(6.5)
Cash and cash equivalents at period end	**199.0**	**240.2**	**209.2**	**505.3**	**191.3**

(1) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

(2) On 13 December 2022, the Group announced an agreement to dispose of its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc., which triggered the classification of the Group's Laminates, Films and Coated Fabrics Businesses as discontinued operations and assets held for sale in the 2022 Annual Financial Statements. The comparative financial information as at and for the year ended 31 December 2021 presented therein was subsequently restated to give effect to the classification of the Laminates, Films and Coated Fabrics Businesses as discontinued operations for the year ended 31 December 2021. This information has been derived from the comparative financial information for the year ended 31 December 2021, included in the 2022 Annual Financial Statements.

(B) There has been no significant change in the financial position or financial performance of the Group in the period since 30 June 2023 to the date of publication of this document.

(C) The independent auditors' interim review report with respect to the 2023 Half Year Results contains a material uncertainty related to going concern. The uncertainty is in respect of the outcome of the shareholder vote on the Rights Issue and Capital Reorganisation. If unsuccessful, the trading conditions envisaged in the Group's going concern severe but plausible adverse scenario, would result in the Group breaching its debt covenants within 12 months of approval of the interim financial statements. These conditions alongside other matters explained in Note 1 to the 2023 Half Year Results, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

2.3 What are the key risks that are specific to the issuer?

The Group may operate with a level of leverage that could affect its ability to implement its strategy and, as a result, adversely affect its business, financial condition, results of operations and prospects. The Group's financial position or prospects may be materially adversely affected if the Resolutions are not passed and the Rights Issue does not proceed and, as a result, the Group breaches certain of its financial covenants.

The Group may not be able to implement its business strategy or fully capitalise upon its investments in progress.

The Group intends to balance its portfolio of businesses and this may involve carrying out disposals and acquisitions which may prove difficult for the Group to consummate and anticipated benefits may not materialise at all or to the extent expected.

The volatility and cyclicality of the global chemicals and polymers markets, including overall demand reduction, may have a material adverse effect on the business, financial condition and operating or financial results of the Group.

Fluctuations in the cost of raw materials and energy may adversely affect the Group's financial condition, cash flows and results of operations and the Group may lose the ability to pass along fluctuations in raw materials and energy prices.

The Group could continue to be affected by the possibility of disruption in its supplier relationships which could affect the Group's ability to source raw materials and meet the demands of customers.

Compliance with safety, health and environment laws and regulations and the retention of requisite permits related to the Group's facilities and operations could result in significant ongoing costs and may result in further obligations and liabilities associated with the Group's business.

Increasing scrutiny and changing expectations from investors, customers, regulators and the Group's employees with respect to the Group's environmental, social and governance ("**ESG**") practices may impose additional costs on the Group or expose it to new or additional risks and the ESG metrics the Group uses to gauge compliance may not prove to be effective measures of ESG compliance.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

(A) Type, class and ISIN of the securities

The New Ordinary Shares will be fully paid ordinary shares with a nominal value of 10 pence each in the capital of the Company traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "SYNT.L". On Admission, the New Ordinary Shares will be registered with an ISIN of GB00BNTVWJ75 and a SEDOL of BNTVWJ7. The ISIN for the Nil Paid Rights will be GB00BPH12600 and the SEDOL will be BPH1260. The ISIN for the Fully Paid Rights will be GB00BPH12717 and the SEDOL will be BPH1271.

(B) Currency of the securities

The New Ordinary Shares are, and on Admission will be, denominated in pounds sterling.

(C) Number of issued and fully paid securities

As at the Latest Practicable Date, there were 467,336,041 Existing Ordinary Shares in issue.

Following the Capital Reorganisation, it is expected that the Company will have 23,366,803 Ordinary Shares of 1 pence each in issue. Taking into account the Capital Reorganisation, and pursuant to the Rights Issue, the Company will issue 140,200,818 New Ordinary Shares. Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of 6 New Ordinary Shares for every 20 Existing Ordinary Shares.

(D) Rights attaching to the securities

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares. For the avoidance of doubt, the Consolidated Ordinary Shares shall have the same rights in all respects as the Existing Ordinary Shares.

On a show of hands at general meetings of the Company, every Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per New Ordinary Share.

(E) Description of restrictions on free transferability of the securities

The New Ordinary Shares are freely transferable and there are no restrictions on transfer of the New Ordinary Shares in the United Kingdom.

(F) Rank of securities in the Company's capital structure in the event of insolvency

The New Ordinary Shares do not carry any rights to participate in a distribution of capital (including on a winding-up) other than those that exist as a matter of law. The New Ordinary Shares and the Existing Ordinary Shares will rank *pari passu* in all respects.

(G) Dividend policy

In 2022, as part of a covenant amendment process with the Group's banking syndicates to give the Group increased headroom, Synthomer suspended dividend payments, including the interim dividend of 4p announced on 12 October 2022 that was due to be paid in November 2022.

Whilst the Company will continue to prioritise reducing leverage towards its 1-2x target range by the end of 2024 and execution of strategy, including sustainability commitments and predominantly organic-led growth in the near-term, it recognises the importance of dividends for Shareholders and therefore will look to reinstate a dividend when appropriate to do so.

3.2 Where will the securities be traded?

Application will be made to the FCA for the New Ordinary Shares (nil paid and fully paid) to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for the New Ordinary Shares to be admitted to listing or trading on any other exchange.

3.3 What are the key risks that are specific to the securities?

Shareholders who do not (or who are not permitted to) acquire New Ordinary Shares in the Rights Issue will experience dilution in the proportion of their ownership of the Company.

The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to volatility.

An active trading market for the Nil Paid Rights may not develop.

KLK will continue to have significant interests in the Company following the Rights Issue, and their interests may differ from those of other Shareholders.

The market price for the New Ordinary Shares may decline below the Rights Issue Price and Shareholders may not be able to sell New Ordinary Shares at a favourable price after the Rights Issue.

The Company's ability to make payments to Shareholders is currently restricted and the making of any such payments in the future is not guaranteed.

4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

In connection with the Rights Issue, the Company is proposing to undertake the Capital Reorganisation. The Rights Issue will take place following approval at the General Meeting and in conjunction with the Capital Reorganisation. The Capital Reorganisation will involve the following:

- each Existing Ordinary Share of 10 pence nominal value will be subdivided and converted into one intermediate share ("**Intermediate Share**") of 0.05 pence nominal value and 1 Deferred Share of 9.95 pence nominal value; and
- immediately thereafter, every 20 Intermediate Shares of 0.05 pence nominal value will be consolidated into 1 Consolidated Ordinary Share of 1 pence nominal value.

It is expected that Admission of the Nil Paid Rights will become effective, and dealing in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 28 September 2023. It is also expected that Admission of the New Ordinary Shares (fully paid) will become effective, and dealings in the New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 13 October 2023.

The Company proposes to issue 140,200,818 New Ordinary Shares in connection with the Rights Issue. Pursuant to the Rights Issue, New Ordinary Shares will be offered by way of rights to Qualifying Shareholders on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter. The offer is to be made at 197 pence per New Ordinary Share, payable in full on acceptance by no later than 11:00 a.m. on 12 October 2023. Taking into account the Capital Reorganisation, the Rights Issue Price effectively represents a

discount of 83.8% to the closing price of 1,216 pence per Existing Ordinary Share on 6 September 2023 (the Latest Practicable Date), and a discount of 42.5% to the theoretical ex-rights price of 342.6 pence per Existing Ordinary Share by reference to the closing price on the same basis.

Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of 6 New Ordinary Shares for every 1 Consolidated Ordinary Share held on the Record Date (equivalent to 6 New Ordinary Shares for every 20 Existing Ordinary Shares) (and so in proportion for any other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions set out in this document and, in case of Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letters.

If a Shareholder does not (or is not permitted to) take up the offer of New Ordinary Shares under the Rights Issue, such Shareholder's proportionate ownership and voting interests in the Company will be diluted by up to 85.7% as a result of the Rights Issue. For the purposes of calculating: (i) the number of New Ordinary Shares to be issued pursuant to the Rights Issue; (ii) the specified increases to the Company's issued share capital resulting from the Rights Issue; and (iii) the specified dilutive effect of the Rights Issue, the issuance of any Ordinary Shares in respect of the vesting or exercise of any awards under the Share Plans which may occur between the Latest Practicable Date and the Record Date has been disregarded.

4.2 Why is this prospectus being produced?

This document has been prepared in connection with the Rights Issue to be undertaken by the Company.

Pursuant to the Rights Issue, the Company proposes to issue 140,200,818 New Ordinary Shares. Through the issue of New Ordinary Shares, the Company expects to raise gross proceeds of £276 million. The aggregate expenses of, or incidental to, the Rights Issue to be borne by the Company are estimated to be approximately £15 million (excluding VAT). The Rights Issue has been fully underwritten by the Underwriters (in respect of the Non-KLK Rights Issue Shares) and KLK (in respect of the KLK Rights Issue Shares). The net proceeds of the Rights Issue will initially be utilised to reduce borrowings under the Revolving Credit Facility and provide flexibility to deliver the Group's strategy and manage balance sheet leverage.

There are no material conflicts of interest pertaining to Admission.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes to the timetable set out below.

Announcement and publication of the 2023 Half Year Results	7 September 2023
Announcement of the Rights Issue and publication of this document	7 September 2023
Posting of this document (which contains the notice of General Meeting) and Form of Proxy	7 September 2023
Record date for the General Meeting	**6:00 p.m. on 21 September 2023**
Latest time and date for receipt of electronic proxy appointments or Forms of Proxy	12:30 p.m. on 21 September 2023
General Meeting	**12:30 p.m. on 25 September 2023**
Record date for the Capital Reorganisation	6:00 p.m. on 25 September 2023
Effective date for the Capital Reorganisation	8:00 a.m. on 26 September 2023
Admission and dealings in the Consolidated Ordinary Shares commence on the London Stock Exchange	**8:00 a.m. on 26 September 2023**
Record Date for entitlements under the Rights Issue	**Close of business on 26 September 2023**
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	27 September 2023
Consolidated Ordinary Shares marked "ex-rights" by the London Stock Exchange	**8:00 a.m. on 28 September 2023**
Admission of, and dealings in, Nil Paid Rights commence on the London Stock Exchange	**8:00 a.m. on 28 September 2023**
Nil Paid Rights credited to stock accounts in CREST (for Qualifying CREST Shareholders only)	As soon as practicable after 8:00 a.m. on 28 September 2023
Nil Paid Rights and Fully Paid Rights enabled in CREST	As soon as practicable after 8:00 a.m. on 28 September 2023
Latest time and date for receipt of instructions under Special Dealing Service in respect of Cashless Take-up or disposal of Nil Paid Rights	3:00 p.m. on 6 October 2023
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4:30 p.m. on 6 October 2023
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3:00 p.m. on 9 October 2023
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3:00 p.m. on 10 October 2023

Despatch of cheques in relation to proceeds of disposal of Nil Paid Rights under Special Dealing Service	11 October 2023
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	**11:00 a.m. on 12 October 2023**
Expected date of announcement of the results of the Rights Issue through a Regulatory Information Service	By 8:00 a.m. on 13 October 2023
Admission of, and dealings in, the New Ordinary Shares, fully paid, commence on the London Stock Exchange	**8:00 a.m. on 13 October 2023**
New Ordinary Shares credited to CREST stock accounts (for Qualifying CREST Shareholders only)	As soon as possible after 8:00 a.m. on 13 October 2023
Despatch of definitive share certificates for the New Ordinary Shares in certificated form (to Qualifying Non-CREST Shareholders Only)	Not later than 26 October 2023
CREST accounts credited and cheques despatched in respect of premium payments (if applicable)	Not later than 26 October 2023
Expected despatch of definitive share certificates for Consolidated Ordinary Shares and fractional payments issued in CREST or cheques relating thereto	Within ten Business Days of Admission

Notes:

(1) Subject to certain restrictions relating to Overseas Shareholders, details of which are set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document.

(2) These times and dates and those mentioned throughout this document are indicative only and may be adjusted by the Company, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders through a Regulatory Information Service.

(3) References to times in this timetable are to London time unless otherwise stated.

PART I
RISK FACTORS

Any investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights is subject to a number of risks and uncertainties. Accordingly, prior to any such investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights, prospective investors should carefully consider the risks and uncertainties associated with any such investment, the Group's business and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors described below.

Prospective investors should note that the risks and uncertainties summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks and uncertainties summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which prospective investors may face when making an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition, results of operations and prospects and, if any such risk should materialise, the price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights is suitable for them in the light of the information in this document and their personal circumstances.

1. RISKS RELATING TO THE GROUP'S BUSINESS

1.1 The Group may operate with a level of leverage that could affect its ability to implement its strategy and, as a result, adversely affect its business, financial condition, results of operations and prospects. The Group's financial position or prospects may be materially adversely affected if the Resolutions are not passed and the Rights Issue does not proceed

During the last 18 months, several factors have significantly increased the Group's leverage. The Group completed a major acquisition in early 2022, predominantly financed from debt, which was subsequently followed by a rapid deterioration in market conditions, which has significantly, but temporarily, weakened recent Group performance. To navigate the current challenging environment, the Group has taken substantial and decisive actions to preserve cash and manage debt, in addition to the strategic divestment of its non-core Laminates and Films and Coated Fabrics Businesses. This divestment was completed in February 2023, as announced in December 2022, for $269 million (including $262 million (£218.5 million) of cash consideration after transaction costs received at completion and utilised to repay existing debt, a further $5 million receivable in cash on the 13-month anniversary of completion and other working capital settlement related receivable and remaining transaction costs payable). Notwithstanding the successful execution of these mitigation actions, the Group's covenant leverage position remains elevated at 5.5x net debt, based on EBITDA as at 30 June 2023.

The Group has, and will continue to have, interest-bearing debt service obligations. As at 30 June 2023, the Group has net debt of £795.8 million. This net debt figure includes: (i) the £130 million drawn under the Revolving Credit Facility; (ii) the £428.1 million fully drawn under the UKEF Facilities; and (iii) the £446.9 million Notes. In connection with the establishment of the Revolving Credit Facility, all amounts outstanding under the 2019 Term Loan, the 2021 Term Loan and the 2019 Revolving Credit Facility, together with the proceeds from the disposal of the Laminates, Films and Coated Fabrics Businesses, were subsequently repaid and cancelled from drawings under the Revolving Credit Facility. Furthermore, the Group may incur additional debt, including in connection with a refinancing of existing debt for general corporate purposes or in connection with the balancing of the Group's portfolio.

The Group is subject to certain covenants and events of default under the terms of its debt arrangements. In particular, pursuant to the Revolving Credit Facility and the UKEF Facilities, the Group is required to comply with certain financial covenants which include the requirement that the Group's ratio of net debt divided by EBITDA shall not exceed: (i) 5x as at 31 December 2023; (ii) 4.25x as at 30 June 2024; and (iii) 3.5x as at 31 December 2024 (the "**Debt Covenants**"). In addition, there are also a number of covenants that restrict some of the Group's corporate activities, including restrictions on mergers and demergers, paying dividends and granting security. These covenants are, in most cases, subject to certain exceptions and qualifications. However, despite these exceptions and qualifications, the covenants to which the Group is subject could materially adversely affect the Group's ability to pursue business opportunities and activities that may be in its interest.

The Rights Issue is expected to raise approximately £276 million in gross proceeds and approximately £261 million in net proceeds (after deduction of estimated commissions, fees and expenses). The net proceeds will initially be utilised to reduce borrowings under the Revolving Credit Facility and provide flexibility to deliver the Group's strategy and manage balance sheet leverage. In the event that the Rights Issue does not proceed, according to the projections of the Group's financial position in the Group's 'reasonable worst case' scenario prepared in connection with the Rights Issue, the Group would breach the Debt Covenants as at 31 December 2023 (and, if not otherwise resolved by these dates, as at 30 June 2024 and 31 December 2024). In these circumstances the Group would attempt mitigating action including renegotiation with its lenders to secure appropriate waivers or amendments. The Group has previously secured amendments with its lenders, for example on 6 December 2022 and 5 September 2023, but securing such waivers or amendments is not within the Group's control and there is no guarantee that such waivers or amendments could be secured prior to 31 December 2023. The Group may also seek to sell assets on an accelerated timeline. However, the successful completion of any such sales is not within the Group's control and there is no guarantee that they could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully. Even if these mitigations were achieved, the Group may continue to need to implement cash saving measures that are within its own control, for example reductions in capital expenditure and R&D, that may restrict the Group's ability to implement its strategy and/or limit the benefits realised from any successful partial implementation (and such cash saving measures that are within the Group's control would not be sufficient alone to prevent the Group from such covenant breach in a 'reasonable worst case' scenario as at 31 December 2023).

According to projections of the Group's financial position in the Group's 'base case' scenario (as opposed to 'reasonable worst case' scenario detailed above), including certain cash saving measures, comprising employee incentive reductions, growth capital expenditure reductions and working capital management, the Group would not expect to breach Debt Covenants during the working capital period. However, these cash saving measures are likely to restrict the Group's ability to implement its strategy and/or limit the benefits realised from any successful partial implementation.

In the event that the Rights Issue does not proceed and such a covenant breach occurring, the lenders under the Revolving Credit Facility and the UKEF Facilities would have the right to demand immediate repayment of all amounts due under such debt instruments (together approximately £558 million as at 30 June 2023), and any such demand would trigger the right of bondholders under the Notes to similarly demand immediate repayment (the aggregate principal amount of Notes outstanding being approximately £447 million as at 30 June 2023, and total borrowings under the Revolving Credit Facility, the UKEF Facilities and the Notes as at 30 June 2023 therefore being approximately £1,005 million). The Group would be unlikely to obtain the funds necessary to repay such amounts if they became immediately due and payable upon the demand of the lenders following a covenant breach. In such circumstances, the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders would be at risk of losing all or a substantial portion of their investment.

In the short-term, if the Rights Issue does not proceed, and the Group were not able to successfully implement any alternative mitigating action, the Group would operate with a level of leverage that could adversely affect its business, financial condition, results of operations and prospects, including:

- increasing the Group's vulnerability to adverse general economic or industry conditions that are beyond its control;

- requiring the Group to dedicate a substantial proportion of its cash flow to payments of interest or other amounts due on its debt, which in turn reduces the funds available for other purposes;
- negatively impacting the Group's credit rating;
- limiting the Group's ability to borrow additional funds or raise equity capital in the future;
- placing the Group at a competitive disadvantage compared to competitors that may have less debt; and
- limiting the Group's ability to execute and/or fully recognise the anticipated benefits of its business strategy.

1.2 The Group may not be able to implement its business strategy or fully capitalise upon its investments in progress

The future financial performance and success of the Group largely depends on its ability to implement its business strategy successfully. In October 2022, the Group announced an update to its strategy, setting out its plans to "*Focus, Strengthen and Grow*" the business along three new divisions: Coatings & Construction Solutions; Adhesive Solutions; and Health & Protection and Performance Materials. The strategy includes targets associated with increasing the weighting of speciality chemicals versus base chemicals in the Group's portfolio, creating a more balanced geographic exposure, streamlining the operational footprint and applying more rigorous capital allocation across the Group's businesses. The Group also announced an intent to rationalise its portfolio through the disposal of non-core businesses, which commenced with the disposal of the Group's non-core Laminates, Films and Coated Fabrics Businesses in December 2022.

The business strategy of the Group is based on assumptions about future demand for products and the new products and applications it is developing and on the Group's continuing ability to produce products profitably. Each of these factors depends on the Group's ability to innovate to keep up with sustainable practices (for example, one of the Group's critical enablers of its business strategy is advancing sustainable practices in line with its "*Vision 2030"* plan), changes in technology, the competitive environment, operate in accordance with regulations imposed by local jurisdictions to deal with extreme circumstances, allocate talent and capital to growth driving businesses, identify non-core businesses for disposal, acquire suitable targets at appropriate times, integrate acquired businesses, finance operations and product development activities, maintain and expand high-quality, sustainable and efficient manufacturing operations, efficiently manage the Group's supply chains (including as a result of geopolitical events), expand into new markets, respond to competitive and regulatory changes, comply with competition regulations in various jurisdictions, access quality raw materials in a cost effective and timely manner, and retain and attract highly skilled technical, managerial, marketing and finance personnel.

In addition, the Group may be unable to achieve, or may be delayed in achieving, the objectives and benefits of its cash saving programme or other cost reduction initiatives. The cash saving programme, announced in October 2022 as part of the Group's broader plan to "*Focus, Strengthen and Grow*" includes various initiatives to reduce the Group's leverage towards the target of between 1–2x net debt to EBITDA, including the suspension of dividends until the end of 2023, targeted reductions in working capital and capital expenditure. However, there may be unanticipated difficulties in implementing one or more of such initiatives, and the Group may not ultimately realise the full benefits of, or be able to sustain the benefits anticipated by, these initiatives. In addition, through short-term reductions in capital expenditure, the Group may experience future decreases in manufacturing capacity or new product launches, which may in turn materially affect the Group's business, financial condition and results of operations and any such effect may not ultimately be addressed in full or in part by existing contractual recourse or insurance coverage that the Group may benefit from.

Difficulties with predicting GDP growth expectations in many countries means that many chemical producers, including the Group, may find it difficult to accurately model and predict the prospects for their businesses, and it may be difficult for investors to use historical financial information as an indicator for future results. Any failure by the Group to accurately predict the economic environment and the development of their business could lead to misjudgements as to the level of production

capacities needed for their business, increase the risk of failed investments and may materially affect the business, financial condition and results of operations of the Group.

1.3 The Group intends to balance its portfolio of businesses and this may involve carrying out disposals and acquisitions which may prove difficult for the Group to consummate and anticipated benefits may not materialise at all or to the extent expected

As part of the Group's "*Focus, Strengthen and Grow*" strategy announced in October 2022, the Group announced an intent to rationalise its portfolio through the disposal of non-core businesses, which commenced with the disposal of the Laminates, Films and Coated Fabrics Businesses in December 2022. The Group's ability to dispose of assets could be affected by various factors, including the availability of purchasers willing to purchase such assets at acceptable prices. The Group may also incur unexpected additional costs with recent and future disposals and the Group's business following any disposal may be less diversified. At completion of the disposal of the Laminates, Films and Coated Fabrics Businesses, the Group entered into an ongoing transitional service agreement ("**TSA**") pursuant to which it will provide certain services to the Laminates, Films and Coated Fabrics Businesses for the following periods of time following completion of the transaction: (i) nine months for IT-related services; and (ii) six months for all other services pursuant to the TSA. The Group could incur unexpected additional costs and/or adverse impacts on the functioning of the Group's business as a result of its obligations under the TSA arrangements, which could adversely affect its business, financial condition or results of operations. Moreover, as a result of any recent or future disposals, including the disposal of the Laminates, Films and Coated Fabrics Businesses, the Group has and may become less diversified, which may make it more susceptible to adverse developments in the Group's remaining product and business lines.

In addition, sellers can be required to retain certain liabilities or agree to indemnify buyers for certain matters and to dispose of certain assets the Group may provide an indemnity to a buyer. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Moreover, third parties may be unwilling to release the Group from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, the Group may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

The strategy of the Group also involves acquisitions from time to time, including the Eastman Acquisition and the key acquisitions of: (i) OMNOVA in April 2020; (ii) BASF Pischelsdorf in January 2018; (iii) Speciality Additives in March 2017; and (iv) PAC in June 2016. Whilst focus in the short to medium-term will be on strengthening the balance sheet and reducing leverage, the Group may continue to acquire companies or assets in the future if it identifies suitable acquisition targets, however there are risks associated with any acquisition. It is possible that the Group identifies targets that are not as appropriate for its business as expected or that more is paid to acquire the target than the value that the Group expected to realise from the acquisition. Any acquisition that the Group makes could be subject to a number of risks, including:

- problems with the effective integration of operations;
- an inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- costs related to achieving or maintaining compliance with laws, rules or regulations;
- the loss of key employees of the acquired company;
- exposure to unanticipated liabilities; and
- difficulties in realising expected projected efficiencies, synergies and cost savings.

In addition, in connection with any acquisitions, despite the due diligence the Group performs, it may encounter performance, funding or cash flow issues with the acquired business when compared to its expectations, or it may have inadvertently or unknowingly acquired actual or potential liabilities or defects, including legal claims, claims for breach of contract, employment related claims, environmental liabilities, hazardous materials or liability for hazardous materials or tax liabilities. If any of the above were to materialise, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group may use debt financing for any acquisitions, which would increase its debt service requirements, or the Group may use operating cash flows to finance acquisitions, which would decrease its retained earnings and the amount of cash on the balance sheet. For example, to finance the Eastman Acquisition, the Group entered into the 2021 Term Loan which was drawn in full, alongside a portion of the Group's 2019 Revolving Credit Facility. In order to manage any acquisitions the Group successfully completes, the Group will need to expand and continue to improve its operational, financial and management information systems.

If balancing the Group's portfolio by making disposals or acquisitions or integrating any acquired business diverts too much management attention from the operations of the Group's current businesses, this could adversely affect the Group's financial condition and results of operations. Any acquisition or disposal the Group consummates may not ultimately provide the benefits originally anticipated. Furthermore, the Group may not succeed in identifying attractive acquisition candidates or financing, if necessary, on favourable terms.

1.4 The Group may not be able to accelerate the growth and improve the performance of the Adhesive Solutions division as currently planned, including as a result of not being able to fully realise the estimated benefits of integrating the Adhesive Resins Business into the broader business of the Group

The Adhesive Resins Business has operated within the existing Synthomer business since 1 April 2022, initially within the Adhesive Technologies division. As at 31 December 2022, it became the core of the new Adhesive Solutions division. Accelerating the growth of the Adhesive Solutions division is a core element of the Group's strategy to "*Focus, Strengthen and Grow*".

Technical integration of the Adhesive Resins Business has progressed in line with the Group's plans, as the Group has exited from the associated existing transitional services arrangement and supported systems. Further, during 2022 the Group successfully completed the compliance integration of the Adhesive Resins Business. However, the Adhesive Resins Business contains core technology that is outside the Group's previous expertise and sites which increase the Group's risk profile due to the high temperatures and pressures the units operate at. Whilst the Group intends to fully incorporate the relevant adhesive resins sites into the Group's operational and commercial excellence initiatives, extend safety networks and improve the Adhesive Solutions division's overall performance through achieving the full integration of the Adhesive Resins Business, enhancing operational stability and cost competitiveness and broadening its current raw material supply chain, there can be no assurances that the Group will be able to achieve this as it currently anticipates.

To the extent that the Group is unable to accelerate the growth of the Adhesive Solutions division and efficiently and fully integrate the Adhesive Resins Business' operations into the existing business, realise anticipated financial benefits and synergies, prevent supply chain discontinuity, retain key personnel and avoid unforeseen costs or delay, there may be a material adverse effect on the Group's business, financial condition and result of operations. Accelerating the performance of the overall Adhesive Solutions division and estimated synergies or other benefits from the full integration of the Adhesive Resins Business could be limited, delayed or prevented, and the estimated improvement and implementation costs may be exceeded due to, among others, risks that include the following factors:

- general economic conditions may deteriorate;
- general supply and demand dynamics in the market may vary;
- demands of the improvement and integration process on management time could result in diversion of the attention of the Group's management and employees from ongoing operations, pursuing other potential business opportunities and may cause a delay in other projects currently contemplated;
- the Group may not be able to successfully implement a new organisational and governance model, which may require restructuring of the organisation, transferring certain services to other locations or re-evaluating headcount;
- the Group may face unforeseen technological challenges resulting in complications, delays, errors or additional costs;

- the Group's technological solutions or standards may not be sufficiently compatible to enable unified and coordinated operational models or offerings, which could slow down operations or lead to incident-causing misunderstandings and higher costs;
- technical improvement and integration may have to be implemented through temporary measures, which could lead to weakened security and increase the risk of major incidents;
- unexpected investments in equipment, IT systems and other business crucial infrastructure may incur significant integration related expenses;
- improvement and integration may disturb the efficiency, accuracy, continuity and consistency of the Group's control, administrative and support functions, such as financing operations, cash management, hedging, insurance, financial control and reporting, information technology, communications and compliance functions;
- labour practices may be different and decrease the Group's profitability and their alignment may be more time consuming and expensive than anticipated; and
- the Group is dependent on the working capacity of senior management and key personnel, and their continued employment within the Adhesive Resins Business.

If the Group fails to realise the anticipated benefits on the anticipated timeframe, or fails to recognise further synergies or benefits, or if the estimated implementation costs of either the acceleration of the performance of the Adhesive Solutions division or the full integration of the Adhesive Resins Business are exceeded, an important strategy of the Group may not be realised and may affect the effective running of the business in the ordinary course and the efficient allocation, including redeployment, of the Group's resources. Materialisation of any of the above factors could have a material adverse effect on the Group's operating results, financial condition and prospects.

1.5 The occurrence of major operational interruptions or problems at the Group's facilities could have a material adverse effect on its level of asset utilisation, as well as its overall business, financial condition and results of operations

As at 30 June 2023, the Group operated 36 active production sites (taking account of announced closures) in 17 countries globally. The results of the Group's business are dependent on the continued operation of these production facilities and the maintenance of high levels of asset utilisation, the transport infrastructure that carries supplies to the facilities and the ability to complete planned construction, capacity expansion and maintenance projects on schedule.

The chemical manufacturing industry is inherently dangerous. The Group's operations are subject to these dangers and the related use, storage, transportation and disposal of raw materials, products and wastes, including: severe weather conditions such as hurricanes, fires, earthquakes, floods, extreme temperature fluctuations or any other natural or manmade disaster or other adverse weather conditions; explosions and other accidents, including pipeline leaks and ruptures; human error or mechanical failures; unplanned production downtime; transportation interruptions; negligent actions of third parties; terrorism or sabotage aimed at disrupting the Group's production facilities; unpermitted discharges or releases of toxic or hazardous substances or gases; and other environmental health, safety and security risks.

These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, delays in the transportation of products, as well as environmental damage and may result in suspension of operations and the imposition of civil and criminal liabilities, including penalties and damage awards. The acquisition of certain adhesive resins sites as part of the Eastman Acquisition has increased the likelihood of some of these risks, due to the high temperatures and pressures these units operate at and core technology that is outside of the Group's previous expertise.

Additionally, many of the Group's products are water-based, with approximately 50% or higher water content. Transportation and storage of these products can be costly, given the size and weight of water-based products as well as the hazards inherent in transporting and storing chemicals.

The Group also has scheduled shutdowns at its production facilities in order to perform necessary inspections and testing to comply with industry regulations and to permit the Group to carry out maintenance that may be necessary. Scheduled shutdowns may require longer downtime than anticipated. Unscheduled shutdowns may occur due to technical failure or other reasons. Extended downtime at any of the Group's major operating facilities, whether the result of a scheduled shutdown

or otherwise, could reduce rates of asset utilisation and undermine the Group's ability to maintain high production volumes and meet its commitment to customers, which could materially adversely affect the Group's business, financial condition and results of operations.

Any significant interruption occurring from time to time in operations at the Group's facilities, including interruptions caused by the events described above, may exceed the limitations of the Group's current insurance coverage. Changes in the Group's insurance costs could also reduce the productivity and profitability of a particular production plant, or the Group's business generally, during and after such interruptions.

1.6 The Group may be subject to information technology systems failures, network disruptions and breaches of cyber security. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss

The industries in which the Group operates have become increasingly dependent on information technology to conduct certain processing activities. For example, the Group depends on information technology to perform many of its services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks, have increased and may further increase as a result of ongoing Russian military action in Ukraine. The technologies, systems and networks utilised by the Group and its vendors, suppliers and other business partners may become the target of cyberattacks or information security breaches that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period.

Increased reliance on technology carries with it an increased risk of cybersecurity issues, including phishing and end point vulnerability, which has been particularly heightened in light of the current environment of increased remote working following the response to the COVID-19 pandemic. Further, the Group's systems for protecting against cyber security risks may not be sufficient. As cyber incidents continue to evolve, the Group will likely be required to expend additional resources to continue to modify or enhance its protective measures or to investigate and remediate any vulnerability to cyber incidents. Further, the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") came into effect in Europe on 25 May 2018 and has created a range of new compliance obligations and significantly increased financial penalties for non-compliance. GDPR was incorporated into domestic law in the United Kingdom, with minor amendments, by virtue of EUWA, which the Group is also subject to. Whilst the Group continues to enhance its security defences through increased investments and the implementation of the Group's cyber security plan, if a significant or widely publicised unlawful disclosure of employee or customer data were to occur, whether as a result of a failure of the Group's information technology security systems, data centre outages, employee negligence or the actions of vendors, the Group may lose intellectual property, suffer reputational damage and/or be subject to legal claims by individuals, fines or other enforcement action. All of the above may result in information theft, data corruption, operational disruption and/or financial loss.

Information technology systems failures, including risks associated with upgrading systems, network disruptions, data centre outages and breaches of data security could disrupt the Group's operations by impeding the Group's operational efficiencies, delaying processing of transactions and inhibiting the Group's ability to protect customer or internal information. The Group's computer systems, including its backup systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods, tornadoes and hurricanes, and/or errors by the Group's employees. Although the Group has taken steps to address these concerns by implementing sophisticated network security, backup systems and internal control measures, a system failure or data security breach could occur and materially adversely affect the Group's business, financial condition and results of operations.

1.7 The use by the Group of several different currencies exposes it to the effects of exchange rate fluctuations that could adversely affect profitability and the ability to repay indebtedness or comply with certain maintenance covenants, which could significantly affect the results of operations and financial condition

The business of the Group is subject to risks normally associated with international operations, including currency and interest rate fluctuation risks and local business risks. The Group's reporting and functional currency is the pound sterling while the Group generates sales, incurs costs and has assets and liabilities in other currencies, particularly the euro, Malaysian ringgit and US dollar. Raw materials costs are primarily incurred in euro and US dollars, while the majority of the Group's sales are in euro, US dollars, and Malaysian ringgit. The Group's international subsidiaries typically report in local currencies rather than in pounds sterling. Profit translation exposures from overseas operations are not hedged. As a result, strengthening of the pound sterling against the euro, US dollar or Malaysian ringgit will result in a decrease in the net sales of the Group as reported in pounds sterling, which could materially adversely affect the business, financial condition and operating or financial results of the Group. In addition, the local subsidiaries of the Group may incur costs in, and generate income in, currencies other than their respective reporting currencies, exposing them to foreign currency transaction risk.

Furthermore, a significant proportion of the assets and liabilities of the Group are also in currencies other than pound sterling, principally euro, Malaysian ringgit and US dollars and assets and liabilities are translated into pounds sterling at the prevailing exchange rates on the balance sheet date for inclusion in the Group's financial statements. Moreover, a significant proportion of the capital expenditures of the Group are denominated in currencies other than the pound sterling. As a result, to the extent that the pound sterling declines in value against the currency in which capital expenditure is to be incurred and the Group does not have sufficient cash flows in the respective currency to make such capital expenditure, the effective cost of making such capital expenditure may be higher.

The Group evaluates exchange rate risks from time to time and uses borrowings in local currencies to hedge overseas net assets. The Group does not hedge its profit translation exposure. The Group's foreign currency hedging strategies may not adequately protect its results of operations or balance sheet position from the effect of exchange rate fluctuations, which may result in losses or may limit any benefit that may otherwise be received from favourable movements in exchange rates. Any significant adverse fluctuations in currency exchange rates could have a material adverse effect on the business, financial condition and operating or financial results of the Group.

In addition, the Group has an exposure to interest rate risks, arising principally on changes in US dollar and Euro interest rates. The Group manages this risk by managing the proportion of fixed to floating rate borrowings and utilising interest rate swaps but this may not adequately protect its results of operations or balance sheet position from the effect of interest rate fluctuations, which may result in losses or may limit any benefit that may otherwise be received from favourable movements in interest rates. Any significant adverse fluctuations in interest rates could have a material adverse effect on the business, financial condition and operating or financial results of the Group.

1.8 Underfunding or deterioration of pension schemes

The Group has funding risks relating to its UK and overseas defined benefit pension schemes. The Group's principal funded defined benefit pension schemes are in the UK and the US and both are closed to new entrants and future accrual. The Group also operates an unfunded defined benefit scheme in Germany and various other defined contribution overseas retirement benefit arrangements. The Group's pension plans are subject to legislative and regulatory requirements of applicable jurisdictions. The Group's pension costs and liabilities are materially affected by the discount rate used to measure pension obligations, the level of plan assets available to fund those obligations at the measurement date and the expected long-term rate of return on plan assets. If the market value of the assets declines or the value of the liabilities increases, the Group may be required to increase its contributions to its UK and overseas defined benefit schemes.

A variety of factors, including factors outside the Group's control, may adversely affect the value of the assets or liabilities, including interest rates, inflation rates, exchange rates, longevity risk, actuarial data, adjustments, regulatory changes and the strength of the employer covenant provided to the pension schemes by the Group. If these or other internal and external factors were to become unfavourable, or more unfavourable than they currently are, the costs and net liabilities associated

with the UK and overseas defined benefit schemes could increase substantially. Significant changes in investment performance or a change in the portfolio mix of invested assets may result in corresponding increases and decreases in the valuation of plan assets, particularly equity securities, or in a change of the expected rate of return on plan assets. Any change in key actuarial assumptions, such as the discount rate, would impact the valuation of pension obligations, which affects the reported funded status of the Group's pension plans as well as the net periodic pension cost in the following financial years. Any declines in the fair values of the pension plans' assets could require additional payments by the Group in order to maintain specified funding levels. Any decrease in interest rates will result in an increase of pension liabilities.

The Group cannot predict whether changing conditions will require it to make future additional contributions to the pension schemes, or whether it will have the funds necessary to make minimum pension contributions at the times that they may be required. As a result, the Group may incur higher than expected costs or other liabilities associated with funding the pension plans. In addition, the UK Pensions Regulator has extensive powers relating to UK pensions schemes, including the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising for the Group.

The asset portfolios of the Group's UK and US defined benefit pension schemes contain a proportion of equity assets. The holding of equity assets has been reduced with a view to reducing the level of exposure to volatility in equity markets. Although, all other things being equal, this should help to reduce fluctuations in the assets of the pension schemes, the other factors noted above could still lead to significant fluctuations in the size of the deficits in each scheme. As of 31 December 2022, the deficit in relation to the Group's defined benefit pension schemes stood at £73.4 million, calculated in accordance with IAS 19 while deficit recovery contributions amounted to £21.3 million for the year ended 31 December 2022. The contribution requirements of the Group to the defined benefit schemes are regularly assessed. In respect of the UK defined benefit scheme, contribution requirements are generally assessed every three years as part of a full actuarial valuation, the next of which will take place in 2024. Contributions to the Group's principal funded defined benefit pension schemes in the UK and the US have been suspended until the start of 2024.

1.9 Health and safety concerns associated with chemical use could result in significant losses or liabilities

There is a risk that one or more of the key raw materials or one or more of the Group's products may be found to have a currently unrecognised toxicological or health related impact on the environment or on their customers or employees. Such hazards may cause personal injury and loss of life, damage to property and contamination of the environment, which could lead to government fines or work stoppage injunctions and lawsuits by injured persons. If such actions are determined to be adverse, insurance may not be adequate to cover such claims. Such outcomes could have a material adverse effect on the business, financial condition and operating or financial results of the Group.

In addition, health and safety concerns could increase the costs incurred by customers to use products and otherwise limit the use of these products, which could lead to decreased demand. Materials such as acrylonitrile, ethylbenzene, styrene, butadiene, Bisphenol A and halogenated flame retardant which currently are or may in the future be used in the manufacturing of products, have come under scrutiny due to potentially significant or perceived health and safety concerns. Such a decrease in demand would likely have a material adverse effect on the business, financial condition and operating or financial results of the Group.

More generally in the chemicals industry, products are subject to public scrutiny and may become the target of environmental group protests and campaigns, which, in turn, could lead the public to develop a negative perception of certain of the products of the Group, which could materially affect sales and volumes of such products.

1.10 The Group may incur litigation related expenses and/or reputational damage, including in relation to product quality

The Group's operations involve the use of hazardous materials and it has been from time to time, and in the future may be, subject to claims made in relation to its property and operations or for personal injury. While the Group does not currently have any material exposure in terms of safety, health and environment ("**SHE**") litigation (other than with respect to the Consent Decree), from time to time

contractors or employees have been harmed during the course of their employment. Injuries to contractors and employees may occur in the future.

From time to time, the Group has been subject to various claims, proceedings and lawsuits related to products, services, contracts, employment, environmental, safety, intellectual property and other matters arising out of its business operations or the business operations of the Group's predecessors. Whether founded or unfounded, if any such claims, proceedings, or lawsuits are not resolved in the Group's favour, they may result in significant financial liability, negatively impact the Group's business operations, and harm the Group's reputation. The costs of investigating and defending against claims can be substantial and the Group's insurance may not be adequate.

In addition, the Group may be subject to litigation and the cost or the ultimate outcome of such litigation or other proceedings, including remedies or damage awards, cannot be predicted. Adverse results in any litigation or other proceedings may materially harm the Group's business. Litigation and other proceedings may include but are not limited to: actions relating to intellectual property; commercial arrangements; environmental; health and safety; joint venture agreements; and labour and employment or other harms resulting from the actions of individuals or entities outside of the Group's control.

Furthermore, the Group's products have widespread uses in a variety of end-markets, including transportation, consumer products, building and construction, industrial and health and protection. Product quality and reliability are key elements of the Group's competitive position and the Group may lose customers and potentially be liable for damages for any quality issues. The Group has in the past, and may in the future, be named as defendants in product liability claims. Were any such product liability claim or series of claims arising out of these various uses (particularly where the value of such claims are in excess of the Group's insurance coverage, applicable indemnification agreements, or any provision made), to be successful against the Group, it could have a material adverse effect on the Group's business, financial condition and results of operations. The Group could be required to increase its debt or divert resources from other investments in the Group's business in order to discharge any such claims or might not be able to cover such claims at all.

1.11 The Group could be subject to damages based on claims brought against it by its employees or contractors or its customers (including product liability claims) or lose customers as a result of the failure of its products to meet certain quality specifications

Many of the products of the Group provide critical performance attributes to customers' products that are sold to end-consumers. The sale of these products involve the risk of product liability claims. If a person were to bring a product liability claim in respect of a product which contains any products produced by the Group, that party may also be named as a defendant in that claim or may be subject to separate litigation brought by its customer. Further, if a product fails to perform in a manner consistent with quality specifications, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as designed and marketed. A successful claim or series of claims against the Group could cause reputational harm and have a material adverse effect on its business, financial condition and operating or financial results and result in the loss of one or more customers.

In addition, the Group may be subject to damages based on claims brought against them by employees or contractors who have been harmed during the course of their work. Adverse results in any such litigation or other proceedings may materially harm the business of the Group.

1.12 Uninsured losses, losses in excess of insurance coverage for certain risks and unanticipated changes in insurance costs could have a material adverse effect on the Group

The Group's plant, equipment and other assets are insured for property damage and business interruption risks, and its business as a whole is insured for product liability risks. In addition, the Group carries marine cargo and director and officer liability insurance. However, such insurance may not cover all risks associated with the hazards of their businesses and is subject to limitations, including deductibles and maximum liabilities covered.

The Group may incur losses beyond these maximum limits or outside the coverage of their insurance policies. If this occurs, and there is any liability, the business, financial condition and operating or financial results of the Group could be materially adversely affected.

In addition, from time to time, various types of insurance for companies in the Group's industry have not been available on commercially acceptable terms or, in some cases, have not been available at all. In the future, the Group may not be able to obtain coverage at current levels and/or the premiums and deductibles for certain insurance policies may increase significantly on the coverage that is currently maintained. If insurance is not available at commercially acceptable premiums, there is a risk that the Group's insurance coverage does not cover the full scope and extent of claims against them or losses incurred, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability and business interruption.

Furthermore, the Group could be required to increase their debt or divert resources from other investments in their business to discharge an uninsured claim. Costs associated with unanticipated events in excess of insurance coverage, or a failure to maintain such coverage could materially adversely affect the business, financial condition and operating or financial results of the Group.

1.13 Loss of key personnel or the inability to attract and retain new qualified personnel

The success of the Group in the highly competitive markets in which it operates will continue to depend to a significant extent on certain key, highly skilled employees, including its executive directors, heads of divisions, regional managers, market development and R&D directors, key technical specialists and project managers. In addition, the future growth and success of the Group also depends on its ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and technical personnel. The Eastman Acquisition has also provided the Group with the ability to further expand its management and research capabilities. The Group may not be able to retain key employees or to recruit qualified individuals. The loss of key employees could result in high transition costs and could disrupt the operations of the Group, which could in turn have an adverse effect on its business, financial condition and operating or financial results.

1.14 The Group is subject to collective bargaining or works council agreements with certain of its employees, and the failure to renew or renegotiate such agreements on acceptable terms or any labour disturbances could result in work stoppages or increased costs for the Group

The Group's business could be adversely affected by any significant disruption in relations with its employees. As at 31 December 2022, the Group employed approximately 5,200 employees on a full-time equivalent basis, currently across 36 production sites (taking account of announced closures) in 17 countries. Approximately 65% of the Group's non-management employees are covered by some form of collective bargaining arrangement at site or national level or a works council agreement. In addition, a significant portion of the Group's employees reside in countries in which employment laws provide employees with significant bargaining power or other rights that may require the Group to spend more time and expenses when altering or amending employees' terms of employment or making staff reductions. For example, many of other Group's employees in Europe are represented by unions or works councils, which are on the board of directors of certain local subsidiaries by law and generally must approve changes in conditions of employment, including salaries and benefits.

The Group may not be able to renew any such collective bargaining agreements or work council agreements on terms similar to current terms or renegotiate such agreements on acceptable terms. Additionally, in foreign jurisdictions where the Group operate, national unions and foreign governments may be unable to reach agreements, which could result in work stoppages that are out of the Group's control.

In addition, if a collective bargaining agreement or a works council agreement is negotiated at a higher than anticipated cost, such costs may need to be absorbed by the Group or passed through to customers in the form of higher prices, which may make the Group less competitive. Furthermore, a labour disturbance or work stoppage at any of the facilities of the Group as a result of any changes to employment terms and conditions or for any other reason could have a material adverse effect on that facility's operations and, potentially, on the business, financial conditions and operating or financial results of the Group.

1.15 Potential future impairments of intangible assets could have a material adverse effect on the Group's business, financial condition and results of operation

The Group's results of operations may vary due to the impairment of goodwill and/or other intangible assets relating to the acquisition of acquired trademarks and licences and acquired customer-related intangible assets. The Group carries significant amounts of goodwill and other intangible assets on its balance sheet as a result of its corporate acquisitions and investments. As at 31 December 2022, the net book value of the Group's goodwill amounted to £480.8 million while the Group's acquired intangible assets amounted to £523.6 million and other intangible assets amounted to £60.9 million.

The Group conducts annual impairment tests on goodwill and annual assessments of the carrying values of intangible and tangible assets when impairment indicators exist. As a result, declines in the Group's profitability or the value of comparable companies may impact the fair value of its reporting units and result in an impairment in the value of goodwill, brands or other intangible assets, which could have a material adverse effect on the Group's business, financial condition and results of operation.

For example, on 1 April 2022, the Group completed the Eastman Acquisition for a total consideration of £779.1 million and initially recorded associated goodwill of £124.9 million. However, as the macroeconomic situation worsened in the second half of 2022 and end-user demand declined, demand for the Group's Adhesive Technologies products declined. The Adhesive Technologies division also experienced a number of reliability and supply chain issues (which the Group is in the process of addressing, particularly with respect to the stabilisation and optimisation of supply chain processes and the broadening of feedstock options), as well as lower than expected acquisition of capacity. As a result, in the year ended 31 December 2022, the Group incurred a £133.7 million non-cash impairment charge to write-off substantially all of the goodwill recorded in connection with the Eastman Acquisition.

Further, a reduction in expected future cash generation in light of potential difficult market conditions in the UK, US, Germany or the other markets where the Group operates, could lead the Group to recognise additional impairments to other cash generating units. While impairment to the Group's goodwill and intangible assets does not affect reported cash flows, EBITDA or any other underlying performance measures, any material impairment could have a material adverse effect on the Group's results of operations, net equity or financial condition as reported under IFRS.

1.16 Necessary licences, certificates, approvals and permits for operations may not be renewed

The operations of the Group will be subject to various licences, certificates, approvals and permits in different foreign jurisdictions. There is no assurance that the Group will be able to renew their licences, certificates, approvals and permits upon their expiration. The eligibility criteria for such licence, certificates, approvals and permits may change from time to time and may become more stringent. In addition, new requirements for licences, certificates, approvals and permits may come into effect in the future. The introduction of any new and/or more stringent laws, regulation, licences, certificates, approvals and permits requirements relevant to the Group's business operations may significantly escalate compliance and maintenance costs, preclude continuing with existing operations or limit or prohibit business expansion. Such outcomes could adversely affect the business, financial condition and operating or financial results of the Group.

1.17 The loss of key customers for certain products could materially affect the Group's business

Although the Group does not rely on any single customer for a substantial portion of its revenues, if it loses any key customers, the Group may be unable to find alternative buyers to purchase the same products in the same quantities, if at all, at similar price levels and/or on the same terms.

Although no single customer accounts for a substantial proportion of the Group's revenues, within any given product type or end-market the Group may rely on a small number of key customers. While the Group does not anticipate the loss of any key customers, the Group may lose customers due to, among other things, industry consolidation, customer dissatisfaction or competition, which could lead to a significant increase in inventories or decrease in the Group's revenue and have a material adverse effect on its business, financial condition and results of operations.

The Group faces certain risks relating to the loss of customers as it does not generally have long-term contracts with its customers. With some exceptions, most of the Group's business is conducted on a purchase order basis rather than through long-term contracts. Accordingly, customers may elect to discontinue business with the Group with limited or no notice and with limited recourse. Additionally, certain of the Group's product lines contribute disproportionately to its profitability. Accordingly, the loss of customers for these products could have a material adverse effect on the Group's financial results.

1.18 Failure to adequately protect or effectively enforce intellectual property rights

The success of the Group relies to a significant degree on its ability to identify, protect and preserve intellectual property and other proprietary information, confidential know-how and business secrets including processes, apparatuses, technologies, trade secrets, trade names and proprietary manufacturing expertise, methods and compounds particularly in relation to technologically sophisticated products.

The Group may be unable to prevent third parties from using intellectual property and other proprietary information without authorisation or independently developing similar intellectual property and other proprietary information, particularly in those countries where the laws do not afford comprehensive protection of proprietary rights and despite actions the Group takes to protect its proprietary rights, including the implementation of a new trade secret policy. Additionally, there is no guarantee that the Group can prevent the disclosure of business secrets.

While it is the policy of the Group to enter into confidentiality agreements with its employees and third parties to protect intellectual property, such confidentiality agreements may be breached, may not provide meaningful protection for trade secrets or proprietary know-how or adequate remedies may not be available in the event of an authorised use or disclosure of these trade secrets and know-how.

The use of the intellectual property and other proprietary information and confidential know-how by an unauthorised third-party could reduce or eliminate any competitive advantage that has been developed, cause the loss of sales or a reduction in future profits or otherwise materially adversely affect the business, financial condition and operating or financial results of the Group. If it becomes necessary to litigate to protect these rights, any proceedings could be burdensome and costly, may divert significant management attention from the operations of the Group's current businesses and may not be successful.

1.19 The products of the Group may infringe the intellectual property rights of others

The Group will continually seek to improve its business processes and develop new products and applications. Although it is the Group's policy and intention not to infringe valid patents of which they are aware, there could be third-party patents that cover the Group's products, processes or technologies, and it is possible that they could be liable for infringement of such patents and could be required to obtain licences from the owners of such rights or to modify its processes or technologies or re-engineer its products to continue its manufacturing and sales activities with respect to one or more products that are found to be infringing. The Group may not be able to obtain the necessary licences on acceptable terms, or at all, or be able to modify its processes or technologies or re-engineer their products in a manner that is successful in avoiding infringement. Moreover, if the Group is sued for infringement and loses, it could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology.

The Group may also be subject to indemnity claims by their business partners arising out of claims of its alleged infringement of the patents, trademarks and other intellectual property rights of third parties in connection with their use of the products of the Group. Intellectual property litigation often is expensive and time consuming, regardless of the merits of any claim, and involvement in such litigation could divert management's attention from operating the business. Any of the foregoing could cause the Group to incur significant costs and prevent it from selling its products and this could have a material adverse effect on the business, financial condition and operating or financial results of the Group.

2. RISKS RELATING TO THE GLOBAL CHEMICALS AND POLYMERS INDUSTRIES

2.1 The volatility and cyclicality of the global chemicals and polymers markets, including overall demand reduction, may have a material adverse effect on the business, financial condition and operating or financial results of the Group

The business of the Group is exposed to the volatile and cyclical nature of the chemicals and polymers markets. Depending on the individual market, and to some extent the geographic region, the Group's businesses alternate between periods of market growth and periods of stagnation or market decline. The transition from market growth to market decline can be very swift. For example, although demand for NBR depends on various factors, the Group experienced record demand for NBR (which customers use in the manufacturing of medical gloves) during the years ended 31 December 2020 and 2021 as a consequence of increased demand resulting from COVID-19 related health measures. However, the Group subsequently experienced weaker levels of demand for NBR in the year ended 31 December 2022 as a result of substantial glove destocking by the Group's end-users and customers (following overstocking during the unprecedented COVID-19 pandemic).

Several factors that have historically contributed to volatile results in the chemicals industry and the business of the Group, most of which are beyond its control, include:

- exchange, inflation and interest rate fluctuations;
- oversupply due to unforeseen capacity expansions by existing or new competitors;
- short-term utilisation rate fluctuations due to planned and unplanned shutdowns;
- regulatory requirements driving required technology and manufacturing changes; and
- political and economic conditions, which drive rapid changes in prices for energy and key raw materials.

Uncertainty in the global economic environment (which could result in lower demand) and the implications of the variable supply and demand balance in the chemicals industry may result in increased supply, which could increase pressure on the margins of the Group and could materially adversely affect its business, financial condition and operating or financial results. For example, in the NBR gloves market, the ongoing destocking of nitrile gloves after the COVID-19 pandemic, as well as increased competition (with capacity expanding in the market in China and the rest of Asia) resulted in an overall demand reduction during 2022 and the first half of 2023. Conversely, industry-wide capacity constraints, driven by strong demand or other factors, may lead to a rise in sales prices for raw materials and therefore to a corresponding rise in the prices of the products of the Group, which could cause existing customers, for certain products, to switch to substitutes or to reduce the quantities of products they purchase.

The above factors could lead to a reduction in prices and sales volumes and thus affect sales growth and capacity utilisation within the Group, which could have material adverse effects on the business, financial condition and operating or financial results of the Group.

2.2 Fluctuations in the cost of raw materials and energy may adversely affect the Group's financial condition, cash flows and results of operations and the Group may lose the ability to pass along fluctuations in raw materials and energy prices

The Group is dependent on numerous raw materials, purchased from a diverse range of sources. The cost of raw materials constitutes a large proportion of the Group's total production costs. The Group's margins are also significantly impacted by the relationship between the prices the Group is able to charge for products and the costs of the raw materials and energy required to make and transport these products.

The prices of a majority of the Group's raw materials by cost, such as styrene, butadiene, acrylonitrile and methyl methacrylate are at least partially dependent on crude oil prices, which have been highly volatile and subject to large fluctuations and sharp price movements, such as those which coincided with the onsets of both the COVID-19 pandemic and Russian military action against Ukraine. According to Bloomberg, Dated Brent crude oil averaged approximately $99 per barrel in 2022, compared to an average of approximately $70 per barrel in 2021 and $43 per barrel in 2020. On 8 March 2022 (following the Russian military action against Ukraine on 24 February 2022), Dated Brent crude oil reached approximately $128 per barrel. Although energy prices have since normalised,

the energy market remains generally volatile, which also causes cost fluctuations for the Group's business.

Over the short-term, supply and demand balances can have an even greater impact on the pricing of raw materials. The aftershocks of the COVID-19 pandemic have disrupted supply chains, with some of the Group's raw material prices doubling for a temporary period. In addition, Russian military action against Ukraine has compounded supply chain disruptions and created significant volatility in energy costs, while demand has been dampened by inflationary pressures worldwide. Although the Group is generally able to pass on raw material and energy price increases and decreases to customers, particularly in speciality businesses, increases in raw material and energy costs have led to, and may continue to lead to, higher working capital levels than in the past. If the price of crude oil increases, it could result in an increase in the prices of certain of the Group's raw materials which the Group may not be able to fully pass on.

The relative scarcity of certain raw materials can also impact the Group's results. Although the Group generally has multiple global raw material suppliers, certain raw materials are available only from a small number of suppliers and in limited circumstances only from a single source. While the Group uses a limited number of raw materials that are available only from a sole source and orders those materials in limited quantities, the loss of any of these raw materials could significantly impact the Group's ability to deliver differentiated products in some of the Group's most specialised businesses. Accordingly, sole source and limited source suppliers generally have greater pricing and supply leverage.

In other cases, the Group chooses to single source certain raw materials to obtain certain commercial advantages, including superior pricing and terms. Any disruption in raw material availability from one of these suppliers may require the Group to secure raw material supplies from alternative suppliers on less favourable terms.

Volatility in raw material or energy prices could therefore place strains on the Group's working capital requirements. Whilst the Group seeks to pass through fluctuations in raw material and energy prices to its customers, there have been delays historically in the Group's ability to do so. Additionally, interruptions in supply could place increased pressure on the Group's margins and reduce net cashflow. Either of these possibilities could materially adversely affect the Group's business, financial condition and results of operations, as well as impair the Group's ability to fulfil its financing needs (including the need to repay its obligations) or make further investments in its business. Any of these factors could materially adversely affect the Group's business, financial condition and results of operations.

Furthermore, the Group does not use commodity derivatives to hedge the price fluctuation risk of raw materials, relying instead on its ability to pass through volatility through pricing. Since the value of the Group's chemical products are to a major extent determined by the raw materials that are required for the production of these products, the Group's profitability depends on the relationship between the sales prices for the Group's products and the cost the Group incurs for raw materials. As prices for most of the raw materials the Group requires tend to be volatile, the Group constantly needs to adjust sale prices, in particular in an environment of rising raw material and/or energy prices, in order to maintain sufficient profitability. In a declining price environment, demand can decline as customers postpone orders in anticipation of further price decreases. In response to changes in demand levels, the Group's competitors may price their products more aggressively in order to retain market share, which can result in an adverse market environment for the Group in the short-term until the market reaches a new equilibrium. There may be other unforeseen effects, which the Group cannot predict given the volatility of raw or energy material prices.

2.3 The Group could continue to be affected by the possibility of disruption in its supplier relationships which could affect the Group's ability to source raw materials and meet the demands of customers

The Group purchases raw materials from a diverse range of sources. However, there is always a risk that any disruption or delay in the supply of materials from a particular supplier may impact the ability to source raw materials of appropriate quality. Further, the loss of a supplier where the Group is unable to find a suitable alternative, could hinder the Group's ability to fill customers' orders on a timely and cost effective basis or in the required quantities, which could result in order cancellations, decreased revenue or loss of market share and damage to the Group's reputation. In addition,

volatility in supply and demand, costs and pricing can result in contractual disputes with suppliers or an inability to contract on mutually satisfactory terms. Adverse resolution of any such disputes or contract negotiations could have a negative effect on the Group's results of operations.

Security of energy and raw material supplies, in addition to plant availability and reliability, are critical to maintaining supplies to the Group's customers. These may be affected by external factors, including market shortages (including shortage of container freight or other logistics modes), short and/or long-term physical climate related disruption (including weather events and natural disasters), pandemics, global macroeconomic and geopolitical events or internal events that affects plant availability, reliability or safe operations. Each of these factors could lead to a disruption in supply to customers and consequentially have an adverse effect on the Group's reputation. While the supply chain disruptions resulting from Russian military action in Ukraine and related sanctions had no material impact on the security of the Group's existing supply chains, any future supply chain disruptions could materially adversely affect the Group's business, financial condition and results of operations.

Certain of the principal raw materials that are used in the Group's business are derived from petrochemicals and chemical feedstocks, which are only available from a sole source. This is due to either limitations in the supply base or logistics such as direct pipeline supply. Whilst the Group uses a limited number of raw materials which are available only from a single source and despite contingency planning, the loss of any of these raw materials could significantly impact the Group's ability to deliver differentiated products in some of its most specialised businesses. Accordingly, sole source and limited source suppliers generally have greater pricing and supply leverage. If any of the Group's suppliers were unable or unwilling to supply the Group with the raw materials required, it could experience disruptions in production. Such disruptions could result in substantial delays if the Group is not able to find suitable replacement raw materials on commercially viable terms.

The supply contracts for the major raw materials that the Group acquires are typically twelve-month delivery agreements for raw materials, the majority of which are global commodities with short lived price differences between regions due to the logistics, cost and time to store and ship products from one region to another. As a result, while the Group targets monthly flexibility to buy spot and contract volumes, the Group's ability to influence the pricing mechanisms in its supply agreements may be limited.

Many of the Group's suppliers have operations that are subject to the SHE risks associated with the use of hazardous materials. Any SHE related incidents affecting these suppliers may result in significant regulatory actions, fines and other penalties, including restrictions, prohibitions or sanctions on their operations. Such consequences in turn could impair their ability to meet their obligations to the Group under present or future supply agreements.

The key terms of the supply contracts for the raw materials that the Group acquires generally includes hardship clauses and provides some flexibility to negotiate, and although the Group can modify such terms to better reflect current business conditions under certain contracts, there is a risk that this flexibility will be insufficient to adapt the Group's contracts to prevailing business conditions, or in a way that is suitable to the Group, or at all. As a general matter, if a supplier is unable to meet the Group's obligations under present delivery agreements the Group may be forced to incur higher costs to obtain the necessary raw materials elsewhere or, in certain limited cases, may not be able to obtain the raw materials at all. Further, such incidents could also impact the ability of other suppliers to run their operations—for example, a road traffic incident relating to a supplier of one raw material could impact the ability of other suppliers to transport the same raw material. All of the above could materially adversely affect the Group's business, financial condition and results of operations.

2.4 The Group operates in highly competitive markets

The global chemicals and polymers markets in which the Group operates is highly competitive and there is significant competition from large international producers, as well as from smaller regional competitors who may improve their competitive position in the core end-uses by successfully introducing new products, improving their manufacturing processes or expanding their capacity or manufacturing facilities. The Group may be unable to keep pace with competitors' product and manufacturing process innovations and efficiencies. For example, the Group has recently experienced increased competition in China and the rest of Asia, as a result of increased capacity from competitors looking to benefit from benefitting from close access to those growing markets.

Competition between producers of chemicals and polymers can result in significant pressure on prices which may adversely affect sales volumes, revenues and margins. Moreover, in response to changes in demand for products in a declining price environment, competitors of the Group may price their products more aggressively in order to retain market share, which can result in an adverse market environment in the short-term until the market reaches a new equilibrium. All of this may in turn adversely affect the business, financial condition and operating or financial results of the Group. In addition, if the markets for the products of the Group expand, there may be an increase in new competitors and existing competitors may commit more resources to the markets in which the Group will operate, further enhancing existing competition. The resulting pressure of increased competition on margins could materially adversely affect the business, financial condition, operating or financial results and cash flow of the Group.

Furthermore, a number of the customers of the Group are participants in markets that are undergoing consolidation. The Group could lose individual customers to competitors if they are acquired by, or consolidated with, other companies that have relationships with competitors of the Group.

2.5 If the Group is not able to continue the technological innovation and successful commercial introduction of new products, its customers may turn to other producers in order to meet their requirements

The ability of the Group to compete is, and will remain, highly dependent on its ability to develop technological innovations and to introduce new products to satisfy the demands of its customers. In future, alternative materials and technologies could be developed, or existing materials and technologies improved, which could be used in place of the products and technologies supplied by the Group.

If new types of materials or technologies with favourable characteristics are developed or existing materials or technologies are improved by other producers, or if technological developments or improvements in processes result in competitors being able to offer products at lower prices than the products offered by the Group, there is a risk that customers could replace products with materials or technologies offered by competitors. If, in this case, the Group is not in a position to compete on the basis of quality, product features and/or price, this could lead to substantial declines in sales, which could adversely affect the business, financial condition and operating or financial results of the Group.

In addition, customers of the Group may introduce new generations of their own products or require new technological and increased performance specifications that would require the development of customised products.

Innovation or other changes in customers' product performance requirements may also adversely affect the demand for the products. The future growth of the Group will depend on its ability to gauge the direction of the commercial and technological progress in all key end-use markets, and upon its ability to successfully develop, manufacture and market products in such changing end-use markets.

The Group needs to continue to identify, develop and market innovative products on a timely basis to replace existing products in order to maintain its profit margins and its competitive position. If the Group fail to keep pace with evolving technological innovations or fails to modify products in response to customers' needs, then the business, financial condition and operating or financial results of the Group could be materially adversely affected as a result of the associated reduction in sales and profitability.

2.6 Adverse and uncertain global economic and geopolitical conditions, including factors affecting the Group's, and the Group's customers' and suppliers' access to credit, could negatively impact the Group's business and ability to borrow or raise capital

The Group's business and the products that it sells may be impacted by fluctuations in consumer demand in the end-markets where its customers operate, the global economic environment, geopolitical conditions, changes in interest rates and instability in securities markets around the world, among other factors. Adverse economic conditions can affect consumer and business spending generally. In particular, a worsening economic climate can result in a decreased demand in the markets in which the Group's products are used.

The supply-demand balance in the markets where the Group competes and prices for raw materials are strongly influenced by the overall economic conditions in Europe, North America and Asia. Global

financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued leverage and liquidity issues in the banking sector (including the risk of bank failures, insolvencies or government regulatory interventions) and a limited supply of credit. The industry in which the Group operates has experienced challenging conditions recently, including high inflation, as a result of global geopolitical and macroeconomic events. This has led to weaker overall demand in the Group's end-markets, especially in segments for durable end use products. An extended recession or other periods of declining economic conditions, either globally or in any of the markets in which the Group operates, could substantially decrease the demand for the Group's products and adversely affect the Group's business.

Moreover, Russian military action in Ukraine has exacerbated the above challenges due to, among other things, the impact on supply chains, concerns over European energy supply, increased energy costs and higher inflation rates among other macroeconomic developments in many of the markets where the Group is active. Russia's recognition of separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs by the UK, the European Union, the US, Canada, Switzerland, Japan and other countries against Russia, Belarus and such separatist republics, which in turn has reduced gas pipeline supply to Europe from Russia. While such volumes may be compensated for through liquid natural gas imports, this is subject to global pricing, and depends on the availability of infrastructure, levels of gas storage and demand, which is primarily driven by weather conditions. Although the Group has reduced gas demand through the use of alternative fuels either directly or working with site utility service suppliers where possible, further increases in the cost of energy could reduce the competitiveness of the Group's business, and in particular, its European operations, as a result of increased production costs and the Group's inability to pass on these costs to customers, given increased competition from other regions.

Similarly, a significant adverse change in a customer's financial position, as a result of adverse economic conditions or otherwise, could increase the Group's credit risk relating to that customer's receivables or limit the Group's ability to collect accounts receivable from that customer. Continued weakness in the global economy for a significant period of time, or a further deterioration of global economic conditions, could result in the Group's customers experiencing less profitability in their businesses, cash flow shortages, and difficulty in obtaining financing, which may ultimately lead to liquidations or bankruptcies. Any of these occurrences could cause the Group to limit or discontinue business with those customers. The Group's suppliers may also experience similar conditions, which could impact their ability to fulfil their obligations. Any of these events could have a material adverse effect on the Group's business, results of operations, financial condition and liquidity.

Furthermore, a number of the Group's customers and suppliers rely on access to credit to adequately fund their operations, which may be limited due to adverse economic conditions. The inability of the Group's customers to access credit facilities, including as a result of global economic volatility or tightening credit markets, may adversely affect the Group's business by reducing sales and increasing exposure to bad debt, therefore reducing profitability. In addition, the inability of the Group's suppliers to access credit facilities may adversely affect the Group's business by increasing prices for raw material and transportation, which could have an adverse effect on margins.

In addition, adverse conditions in the credit and financial markets could prevent the Group from obtaining financing or credit at favourable terms in order to fulfil its financing needs (including the need to refinance or repay debt obligations). If the Group is unable to refinance or repay its debt obligations or access the credit and capital markets, the Group may not be able to pursue certain aspects of its business plans, which could materially adversely affect the Group's business, financial condition and results of operations.

2.7 The Group is subject to the risks associated with international trade, including various geopolitical events and fluctuations in the global economy

The sale, purchase and shipment of components and products across international borders subject the Group to extensive governmental trade regulations.

The Group is subject to the risk that laws and regulations could change in a way that would expose them to additional costs, penalties or liabilities. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments or import or tariff policies

to restrictions in trade, could adversely affect the Group's results. Imposition of any additional taxes and levies could adversely affect the demand for the Group's products. These may be affected by geopolitical events, including instability within the Eurozone, uncertainty as to the global effect of the current US trade and tariff policies, strained international relations (including Russian military action in Ukraine) and widespread increases in global tariffs. Additional developments may also occur that the Group cannot currently know about or anticipate, or that may be impossible to plan for or protect against. The effects of such geopolitical events may include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations and inflation in the global economy. Inability to manage these risks could harm the Group's growth prospects.

2.8 The Group is exposed to local business and political risks in the countries in which it operates

The Group sells and markets its products in the UK, Europe, North America, Asia (including China), and to a lesser extent, other parts of the world, including Africa and the Middle East. The Group also currently has active manufacturing facilities located in a number of locations, including the UK, the United States, Germany, Italy, Austria, Spain, France, Finland, Belgium, the Netherlands, the Czech Republic, Malaysia, Thailand, Vietnam, Egypt and Saudi Arabia. The Group employs sales staff and agents strategically located around the world to serve its global customer base, as well as maintaining foreign R&D facilities, sales personnel and customer support operations. The Group's business is therefore subject to risks inherent in doing business in foreign countries, including, but not necessarily limited to: unexpected or adverse changes in laws or regulatory requirements in various jurisdictions including their interpretation; adverse changes in the general economic, social or political conditions in the countries in which the Group operates; difficulty enforcing intellectual property rights; compliance with a variety of laws and regulations in various jurisdictions becoming burdensome; increasing transportation and other shipping costs, delays or interruptions, including as a result of geopolitical developments; variations in business practices; the imposition of withholding taxes or other taxes or royalties on the Group's income, or the adoption of other restrictions on foreign trade or investment, including currency exchange controls; instability and disruptions caused by actual or threatened export duties, quotas and tariffs and difficulties in obtaining export licences; staffing difficulties, national or regional labour strikes or other labour disputes; the threat of government expropriation; region to region fluctuations in key raw material costs; difficulties in staffing and managing operations; the imposition of any price controls or anti-dumping rulings; litigation risk and possible loss contingencies arising from the aftershocks of the COVID-19 pandemic and its adverse effects, including commercial contract disputes, employee matters, contract counterparty insolvency, force majeure, insurance claims and other arrangements; the imposition of government restrictions on movement or gatherings; and difficulties in enforcing agreements and collecting receivables.

The Group may not be successful in developing and implementing policies and strategies to address the foregoing factors in a timely and effective manner at each location where the Group does business. Consequently, the occurrence of one or more of the foregoing factors could have a material adverse effect on the Group's international operations or upon its business, financial condition and operating or financial results.

The Group has operations in developing countries such as Malaysia and may expand its business and operations into other high growth emerging markets, including other parts of Asia. The Group's operations in developing countries are subject to the risks inherent in operating in developing countries, including legal and regulatory uncertainties (such as difficulties in securing intellectual property rights), political instability or conflict, as well as rapid changes in economic or political conditions in emerging markets, which may result in greater risks of inflation, fluctuations in exchange rates and interest rates, and a negative impact on the demand for the Group's products.

3. RISKS RELATING TO REGULATION AND LEGISLATION

3.1 Compliance with safety, health and environment ("SHE") laws and regulations and the retention of requisite permits related to the Group's facilities and operations could result in significant ongoing costs and may result in further obligations and liabilities associated with the Group's business

The Group is subject to a wide range of SHE laws and regulations that govern its facilities and operations, including those introduced as a result of the COVID-19 pandemic. Such regulations govern activities including the manufacture, storage, handling, treatment, transportation and disposal

of hazardous substances and wastes, wastewater discharges, greenhouse gas emissions, noise emissions, operation and closure of landfills, human health and safety, process safety and risk management and the clean-up of contaminated sites and are present in all of the jurisdictions in which the Group operates. Many of the Group's operations also require permits and controls to monitor or prevent pollution, and these permits are subject to modification, renewal and revocation by issuing authorities and are frequently issued subject to conditions requiring the implementation of improvement works at the relevant sites. Typically, these permits require continuous compliance with certain conditions in order to maintain the permit, and they may include requirements and conditions which have not yet been finally determined, which could result in significant additional costs or environmental obligations for the Group. The Group has incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future SHE laws and regulations.

In addition, in connection with the Eastman Acquisition, the Group has inherited certain environmental liabilities connected to the Jefferson Hills Site (as a result of contamination and non-compliance with certain SHE laws and regulations (the "**Jefferson Hills Environmental Liabilities**")). During the due diligence stage of the Eastman Acquisition, it was disclosed that the US Environmental Protection Agency (the "**EPA**") had identified these issues and required a consent order to be made to address them. The Consent Decree was subsequently published for public comment on 1 June 2023 and outlined external audit requirements, compliance plans and the payment of a civil penalty of $2.4 million. Although the Group has secured certain protections from Eastman (for example, Eastman has agreed to indemnify the Company for certain expenditure arising out of EPA enforcement action and will pay all related fines and penalties, including the initial civil penalty of $2.4 million), the Company has made provision for the Jefferson Hills Environmental Liabilities over a ten-year period. The provision balance as at 31 December 2022 and 30 June 2023, was $8 million. However, it is not possible to estimate with accuracy the quantum of costs likely to be incurred in complying with the terms of the Consent Decree.

The SHE laws, regulations and permits that govern the Group's operations also tend to become increasingly stringent over time, and the Group could in the future assume additional obligations and therefore incur substantial incremental costs to ensure its continued regulatory compliance. If the Group does not accurately predict and adequately provision for the amount or timing of costs of any future compliance or if the Group misinterprets its obligations under any of these regulatory changes, the Group may find itself in violation of SHE laws, regulations or permits. Given the nature of the Group's business, violations of SHE requirements, whether current or future, may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs and other remediation or restoration requirements, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, the Group's operating permits or activities. The impact on the Group's business, financial condition or results of operations in any period in which such costs need to be incurred could be material.

3.2 Compliance with extensive and evolving SHE laws and other regulations relating to the manufacture and production of the Group's products may require substantial expenditures and may impact demand for such products

The Group uses large quantities of hazardous substances and generates hazardous wastes in its manufacturing operations. Consequently, the operations of the Group are subject to extensive environmental, health and safety laws and regulations at both the national and local level in multiple jurisdictions, which could have an adverse effect on the business, financial condition, operating or financial results and cash flows of the Group. In particular jurisdictions, including the UK, the US and the European Union, these types of regulatory controls and restrictions have become increasingly demanding and it is expected that this trend will continue.

The Group's products and raw materials produced in, exported from or imported into and/or sold in the European Union are subject to extensive environmental and industrial hygiene regulations governing the registration and safety analysis of the substances contained in them. The European Union Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (Regulation (EC) No. 1907/2006) ("**REACH**") (as amended and updated from time to time), imposes significant obligations on the chemicals industry as a whole with respect to the testing, evaluation, assessment and the registration of building block and semi-speciality chemicals. REACH is reviewed annually and as a result, new regulations that further impact the Group's businesses and operations

may be proposed and implemented in the future. Following Brexit, the regulatory requirements under REACH have been substantially integrated into United Kingdom domestic law by virtue of REACH etc. (Amendment etc.) (EU Exit) Regulations 2019 ("**UK REACH**"), which has applied since 1 January 2021. UK REACH operates independently from REACH, and operators in the chemicals industry must therefore comply with their obligations under both regimes. In the future, the framework of UK REACH may diverge significantly from REACH, in which case the Group would be required to comply with additional requirements. In addition, the European Union Regulation on classification, labelling and packaging (Regulation (EC) No 1272/2008) ("**CLP**"), imposes further obligations in relation to the classification, labelling and packaging of chemicals. Following Brexit, the regulatory requirements under CLP have been substantially integrated into United Kingdom domestic law by virtue of Retained CLP Regulation (EU) No. 1272/2008 as amended for Great Britain ("**GB CLP**"), which has applied since 1 January 2021. GB CLP operates independently from CLP and operators in the chemicals industry must therefore comply with their obligations under both regimes. In the future, the framework of GB CLP may diverge significantly from CLP, in which case the Group would be required to comply with additional requirements.

As at 31 December 2022, the Group has registered all substances currently required to be registered under REACH and UK REACH. However, the Group still expects to incur certain ongoing compliance costs as well as costs associated with the registration of any applicable new products. In connection with REACH, UK REACH, CLP and GB CLP requirements, any raw material, chemical or substance, including the Group's products, as well as being subject to the registration, classification, labelling and packaging requirements that these regulations impose, could be classified as having a toxicological or health related impact on the environment, users of the Group's products or employees. In particular, REACH requires a costly and time-consuming authorisation process for any chemical that has been deemed to be a Substance of Very High Concern and which has been listed by the European Commission in Annex XIV of REACH, in order for that chemical to remain on the market. Inclusion of a product in Annex XIV of REACH triggers various obligations to produce information on the product and its properties to customers and downstream users. As part of the authorisation process, the Group would have to demonstrate that the risks to human health or the environment associated with uses of this substance are adequately controlled or that the socio-economic benefits of its use outweigh the risks. The Group must also analyse whether there are safer suitable alternatives or technologies available. If authorisation is obtained, it will only be for a limited period after which there is a risk that such authorisation will not be renewed or that an alternative would have been found.

In the US, the Group's operations are subject to federal and state regulation of chemicals, including the TSCA. In recent years, there have been a number of proposals to amend significantly or reform the TSCA that have been introduced in the US, including via federal legislation and EPA-managed initiatives. On 22 June 2016, legislation significantly amending TSCA was enacted into law. TSCA allows screening of the Group's products by the EPA, which increases the risk of screening that may lead to a range of regulatory obligations and/or restrictions, including a possible prohibition on manufacture and sale. In addition, certain of the Group's feedstock products, such as butadiene and formaldehyde, are also subject to the EPA's initial chemical risk evaluation.

Changes in environmental, health and safety regulations in jurisdictions where the Group manufacture and sell their respective products, could lead to a decrease in demand for these products. In addition, changes in regulations, health and safety concerns could increase the costs incurred by customers to use the Group's products and otherwise limit the use of these products, which could lead to decreased demand for these products. Such a decrease in demand likely would have an adverse effect on the business, financial condition and operating or financial results of the Group. As outlined above, the process of seeking regulatory approval of certain new products and production processes can be time consuming and subject to unanticipated and significant delays, and such approvals may ultimately not be granted at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect the ability of the Group to introduce new products, to continue distributing existing products, and to generate net sales from those products, which could have a material adverse effect on their business and prospects. Moreover, many of the customers of the Group are subject to similar regulations. If a significant customer or group of customers were to have an important permit, licence, registration or authorisation revoked, this could have a material adverse effect on the business, financial condition and operating or financial results of the Group.

The factors mentioned above could, either individually or in the aggregate, have an adverse effect on the business, financial condition and operating or financial results of the Group and could, in addition,

harm its reputation and customer relations. If the Group does not accurately predict and adequately provision for the amount or timing of costs of any future compliance or if the Group misinterprets its obligations under any of these regulatory changes, it may find themselves in violation of laws, regulations or permits. Given the nature of the business, violations of environmental, health and safety requirements, whether current or future, may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, clean-up costs and other remediation or restoration requirements, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, operating permits or activities. The impact on the business of the Group or its financial condition or results of operations in any period in which such costs need to be incurred could be material.

3.3 Increasing scrutiny and changing expectations from investors, customers, regulators and the Group's employees with respect to the Group's environmental, social and governance ("ESG") practices may impose additional costs on the Group or expose it to new or additional risks and the ESG metrics the Group uses to gauge compliance may not prove to be effective measures of ESG compliance

There is increasing focus, including from governmental and regulatory organisations, investors, employees and customers, on ESG issues such as environmental stewardship, climate change, diversity and inclusion, racial justice and workplace conduct. Negative public perception, adverse publicity or negative comments in social media could damage the Group's reputation if it does not, or is not perceived to, adequately address these ESG issues. Any harm to the Group's reputation could impact employee engagement and retention and the willingness of its customers and its partners to do business with the Group.

In addition, organisations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Unfavourable ratings of the Group or its market may lead to negative investor, customer or employee sentiment, which could lead to the diversion of investment or business to other companies or industries. Further, the Group could fail to achieve targets set as part of the "*Vision 2030*" plan or have its ESG ratings downgraded, including its "AA" ESG rating from MSCI, its "*Green Economy*" mark (which is awarded by the London Stock Exchange to companies that earn more than 50% of their revenue from products that contribute to environmental objectives), or its silver rating from EcoVadis (a provider of business sustainability ratings).

Moreover, ESG ratings, including the MSCI, "*Green Economy*" and EcoVadis ratings described above, may vary among the different ESG ratings organisations and are subject to differing methodologies, assumptions and priorities used by such organisations to assess ESG performance and risks. There is no guarantee that the methodology used by any particular ESG rating provider will conform with the expectations or requirements of any particular investor or customer, or any present or future applicable standards, recommendations, criteria, laws, regulations, guidelines or listing rules. ESG rating providers may revise or replace entirely the methodology they apply to derive ESG ratings or they may employ methodologies which are not transparent, any of which could cause confusion among investors and customers. Such methodologies may have difficulties in comparing information on the Group's ESG performance with other industry participants. As a result, ESG ratings of the Group are not necessarily indicative of the Group's past, current or future commitment to, or performance in respect of, ESG topics. Further, ESG ratings may have limited, if any, utility for investors in assessing the Group's past, current or future financial performance. As a result, any negative ESG related attention, a failure to live up to current standards, achieve ESG targets or negative reports around the metrics the Group uses to assess its ESG performance, could have a material adverse effect on the Group's business, financial condition and operating or financial results.

3.4 Potential liabilities and obligations associated with contaminated sites

Many of the Group's sites have an extended history of industrial chemical processing, storage and related activities. Some environmental laws, regulations and court decisions impose liability on present and former owners, operators or users of, or the generators of waste disposed at, facilities and sites for contamination at such facilities and sites without regard to causation, negligence or knowledge of contamination. Historically, environmental assessments of certain of the Group's sites have revealed recognised environmental conditions and from time to time, the Group's internal audits have shown instances of regulatory noncompliance and recommendations of remediation. There are significant

costs associated with such remediation as well as with general compliance with increasingly stringent environmental regulations. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at or in connection with the Group's facilities, could result in substantial costs. For example, as a result of the Eastman Acquisition, and in order to comply with the Consent Decree, as at 31 December 2022 and 30 June 2023, the Group has provisioned $8 million for liabilities associated with the Jefferson Hills Site over the next 10 years.

While the Group is protected by contractual indemnities from prior owners or operators against some environmental liabilities related to known contamination or has insurance coverage relating to such costs, there is a risk that the Group will be unable to recover all potential costs under such indemnity provisions or insurance contracts in all cases. The Group could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if the Group fails to accurately predict the amount or timing of such costs, the related impacts on the Group's business, financial condition and results of operations in any period in which such costs need to be incurred could be material.

3.5 Compliance risks

The Group's operations in emerging markets could expose it to political, economic and regulatory risks that are greater than those it may face in established markets. The Group's operations are subject to anti-corruption laws and regulations, such as the UK Bribery Act 2010 ("**Bribery Act**"), the US Foreign Corrupt Practices Act ("**FCPA**") and other international laws and regulations. The Group operates in some jurisdictions that have experienced significant levels of governmental corruption. Any failure by the Group to ensure that its employees and agents comply with the Bribery Act, the FCPA and applicable laws and regulations in foreign jurisdictions, including those relating to anti-competitive behaviour and breaches of trade sanctions, could result in substantial civil and criminal penalties or restrictions on the Group's ability to conduct business in certain foreign jurisdictions or reputational damage, and the Group's business, financial condition and operating or financial results could be materially adversely affected.

From time to time, certain of the Group's subsidiaries and joint ventures have engaged in limited sales to countries subject to sanctions laws, including Iraq, Lebanon, Libya, the Ivory Coast, Myanmar, Iran, Russia and Belarus (the "**Sanctioned Countries**"). Such sales represented an insignificant amount of the Group's total revenues sales in 2022 and the Group: (i) has not engaged in sales to Iran since 2018; and (ii) in September 2022 suspended all sales to Russia and Belarus. The Group believes that where sales have been (before a change in the Group's policy) or are made into Sanctioned Countries, these sales have not violated, and are in compliance with, any applicable economic sanctions or export controls.

Whilst the Group operates a due diligence process and offers dedicated sanctions guidance to its internal stakeholders with respect to the Sanctioned Countries, laws, regulations or licensing policies on economic sanctions or export controls could change in a way that could affect the Group's business, exports or sales in such countries and/or could result in restrictions, penalties or fines. Non-compliance with current or future applicable laws or regulations could result in civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect the Group's business, results of operations and financial condition.

3.6 Risks associated with antitrust or other regulatory investigations

Future acquisition opportunities and mergers may require approvals from antitrust authorities under antitrust regulation in force at the time in any one of a number of jurisdictions. If such approvals of a proposed acquisition or merger prove necessary, approval may require, based on the relevant antirust authority's evaluation of prevailing market conditions and the Group's position in the market, that they divest certain businesses in order to carry out the transaction or they may be prohibited from carrying out the transaction.

Any of these factors could materially adversely affect the ability of the Group to execute its strategy and their business, financial condition and operating or financial results. For example, as a condition to clearance of the Group's acquisition of OMNOVA by the European antitrust regulatory authorities, the Group was required to divest its small VP latex business in Germany. The participation of the Group in the international marketplaces for raw materials and speciality chemicals may be subject to scrutiny by antitrust regulators and other regulatory bodies under antitrust legislation.

3.7 Risks relating to exposure to additional tax liabilities

Due to the global nature of the business of the Group, it is subject to income taxes in multiple jurisdictions. Significant judgement and estimation is required in determining worldwide provision for income taxes. In the ordinary course of the business of the Group there are various transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination is uncertain or otherwise subject to interpretation. The Group is regularly audited by tax authorities, who may disagree with tax estimates or judgements. The final determination of any such tax audits could differ from historical income tax provisions and accruals and any additional tax liabilities resulting from such final determination could have a material adverse effect on the business, financial condition and operating or financial results of the Group. It is difficult to assess in advance the likelihood of any adverse final judgments or outcomes arising out of any proceedings with national or regional tax authorities to which the Group is or may in the future be subject.

In addition, changes in tax legislation or guidance could affect the tax rate, the carrying value of deferred tax assets or the deferred tax liabilities of the Group. Any tax audit, tax proceeding or changes in tax legislation or guidance could, as a result of any of the above risks, materially adversely affect the business, financial condition and operating or financial results of the Group.

4. RISKS RELATING TO THE RIGHTS ISSUE AND THE SHARES

4.1 Shareholders who do not (or who are not permitted to) acquire New Ordinary Shares in the Rights Issue will experience dilution in the proportion of their ownership of the Company

If a Shareholder does not (or is not permitted to) take up the offer of New Ordinary Shares under the Rights Issue, such Shareholder's proportionate ownership and voting interests in the Company will be diluted by up to 85.7% as a result of the Rights Issue, assuming that no Ordinary Shares are issued due to the vesting or exercise of any awards under the Share Plans or otherwise between the Latest Practicable Date and the completion of the Rights Issue. In addition, Shareholders who hold a small number of Existing Ordinary Shares that, under the Share Consolidation, will be consolidated into a fraction of a Consolidated Ordinary Share will no longer be a Shareholder in the Company and will not be entitled to participate in the Rights Issue

4.2 The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to volatility

The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to significant fluctuations due to a change in sentiment in the market regarding these securities. These fluctuations could result from national and global economic and financial conditions, market perceptions of the Group and its industry and various facts and events, including regulatory changes affecting the Group's operations, market appraisal of the Group's strategy, changes to the Group's credit rating, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights.

4.3 An active trading market for the Nil Paid Rights may not develop

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the New Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks to which the New Ordinary Shares are subject. The volatility of the price of New Ordinary Shares may also magnify the volatility of the price of the Nil Paid Rights.

4.4 KLK will continue to have significant interests in the Company following the Rights Issue, and their interests may differ from those of other Shareholders

As at the Latest Practicable Date, KLK beneficially owns 125,589,510 Existing Ordinary Shares.

KLK has agreed to take up its full entitlement under the Rights Issue. Immediately following Admission of the New Ordinary Shares, KLK is expected to beneficially own 26.9% of the Shares. As KLK will

hold more than 25% of the issued Shares following Admission of the New Ordinary Shares, it has and will continue to have, the power to block special resolutions of the Company.

The interests of KLK may not necessarily be aligned with those of other Shareholders.

4.5 The market price for the New Ordinary Shares may decline below the Rights Issue Price and Shareholders may not be able to sell New Ordinary Shares at a favourable price after the Rights Issue

There is no assurance that the public trading market price of the New Ordinary Shares will not decline below the Rights Issue Price. If that occurs, Qualifying Shareholders will suffer an immediate unrealised loss as a result, which may be significant. Moreover, there can be no assurance that, following the exercise of their rights, Shareholders will be able to sell their New Ordinary Shares at a price equal to or greater than the Rights Issue Price.

Shareholders who decide not to exercise their Nil Paid Rights may also sell or transfer them in full or in part. If the public trading market price of the New Ordinary Shares declines below the Rights Issue Price, investors who have acquired any such Nil Paid Rights in the secondary market will suffer a loss as a result, which may be significant.

Although the Group has no current plans for a subsequent offering of Ordinary Shares, it is possible that it may decide to undertake such an offering in the future. An additional offering could have an adverse effect on the market price of the outstanding New Ordinary Shares.

4.6 Failure to pass any one of the Resolutions will prevent the Capital Reorganisation and Rights Issue from proceeding

Shareholders will be required to vote in favour of all five Resolutions in order for the Capital Reorganisation and the Rights Issue to proceed. This includes two special resolutions, which require a vote in favour by a majority of not less than 75% of the total voting rights of the shares who (being entitled to do so) vote in person or in proxy. In the event that any one of the Resolutions does not receive the requisite majority to pass, neither the Capital Reorganisation nor the Rights Issue may proceed (even if for example, the Resolutions relating to either the Capital Reorganisation or the Rights Issue by themselves are passed).

4.7 The Company's ability to make payments to Shareholders is currently restricted and the making of any such payments in the future is not guaranteed

In 2022, as part of the covenant amendment process with the Group's banking syndicates, to give the Group increased headroom, Synthomer suspended dividend payments until the end of 2023. This included the suspension of the interim dividend of 4p announced on 12 October 2022 that was due to be paid in November 2022. The Company will look to reinstate a dividend when appropriate to do so.

Further, under English company law, a company can only make distributions to the extent that it has distributable reserves available for this purpose. As a holding company, the Company's ability to make distributions in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. These requirements could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in the future restrict the Company's ability to make distributions to Shareholders.

4.8 It may not be possible to effect service of process upon the Company or the Directors or enforce court judgments against the Company or the Directors and the ability of Overseas Shareholders to bring actions or enforce judgments against the Company or its Directors may be limited

The Company is a public limited company incorporated in England and Wales. As a result, the rights of Shareholders are governed by English law and the Articles of Association and may differ from the rights of shareholders in typical US corporations. In addition, the ability of Overseas Shareholders to bring an action against the Company may be limited under English law, and it may not be possible for investors outside of the UK to effect service of process outside the UK against the Company or the Directors, or to enforce the judgment of a court outside the UK against the Company or the Directors. Likewise, Overseas Shareholders may not be able to enforce any judgments under the securities laws of countries other than the UK against the Directors who are residents of the UK or countries other

than those in which judgment is made, and English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction.

4.9 Overseas Shareholders may not be able to acquire New Ordinary Shares in the Rights Issue

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in the Rights Issue. In particular, and subject to certain exceptions, Shareholders who are located in the US may not be permitted to exercise their entitlements under the Rights Issue unless an exemption from the registration requirements is available under the US Securities Act. The Rights Issue is not and will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company.

Qualifying Shareholders who have a registered address in or who are incorporated, registered, resident or located in countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights or acquire New Ordinary Shares. Any Shareholder who is not entitled to participate in the Rights Issue carried out by the Company will suffer dilution.

PART II
IMPORTANT NOTICES

1. GENERAL

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must carry out their own examination and analysis of Synthomer and the terms of the Rights Issue, including the merits and risks involved.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4.1 of the Prospectus Regulation Rules, neither the publication of this document nor any distribution of the New Ordinary Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

2. NO INCORPORATION OF WEBSITES

The contents of the Company's website (https://www.synthomer.co.uk/) and the contents of any website accessible from hyperlinks on such website (other than the information as set out in Part XIV (*Documents Incorporated by Reference*)) do not form part of this document and no one should rely on them.

3. FORWARD-LOOKING STATEMENTS

This document may contain projections and other forward-looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, potential plans and potential objectives, are forward-looking statements. Such forward-looking statements may involve known and unknown risks, uncertainties and other factors, including the Risk Factors set out in Part I (*Risk Factors*), which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. Such forward-looking statements relate to future events or the future performance of the Company and the Group but do not seek in any way to qualify the Working Capital Statement.

None of the Company, its officers, advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur, in part or in whole.

The forward-looking statements in this document speak only as at the date of this document. To the extent required by applicable law or regulation (including as may be required by the Companies Act, the Prospectus Regulation Rules, the Listing Rules, MAR, the Disclosure Guidance and Transparency Rules and FSMA), the Company will update or revise the information in this document. Otherwise, neither the Company nor the Underwriters assume any obligation to update or provide any additional information in relation to such forward-looking statements. Additionally, statements of the intentions or beliefs of the Board and/or the Directors reflect the present intentions and beliefs of the Board and/or Directors, respectively, as at the date of this document and may be subject to change as the composition of the Board alters, or as circumstances require.

4. NO FORECASTS OR ESTIMATES

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

5. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the historical and other financial information presented in this document has been derived from the Historical Financial Information incorporated by reference and as set out in Part XIV (*Documents Incorporated by Reference*).

The 2023 Half Year Results, the 2022 Annual Financial Statements, the 2021 Annual Financial Statements and the 2020 Annual Financial Statements are presented in pounds sterling. The 2022 Annual Financial Statements and 2021 Annual Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006. The 2020 Annual Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The 2022 Annual Financial Statements contain comparative financial information as at and for the year ended 31 December 2021 which has been restated to give effect to the classification of the Laminates, Films and Coated Fabrics Businesses as discontinued operations for the year ended 31 December 2021. Such comparative financial information has been restated in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

The historical and other financial information presented in this document does not and is not intended to comply with the requirements of Regulation S-X under the US Securities Act and the rules and regulations of the SEC promulgated thereunder.

6. ALTERNATIVE PERFORMANCE MEASURES

This document contains certain alternative performance measures ("**APMs**") that are not defined or recognised under IFRS, including Underlying performance, net debt (or net borrowings), capital expenditure and EBITDA. APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this document. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with (i) the 2022 Annual Financial Statements; (ii) the 2021 Annual Financial Statements; (iii) the 2020 Annual Financial Statements; and (iv) the 2023 Half Year Results.

Underlying performance

Underlying performance is defined as the Group statutory performance reported under IFRS, excluding the effect of Special Items (as defined below).

"**Special Items**" are either irregular, and therefore inclusion in the assessment of the business's performance would lead to a distortion of trends or are technical adjustments which ensure that consolidated financial statements are in compliance with IFRS, but do not reflect the operating performance of the business in the year. The definition of Special Items has been consistently applied across the periods presented in this document. The following are consistently disclosed separately as Special Items in order to provide a clearer indication of the Group's underlying performance:

- restructuring and site closure costs;
- sale of a business or significant asset;
- acquisition costs;
- amortisation of acquired intangible assets;
- impairment of non-current assets;
- fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied;
- items of income and expense that are considered material, either by their size and/or nature;
- tax impact of above items; and

- settlement of prior period tax issues.

The Group presents Underlying performance because the Directors believe that this APM provides additional clarity for the Group's investors.

Net debt (or net borrowings)

Net debt is defined as total current (including bank overdrafts) and non-current borrowings, less cash and cash equivalents.

Capital expenditure

Capital expenditure is defined as the purchase of property, plant and equipment, and intangible assets as recorded on the Group's consolidated cash flow statement.

EBITDA

EBITDA, as used in this document, excludes Special Items, amortisation and depreciation from operating profit from continuing operations.

The Group presents Underlying performance because the Directors believe that this APM contributes to a better understanding of the Group's results of operations by providing additional information on what the Directors consider to be some of the drivers of the Group's financial performance.

Caution should be exercised in comparing non-IFRS measures as reported by the Group to non-IFRS measures of other companies. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

For instance, the following limitations apply to EBITDA: (i) it does not reflect the Group's capital expenditures or capitalised development costs, the Group's future requirements for capital expenditures or contractual commitments; (ii) it does not reflect changes in, or cash requirements for, the Group's working capital needs; (iii) it does not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on the Group's debt; and (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements.

7. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to "£", "pounds" or "pounds sterling" are to the lawful currency of the United Kingdom and references to "pence" or "p" represent pence in the lawful currency of the United Kingdom.

Unless otherwise indicated, all references in this document to "EUR", "€" or "euro" are to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in application of the European Economic Community Treaty.

Unless otherwise indicated, all references in this document to "$", "USD", or "US dollar" are to the lawful currency of the United States.

Unless otherwise indicated, all references in this document to "MYR", "Malaysian ringgit", "ringgit" are to the lawful currency of Malaysia.

8. ROUNDING

Certain numerical figures contained in this document, including financial information, market data and certain operating data, have been subject to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

9. MARKET AND INDUSTRY INFORMATION

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties. Market data

and certain industry data and forecasts included in this document have been obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Estimates based on this data involve risks and uncertainties and are subject to change based on various factors.

10. THIRD-PARTY INFORMATION

The Company confirms that all third-party data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's market position are based on recently available data.

11. ENFORCEMENT OF CIVIL LIABILITIES

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An overseas shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The majority of the Directors and executive officers are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within that shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of that shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

12. NOTICE TO INVESTORS IN THE UNITED STATES OF AMERICA

Subject to certain exceptions, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or acquire, New Ordinary Shares, Nil Paid Rights and/or Fully Paid Rights to any Qualifying Shareholder with a registered address in, or who is resident of, the United States. If you are in the United States, you may not exercise your Nil Paid Rights or Fully Paid Rights and/or acquire any New Ordinary Shares offered hereby. Notwithstanding the foregoing, the Company reserves the right to offer and deliver the Nil Paid Rights to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Qualifying Shareholders in the United States reasonably believed to be QIBs, within the meaning of Rule 144A, or to other persons in offerings exempt from or in a transaction not subject to, the registration requirements under the US Securities Act. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares being offered outside the United States are being offered in reliance on Regulation S. If you are a QIB located in the United States, in order to exercise your Nil Paid Rights or Fully Paid Rights and/or acquire any New Ordinary Shares upon exercise thereof, you must sign and deliver a QIB Representation Letter, as described in section 7.2 (*United States*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

The QIB Representation Letter will require each such QIB to represent and agree that, amongst other things: (a) it is a QIB; and (b) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the

New Ordinary Shares in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with applicable securities laws. The QIB Representation Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares. Any such QIBs who hold Ordinary Shares through a bank, a broker or other financial intermediary should procure that the relevant bank, broker or financial intermediary submits a QIB Representation Letter on their behalf. The Company has the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted or not accompanied by an executed QIB Representation Letter or any other required additional documentation.

No representation has been, or will be, made by the Company or the Underwriters as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any applicable securities laws of any state or other jurisdiction of the United States for the reoffer, pledge or transfer of the New Ordinary Shares.

Any envelope containing a Provisional Allotment Letter and post-marked from the United States will not be valid unless it contains a duly executed investor letter in the appropriate form as described above, any Provisional Allotment Letter in which the exercising holder requests New Ordinary Shares to be issued in registered form and gives an address in the United States will not be valid unless it contains a duly executed investor letter.

The payment paid in respect of Provisional Allotment Letters that do not meet the foregoing criteria will be returned without interest.

Any person in the United States who obtains a copy of this document and who is not a QIB will be unable to purchase or acquire Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and is required to disregard this document.

PART III
RIGHTS ISSUE STATISTICS

Ordinary Shares in issue as at the Latest Practicable Date	467,336,041 Existing Ordinary Shares
Number of New Ordinary Shares to be issued pursuant to the Rights Issue	140,200,818 New Ordinary Shares
Number of Consolidated Ordinary Shares to be in issue immediately following completion of the Capital Reorganisation[(1)]	23,366,803 Consolidated Ordinary Shares
Basis of Rights Issue	6 New Ordinary Shares for every 1 Consolidated Ordinary Share *this is equivalent to* 6 New Ordinary Shares for every 20 Existing Ordinary Shares
Rights Issue Price (per New Ordinary Share)	197 pence
Discount of the Rights Issue Price to the closing price of 60.8 pence per Existing Ordinary Share as at the Latest Practicable Date	83.8%
Estimated gross proceeds of the Rights Issue	£276 million
Estimated net proceeds of the Rights Issue receivable by Synthomer, after deduction of commissions, fees and expenses	£261 million
New Ordinary Shares as a percentage of Synthomer's enlarged issued share capital immediately following the Capital Reorganisation and completion of the Rights Issue[(2)] (approximately)	85.7%
Ordinary Shares in issue immediately after the Rights Issue[(2)]	163,567,621 Ordinary Shares

(1) Under the Capital Reorganisation, each Existing Ordinary Share of 10 pence nominal value will be subdivided and converted into one Intermediate Share of 0.05 pence nominal value and 1 Deferred Share of 9.95 pence nominal value. Immediately thereafter every 20 Intermediate Shares of 0.05 pence nominal value will be consolidated into 1 Consolidated Ordinary Share of 1 pence nominal value.

(2) The impact of the issuance of any Ordinary Shares in respect of the vesting or exercise of any awards under the Share Plans or otherwise which may occur between the Latest Practicable Date and the Record Date has been disregarded. The actual number of New Ordinary Shares to be issued under the Rights Issue will be subject to rounding to eliminate fractions.

PART IV
DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Caroline Johnstone (*Chair*) Michael Willome (*Chief Executive Officer*) Lily Liu (*Chief Financial Officer*) Ian Tyler *(Senior Independent Director*) The Hon. Alexander Catto *(Non-Executive Director)* Holly Van Deursen (*Non-Executive Director*) Martina Flöel *(Non-Executive Director)* Roberto Gualdoni *(Non-Executive Director*) Dato' Lee Hau Hian *(Non-Executive Director)*
Company Secretary	Anant Prakash
Registered office	Temple Fields Harlow Essex CM20 2BH United Kingdom
Sponsor, Joint Global Co-ordinator and Joint Bookrunner	**J.P. Morgan Securities plc** 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Joint Global Co-ordinator and Joint Bookrunner	**Goldman Sachs International** Plumtree Court 25 Shoe Lane London EC4A 4AU United Kingdom
Joint Global Co-ordinator and Joint Bookrunner	**Morgan Stanley & Co. International plc** 25 Cabot Square Canary Wharf London E14 4QA United Kingdom
Joint Bookrunner	**Citi Global Markets Limited** Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom
Legal advisers to the Company	**Slaughter and May** One Bunhill Row London EC1Y 8YY United Kingdom

Legal advisers to the Company as to US law	**Latham & Watkins (London) LLP** 99 Bishopsgate London EC2M 3XF United Kingdom
Legal advisers to the Sponsor and Underwriters	**Linklaters LLP** One Silk Street London EC2Y 8HQ United Kingdom
Independent Auditor	**PricewaterhouseCoopers LLP** 40 Clarendon Road Watford WD17 1JJ United Kingdom
Reporting Accountants	**PricewaterhouseCoopers LLP** 1 Embankment Place London WC2N 6RH United Kingdom **KPMG LLP** 15 Canada Square London E14 5GL United Kingdom
Receiving Agent and Registrar	**Computershare Investor Services PLC** The Pavilions Bridgwater Road Bristol BS13 8AE

PART V
LETTER FROM THE CHAIR OF SYNTHOMER PLC

(incorporated in England and Wales under the Companies Act 2006 with registered number 00098381)

Directors

Caroline Johnstone (*Chair*)

Michael Willome (*Chief Executive Officer*)

Lily Liu (*Chief Financial Officer*)

Ian Tyler (*Senior Independent Director*)

The Hon. Alexander Catto (*Non-Executive Director*)

Holly Van Deursen (*Non-Executive Director*)

Martina Flöel (*Non-Executive Director*)

Roberto Gualdoni (*Non-Executive Director*)

Dato' Lee Hau Hian (*Non-Executive Director*)

Registered Office

Temple Fields
Harlow
Essex
CM20 2BH
United Kingdom

7 September 2023

Dear Shareholder,

Proposed 6 for 1 Rights Issue of up to 140,200,818 New Ordinary Shares at 197 pence per New Ordinary Share

Proposed Capital Reorganisation of 1 New Ordinary Share of 1 pence nominal value for every 20 Existing Ordinary Shares of 10 pence nominal value

1. INTRODUCTION

Synthomer has today announced a fully underwritten Rights Issue to raise gross proceeds of approximately £276 million to support reduction in the Group's leverage and provide stronger foundations to focus on delivering its speciality solutions strategy. The purpose of this document is to provide details regarding the Capital Reorganisation and the Rights Issue and explain why the Board believes this is in the best interests of Synthomer and its shareholders.

The Capital Reorganisation and the Rights Issue is conditional on, among other things, the passing of the Resolutions by Shareholders at the General Meeting, which is scheduled to take place at 12:30 p.m. on 25 September 2023. You can find the Notice of General Meeting at the end of this document. Your attention is drawn to paragraph 8 of this letter for more information on the importance of your vote.

The Board considers that the Capital Reorganisation and the Rights Issue is in the best interests of the Shareholders taken as a whole and unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Each Director who is able to participate in the Rights Issue and/or vote at the General Meeting: (i) has confirmed in writing their intention to take up their entitlement in full, or in part, to subscribe for New Ordinary Shares under the Rights Issue in respect of their respective holding of Existing Ordinary Shares, which represent approximately 1.1% of the total voting rights in the Company as at the Latest Practicable Date; and (ii) intends to vote in favour of the Resolutions.

The Company's largest shareholder, KLK (which holds approximately 26.9% of the total voting rights in the Company as at the Latest Practicable Date), has irrevocably committed to take up its entitlement pursuant to the Rights Issue in full and to vote in favour of the Resolutions. This will result in KLK acquiring an aggregate of 37,676,850 New Ordinary Shares, representing approximately 26.9% of the New Ordinary Shares to be issued pursuant to the Rights Issue.

2. BACKGROUND TO AND REASONS FOR THE RIGHTS ISSUE

Synthomer's new management team set out a refreshed strategy in October 2022 to deliver growth and substantial margin improvement. By increasing the speciality weighting of the Group's product portfolio, leveraging the Group's enhanced global footprint and reducing structural complexity within the Group, the Board believes that the Group will become a more focused, more resilient and higher quality speciality chemicals business in the medium-term. The Group today has many market-leading businesses in end-markets with attractive growth prospects, however, during the last 18 months, several factors have combined to increase significantly the Group's leverage. The Group completed a major acquisition in early 2022, predominantly financed from debt, which was subsequently followed by a rapid deterioration in market conditions, which has significantly, but temporarily, weakened recent Group earnings performance. To navigate the current challenging environment, the Group has taken substantial and decisive actions to preserve cash and manage debt, in addition to the strategic divestment of its non-core Laminates and Films and Coated Fabrics Businesses for $269 million completed in February 2023, including $262 million (£218.5 million) of cash consideration after transaction costs received at completion and utilised to repay existing debt, a further $5 million receivable in cash on the 13-month anniversary of completion and other working capital settlement related receivable and remaining transaction costs payable. Notwithstanding the successful execution of these mitigation actions, the Group's covenant leverage position remains elevated at 5.5x net debt, based on EBITDA as at 30 June 2023.

The Rights Issue will enable the Group to increase focus on strategic delivery and long-term value creation in addition to short-term cash preservation, as well as reducing the downside risks from near-term macroeconomic uncertainty for all stakeholders.

The Board believes that the medium-term earnings power of the Group is more than double current levels based on a combination of executing its near-term management actions, end-market volume recovery and strategic delivery. These will also drive Synthomer to become a more focused, more resilient and higher quality speciality chemicals platform in the medium-term, with the business continuing to target mid-single digit revenue growth, 15%+ EBITDA margin and mid-teens return on invested capital. The Group believes that with the stronger foundations achieved by the Rights Issue, supported by volume recovery, will underpin the delivery of the Group's strategy and medium-term ambitions, and thereby create long-term value.

Market leading businesses in end-markets with attractive growth prospects

Synthomer has leading market positions across its core end-markets in Coatings & Construction, Adhesives and Health & Protection. As set out in section 4 (*Strengths and Strategy*) of Part VIII (*Business and Market Overview*), each of these divisions provide attractive long-term growth drivers for Synthomer, supported by the Company's focus on innovation, sustainability and enhancing its customer value proposition.

Strategic evolution to become a more focused, resilient and higher quality speciality chemicals platform

Synthomer's portfolio has evolved over a number of years through both organic growth and significant acquisitions, notably OMNOVA completed in 2020 and the Eastman Acquisition completed in 2022. At the Capital Markets Day in October 2022, Synthomer's new management team announced its "*Focus, Strengthen, Grow*" strategy to increase the speciality weighting of its portfolio and focus on higher growth end-markets, delivering enhanced financial performance through operational excellence, increased innovation and enhanced customer focus. Management outlined plans to deploy a more focused capital and resource allocation framework, with different approaches taken to the Group's base and speciality businesses reflected in capital expenditure, cost and portfolio management plans. The strategy will also focus on ensuring greater diversity, equity and inclusion amongst Synthomer's people.

Portfolio rationalisation, which aims to increase the speciality weighting of the business, is already underway, with the divestment of the Laminates, Films and Coated Fabrics Businesses. The divestment was completed in February 2023 and generated net proceeds of $269 million (including $262 million (£218.5 million) of cash consideration after transaction costs received at completion and utilised to repay existing debt, a further $5 million receivable in cash on the 13-month anniversary of completion and other working capital settlement related receivable and remaining transaction costs payable), implying an EV/EBITDA multiple of approximately 8.0x EBITDA for the 12-month period

ended 31 December 2021. Synthomer is actively working on further non-core divestments and has identified additional non-core businesses for potential divestment.

Challenging market backdrop and other factors have significantly, but only temporarily, weakened recent performance

Over the last 18 months, Synthomer has navigated an extremely challenging market backdrop, during which time a temporary weakness in demand across most of its end-markets and geographies have significantly affected financial performance. In 2020 and 2021, the COVID-19 pandemic created exceptional demand for NBR, used in the manufacture of medical gloves. Since then, as a result of the elevated inventory levels of medical gloves and new capacity added during the COVID-19 pandemic, there has been a prolonged and unprecedented period of oversupply, resulting in far weaker levels of demand for NBR. The Russian military action in Ukraine contributed further to economic volatility, with the Company impacted by supply chain disruptions, sustained higher raw material costs and sharp rises in the cost of energy. More recently, the high inflation environment and resultant interest rate rises have slowed industrial activity and led to subdued levels of demand across most of the Group's end-markets, exacerbated by destocking and increased competition, including from Asia, in some of Synthomer's base chemical product ranges. Volumes have also been adversely impacted in the Adhesive Solutions division by constrained access to raw materials and site reliability challenges, which the Company is in the process of resolving under a new divisional leadership team.

As a result of these factors, the Group's earnings have reduced temporarily but significantly, and combined with the debt taken on to finance the Eastman Acquisition has resulted in the Group's leverage increasing significantly, to 5.5x covenant net debt, based on EBITDA as at 30 June 2023.

Substantial and decisive management actions successfully executed to preserve cash and manage debt in response

The management team and the Board have taken substantial and decisive actions to strengthen the business and the balance sheet to manage through this challenging period. Synthomer strengthened its financial liquidity position, refinancing the Revolving Credit Facility and putting in place the UKEF Facilities and the Factoring Facilities. The Group extended covenant headroom in October 2022 and also as part of the Revolving Credit Facility refinancing in March 2023. As at 30 June 2023, Synthomer had committed and available liquidity of more than £400 million. The Company also initiated a £150–200 million cash management programme, which included a reduction and re-prioritisation of capital expenditure, including the downsizing or deferral of a number of growth opportunities, working capital optimisation and a suspension of the dividend. The Group also identified approximately £30 million in 'self-help' cost-saving measures on a run-rate basis in 2022, with approximately £20 million remaining to be delivered during the second half of 2023, including actions within the Adhesive Solutions division. In line with its portfolio rationalisation strategy, the Company also completed the disposal of the Laminates, Films and Coated Fabrics Businesses in February 2023, generating total net proceeds of $269 million.

On 5 September 2023, Synthomer entered into the RCF Amendment and Extension to the Revolving Credit Facility with the RCF Lenders, which is subject to and conditional upon, among other things, the Company's receipt of the proceeds from the Rights Issue. If effective, the RCF Amendment and Extension will, amongst other matters, reduce the total commitments under the Revolving Credit Facility from $480 million to $400 million, and extend the maturity date from 31 May 2025 to 31 July 2027.

Earnings power of the Group is more than double current levels in the medium-term

The Group generated £158 million of EBITDA in the 12 months to June 2023 from continuing operations. This reflects reduced industrial demand, destocking, medical glove oversupply and the reliability issues relating to the Adhesive Resins Business. The Board believes that the earnings power of the Group is more than double current levels based on a combination of executing its near-term management actions, end-market volume recovery, and delivery of the Group's strategy. Near-term actions include approximately £20 million in self-help cost savings, whilst end-market recovery has the potential to generate more than £100 million in additional EBITDA across the business, as outlined below.

While Coatings & Construction Solutions has seen encouraging progress in the first half of 2023, led by the speciality products within its portfolio, the Group expects further recovery potential. The division generated average EBITDA of approximately £110 million per annum in 2021 and 2022. This

compares to LTM EBITDA of £96 million for the period ending 30 June 2023. The Group anticipates a full recovery as demand in the division's end-markets recovers and the destocking cycle abates.

The Adhesive Resins Business acquired from Eastman, which makes up the majority of the Adhesive Solutions division, generated EBITDA of approximately £71 million in the 12 months to June 2021. Factoring in a further approximately £24 million of EBITDA from legacy Synthomer businesses that now form part of the division, the Adhesive Solutions division generated EBITDA of approximately £95 million in LTM June 2021, before the identified run-rate acquisition costs synergies of approximately £23 million per annum (approximately £118 million in total). This compares to LTM EBITDA of £48 million for the period ending 30 June 2023. Synthomer is highly confident that the performance of the acquired Eastman business will improve towards these levels, as demand recovers and destocking ends, supported by the Group's performance improvement plan and other self-help actions (including the executed synergy actions). The Group also continues to make investments in capacity and other growth opportunities in certain key speciality products, such as the recently announced expansion of speciality amorphous polyolefins in North America, which are also expected to drive growth.

Synthomer's NBR business, which is part of the Health & Protection and Performance Materials division, operates in a market where underlying end-use volume growth rates are consistent with pre-COVID-19 pandemic levels, supported by rising hygiene standards and increasing access to healthcare in emerging markets where the current medical glove consumption base is low. However, production levels have been exceptionally low due to elevated stock built up during the COVID-19 pandemic, as well oversupply in the market as a result of new capacity introduced in response to unprecedented demand. Prior to the COVID-19 pandemic, the NBR business in 2018 and 2019 generated average EBITDA of approximately £70 million per annum compared to LTM EBITDA of £5 million for the period ending 30 June 2023. The Group has announced plans to reduce its own NBR capacity (by approximately 20%) by consolidating production and closing a legacy plant and notes that other participants in the market have also begun to adjust capacity in response to current market conditions, with the current oversupply situation therefore expected to resolve over time. Synthomer is confident in recovery over time towards levels achieved pre-COVID-19 pandemic as the medical glove oversupply normalises, demand growth continues supported by the hygiene megatrend and the supply side adjust to post-COVID-19 pandemic conditions.

While visibility remains low, the Board believes Group volumes reached a cyclical trough in the first half of 2023, and the Board does not expect further demand deterioration in key end-markets in the second half of the year.

Strategic evolution to deliver ongoing profitable growth with higher margins and return on capital

In addition to improved trading conditions and near-term management actions, delivery of the Group's strategy is expected to result in a more focused, resilient and higher quality speciality chemicals platform in the medium-term, capable of delivering attractive growth and stronger financial performance. Synthomer is targeting stronger organic growth with a medium-term target of mid-single digits at constant currency over the cycle. This will be driven by increased innovation (in many cases sustainability-led), closer alignment to end-markets with attractive structural growth dynamics and leveraging the Group's enhanced global footprint following the Eastman Acquisition. Synthomer has set a medium-term EBITDA margin target of 15% (compared to 6.7% (on a continuing basis) for the period ending 30 June 2023 and 12.2% for the year ended 2019). Delivery of this will be underpinned by a combination of innovation, a higher mix of speciality products, cost leadership and operational excellence. Stronger growth and higher margins, together with the Company's more focused and disciplined capital allocation policy support the Company's medium-term mid-teens percent return on invested capital target.

Stronger foundations, supported by volume recovery, will underpin delivery of the Group's medium-term ambitions

The Board believes that a reduction in Synthomer's current elevated leverage position will enable the Group to increase focus on strategic execution and long-term value creation in addition to short-term cash preservation as well as reducing the downside risks from near-term macroeconomic uncertainty for all stakeholders. This will also ensure that the Company is well-positioned to deliver its strategy and medium-term ambitions for profitable growth as demand recovers. It is accordingly announcing a fully underwritten rights issue to raise total proceeds of £276 million, with an irrevocable commitment received from KLK to subscribe for their pro-rata entitlements in full. This will increase covenant

headroom and strategic and financial flexibility, resulting in a pro forma reduction in the covenant net debt based on EBITDA ratio from 5.5x to 3.8x as at 30 June 2023. Reducing leverage further towards the 1-2x target range by the end of 2024 remains a key priority. This will be supported by further divestment proceeds and earnings power more than doubling over the medium-term through continued cost control, volume recovery and strategic delivery.

In summary, the Board believes the Rights Issue will allow the Company to focus its resources on strategic execution and long-term value creation for shareholders from its platforms of leading businesses in attractive growth segments.

3. USE OF PROCEEDS AND DIVIDEND POLICY

The Rights Issue is expected to raise approximately £276 million in gross proceeds and approximately £261 million in net proceeds (after deduction of estimated commissions, fees and expenses). The net proceeds will initially be utilised to reduce borrowings under the Revolving Credit Facility and provide flexibility to deliver the Group's strategy and manage balance sheet leverage. The Rights Issue will result in a pro forma reduction in the covenant net debt based on EBITDA ratio from 5.5x to 3.8x as at 30 June 2023.

In October 2022, as part of a covenant amendment process with the Group's banking syndicates to give the Group increased headroom, Synthomer suspended dividend payments, including the interim dividend of 4p announced on 12 October 2022 that was due to be paid in November 2022.

Whilst the Company will continue to prioritise reducing leverage towards its 1-2x target range by the end of 2024 and execution of strategy, including sustainability commitments and predominantly organic-led growth in the near-term, it recognises the importance of dividends for Shareholders and therefore will look to reinstate a dividend when appropriate to do so.

The Group expects to wind down utilisation of the Factoring Facilities (£139.2m net utilisation as at 30 June 2023) as leverage improves, but will continue to use this cost-efficient facility to manage its balance sheet in the near term.

4. CURRENT TRADING AND OUTLOOK

Trading in July and August was similar to the 2023 Half Year Results, with limited visibility and subdued volumes given challenging macro conditions. The Group's outlook for the remainder of 2023 provided in July is reiterated: the Board does not anticipate a material recovery in customer demand before the end of the current year. However, the Board anticipates approximately £20 million in self-help measures to be delivered mainly in the second half of 2023. Overall, the Group remains confident of making sequential progress in the second half relative to the first.

The Group continues to take decisive action to strengthen its business so that it is positioned for profitable growth when demand does begin to recover. As stated elsewhere, through the Group's near-term actions, end-market volume recovery (which alone has the potential to improve Group EBITDA by more than £100 million over time) and execution of the strategy, the Board believes the Group's medium-term earnings power is more than double the £158 million of continuing EBITDA generated over the year to the end of June 2023. Reducing leverage further toward the 1-2x target range remains a key priority. Overall, the Board remains confident in the Group's ability to deliver the medium-term targets set out last October, which were mid-single-digit growth in constant currency over the cycle, EBITDA margins above 15% and mid-teens return on invested capital.

5. CAPITAL REORGANISATION

The Capital Reorganisation, comprised of the Sub-division and the Share Consolidation, is proposed in order to achieve a higher market price for the Consolidated Ordinary Shares and, accordingly, a more appropriate Rights Issue Price. In addition, if the Capital Reorganisation was not implemented, the Rights Issue Price may have been at a discount to the current nominal value of the Existing Ordinary Shares of 10 pence. Companies are prohibited from allotting shares at a discount to their nominal value, and this is addressed by the Capital Reorganisation.

Under the Capital Reorganisation:

- each Existing Ordinary Share of 10 pence nominal value will be subdivided and converted into one Intermediate Share of 0.05 pence nominal value and 1 Deferred Share of 9.95 pence nominal value; and
- immediately thereafter, every 20 Intermediate Shares of 0.05 pence nominal value will be consolidated into 1 Consolidated Ordinary Share of 1 pence nominal value.

The Existing Ordinary Shares will be consolidated such that Shareholders will receive Consolidated Ordinary Shares on the Consolidation Ratio of 1 Consolidated Ordinary Share in substitution for every 20 Existing Ordinary Shares. Following Consolidation, the Consolidated Ordinary Shares will have the same rights as the Existing Ordinary Shares, including voting, dividend and other rights.

The purpose of the Deferred Shares is solely to facilitate the reduction in the nominal value of the Shares to 1 pence. The Deferred Shares will be effectively valueless as they will carry very limited rights, including no voting or dividend rights. The Company has the right to acquire and then cancel the Deferred Shares for an aggregate price of £0.01 and intends to exercise this right immediately following the creation of the Deferred Shares. Further information on the Deferred Shares is set out in section 4.3 (*Rights attached to the securities*) of Part XIII (Additional Information) of this document.

Immediately following the implementation of the Capital Reorganisation, the market price of a Consolidated Ordinary Share should be approximately equal to a multiple of 20 times the market price of an Existing Ordinary Share immediately beforehand. The Consolidation Ratio used for the Share Consolidation has been set by the Directors after consultation with the Underwriters. Existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the Share Consolidation, subject only to fractional rounding.

The Closing Price of each Existing Ordinary Share on 6 September 2023 (being the last Business Day prior to the date of this document) was 60.8 pence (as derived from the Daily Official List of London Stock Exchange plc). In accordance with the Consolidation Ratio, the Consolidated Closing Price of each Consolidated Ordinary Share would have been 1,216 pence on that date.

The Capital Reorganisation, if approved by Shareholders, will be made by reference to holdings of Existing Ordinary Shares on the Company's register of members as at 6:00 p.m. on 25 September 2023 (or such other time or date as the Directors may determine). Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of New Ordinary Shares.

Any fractional entitlements to Consolidated Ordinary Shares which arise will be aggregated into whole Consolidated Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to each of the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) to each of the relevant Shareholder(s) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

It is expected that dealings in the Existing Ordinary Shares will continue until close of business on 25 September 2023 and admission of the Consolidated Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities will become effective at 8:00 a.m. on 26 September 2023.

If you hold Existing Ordinary Shares in certificated form, you will be issued with a new share certificate in respect of your Consolidated Ordinary Shares following the issue of Consolidated Ordinary Shares.

With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of Consolidated Ordinary Shares will only be issued following the Share Consolidation. It is therefore important that, if you hold certificate(s) in respect of your Existing Ordinary Shares, you retain them for the time being until share certificates in respect of Consolidated Ordinary Shares are despatched, which is expected to be within 10 Business Days of Admission. On receipt of share certificates in respect of Consolidated Ordinary Shares, certificates in respect of Existing Ordinary Shares can be destroyed.

If you currently hold Existing Ordinary Shares in uncertificated form, it is currently expected that the Existing Ordinary Shares under ISIN GB0009887422 will be disabled by 6:00 p.m. on the day before Admission (which such date is currently expected to be 25 September 2023) and on or soon after 8:00 a.m. on Admission (which is currently expected to be 26 September 2023) your CREST account will be credited with Consolidated Ordinary Shares under ISIN GB00BNTVWJ75. Your CREST account will also be credited with the New Ordinary Shares (nil paid) under the Rights Issue. The ISIN for the New Ordinary Shares will be that of the Consolidated Ordinary Shares.

Temporary documents of title will not be issued in respect of Consolidated Ordinary Shares and, pending despatch of definitive share certificates, transfers of Consolidated Ordinary Shares held in certificated form will be certified against the register of members.

All share certificates will be sent by first class post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

6. PRINCIPAL TERMS AND CONDITIONS OF THE RIGHTS ISSUE

6.1 Overview

Synthomer proposes to raise gross proceeds of approximately £276 million (approximately £261 million after deduction of estimated commissions, fees and expenses) by way of the Rights Issue.

(A) Pricing

Taking into account the Capital Reorganisation, the Rights Issue Price represents a discount of 83.8% to the Consolidated Closing Price on 6 September 2023 (the Latest Practicable Date), and a discount of 42.5% to the theoretical ex-rights price of 343 pence per Existing Ordinary Share calculated by reference to the Consolidated Closing Price on the same basis. Upon completion of the Capital Reorganisation and the Rights Issue, the New Ordinary Shares will represent approximately 600% of the Company's Consolidated Ordinary Shares that will be in issue immediately following the Share Consolidation and approximately 85.7 per cent. of the Company's enlarged issued share capital following the Capital Reorganisation and the Rights Issue.

The Rights Issue Price has been set, following discussions with major Shareholders, at the level which the Board considers necessary to ensure the success of the Rights Issue, taking into account the aggregate proceeds to be raised. The Board believes that the Rights Issue Price, and the discount which it represents, is appropriate.

(B) Dilution

The Rights Issue will result in 140,200,818 New Ordinary Shares being issued and, taking into account the Capital Reorganisation, the number of Ordinary Shares being increased by approximately 600%.

If a Qualifying Shareholder does not (or is not permitted to) take up any New Ordinary Shares under the Rights Issue, such Qualifying Shareholder's shareholding in Synthomer will be diluted by up to 85.7% as a result of the Rights Issue.

For the purposes of calculating: (i) the number of New Ordinary Shares to be issued pursuant to the Rights Issue; (ii) the specified increases to the Company's issued share capital resulting from the Rights Issue; and (iii) the specified dilutive effect of the Rights Issue, the issuance of any Ordinary Shares in respect of the vesting or exercise of any awards under the Share Plans which may occur between the Latest Practicable Date and the Record Date has been disregarded.

6.2 Key terms

On and subject to, among other things, the terms and conditions described in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document, and taking into account the Capital Reorganisation, 140,200,818 New Ordinary Shares will be offered by way of rights at the Rights Issue Price of 197 pence per New Ordinary Share to Qualifying Shareholders on the basis of:

6 New Ordinary Shares for every 1 Consolidated Ordinary Share
this is equivalent to
6 New Ordinary Shares for every 20 Existing Ordinary Shares

held and registered in their name on the Record Date (and so in proportion for the number of Existing Ordinary Shares then held, subject to fractional entitlements).

Qualifying Non-CREST Shareholders with registered addresses in the United States or in any of the other Excluded Territories will not be sent Provisional Allotment Letters and will not have their CREST stock accounts credited with Nil Paid Rights, except where the Company and the Underwriter is

satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction.

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be provisionally allotted to Qualifying Shareholders. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to each of the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) to each of the relevant Shareholder(s) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

The Rights Issue has been fully underwritten by (in respect of the Non-KLK Rights Issue Shares) the Underwriters and (in respect of the KLK Rights Issue Shares) KLK. The underwriting from the Underwriters is in accordance with the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in section 10.1 (*Underwriting Agreement*) of Part XIII (*Additional Information*) of this document, and the underwriting from KLK is in accordance with the terms and subject to the conditions of the KLK Undertakings, details of which are set out in section 10.2 (*Irrevocable Undertakings*) of Part XIII (*Additional Information*) of this document.

The Rights Issue is conditional upon (among other things): (i) the passing of the Resolutions at the General Meeting without material amendment; (ii) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission of the Nil Paid Rights); and (iii) Admission of the Nil Paid Rights becoming effective by not later than 8:00 a.m. on 28 September 2023 (or such later date as the Company and the Underwriters may agree).

Application will be made to the FCA for the New Ordinary Shares (nil and fully paid) to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on its main market for listed securities. It is expected that Admission of the Nil Paid Rights will become effective, and that dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 28 September 2023. It is also expected that Admission of the New Ordinary Shares (fully paid) will become effective, and dealings in New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 13 October 2023.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with, and will carry the same voting and dividend rights as, the Consolidated Ordinary Shares.

Overseas Shareholders, including Shareholders resident in the United States should refer to section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document for further information regarding their ability to participate in the Rights Issue.

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) and Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document.

7. GENERAL MEETING

A notice convening a general meeting of the Company to be held at 12:30 p.m. on 25 September 2023 at the Company's offices at 45 Pall Mall, London, SW1Y 5JG, United Kingdom is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. The purpose of the General Meeting is to seek Shareholders' approval for the Resolutions, summarised as follows:

Rights Issue

(A) *Resolution 1 (ordinary resolution)*: that pursuant to section 551 of the Companies Act, the Directors are authorised until the conclusion of the next annual general meeting of the Company to: (i) allot shares up to an aggregate nominal amount of £1,402,100, representing approximately

85.7% of the Company's current issued share capital as at the Latest Practicable Date, pursuant to or in connection with the Rights Issue; and (ii) make an offer or agreement in connection with the Rights Issue which would or might require shares to be allotted after expiry of this allotment authority; and

(B) *Resolution 2 (special resolution)*: that pre-emption rights are disapplied up to an aggregate nominal amount of £1,402,100, representing approximately 85.7% of the Company's current issued share capital as at the Latest Practicable Date, pursuant to or in connection with the Rights Issue, subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems.

Capital Reorganisation

(C) *Resolution 3* (*ordinary resolution*): that the Directors are authorised to implement the Sub-division, being the subdivision of one Existing Ordinary Share of 10 pence in issue on the Capital Reorganisation Record Date into one Intermediate Share of 0.05 pence, carry the same rights and obligations as the Existing Ordinary Shares, save as to nominal value, and one Deferred Share of 9.95 pence, having the rights and being subject to the restrictions set out in the Company's Articles of Association, as amended;

(D) *Resolution 4* (*ordinary resolution*): that the Directors are authorised to implement the Share Consolidation under which the Intermediate Shares will be consolidated such that Shareholders will receive the equivalent of Consolidated Ordinary Shares on the Consolidation Ratio of 1 Consolidated Ordinary Share in substitution for every 20 Existing Ordinary Shares; and

(E) *Resolution 5 (special resolution)*: that the Board be granted authority to amend the Company's Articles of Association to set out the rights and restrictions attaching to the Deferred Shares.

The full text of the Resolutions is set out in the Notice of General Meeting and a Form of Proxy to be used in connection with the General Meeting is enclosed.

As at the Latest Practicable Date, the Company holds no Ordinary Shares in treasury.

8. ACTION TO BE TAKEN

8.1 In respect of the General Meeting

Whilst Shareholders are able to attend and vote at the General Meeting in person, you are strongly encouraged to vote by proxy in advance of the meeting. You will find enclosed with this document a Form of Proxy to be used in connection with the General Meeting. To appoint a proxy you need to send back the Form of Proxy enclosed with this document to the Registrar as soon as possible and in any event so as to arrive no later than 12:30 p.m. on 23 September 2023, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting. It is recommended that Shareholders wishing to vote on the Resolutions complete the enclosed Form of Proxy and appoint the chair of the General Meeting as proxy, even if you intend to attend the meeting in person.

If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (ID 3RA50) by no later than 12:30 p.m. on 23 September 2023.

Unless the Form of Proxy or CREST Proxy Instruction is received by the date and time specified above, it will be invalid.

8.2 In respect of the Rights Issue

The latest time and date for acceptance and payment in full in respect of the Rights Issue is expected to be 11:00 a.m. on 12 October 2023, unless otherwise announced by the Company.

Please refer to Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) and Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) for further details of the Rights Issue and the action to be taken, including the procedure for acceptance and payment and the procedure in respect of rights not taken up. Further details also appear in the Provisional Allotment Letter which will be sent to all Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those Qualifying Non-CREST Shareholders with a registered address in the Excluded Territories).

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document and the Rights Issue. If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, if you are outside the United Kingdom, by another appropriately authorised independent financial adviser.

9. IMPORTANCE OF VOTE

Your attention is again drawn to the fact that the Capital Reorganisation and the Rights Issue are conditional and dependent upon, amongst other things, all the Resolutions being passed at the General Meeting. Shareholders are asked to vote in favour of each of the Resolutions at the General Meeting in order for the Capital Reorganisation and the Rights Issue to proceed. For the avoidance of doubt, the Resolutions are interdependent, and all Resolutions are required to be passed for both the Capital Reorganisation and the Rights Issue to proceed. Each Director who is able to vote at the General Meeting intends to vote in favour of the Resolutions. The Directors believe that the successful completion of the Capital Reorganisation will result in a higher market price for the Consolidated Ordinary Shares and, accordingly, a more appropriate Rights Issue Price. The Directors further believe that the Rights Issue will allow the Company to repay a portion of the Group's existing debt and comply with the Debt Covenants, whilst strengthening the Group's balance sheet and providing strong foundations to focus on delivering the Group's speciality solutions strategy.

The Group has, and will continue to have, interest-bearing debt service obligations. As at 30 June 2023, the Group has net debt of £795.8 million. This net debt figure includes: (i) the £130 million drawn under the Revolving Credit Facility; (ii) the £428.1 million fully drawn under the UKEF Facilities; and (iii) the £446.9 million Notes. Pursuant to these obligations, the Group is subject to the Debt Covenants, which include the requirement that the Group's ratio of net debt divided by EBITDA shall not exceed: (i) 5x as at 31 December 2023; (ii) 4.25x as at 30 June 2024; and (iii) 3.5x as at 31 December 2024.

The Rights Issue is expected to raise approximately £276 million in gross proceeds and approximately £261 million in net proceeds (after deduction of estimated commissions, fees and expenses). The net proceeds will initially be utilised to reduce borrowings under the Revolving Credit Facility and provide flexibility to deliver the Group's strategy and manage balance sheet leverage. If the Resolutions are not passed at the General Meeting and the Rights Issue does not proceed, according to the projections of the Group's financial position in the Group's 'reasonable worst case' scenario prepared in connection with the Rights Issue, the Group would expect to breach the Debt Covenants as at 31 December 2023 (and, if not otherwise resolved by these dates, as at 30 June 2024 and 31 December 2024). In these circumstances the Group would attempt mitigating action including renegotiation with its lenders and bondholders to secure appropriate waivers or amendments. The Group has previously secured amendments with its lenders, for example on 6 December 2022 and 5 September 2023, but securing such waivers or amendments is not wholly within the Group's control and there is no guarantee that such waivers or amendments could be secured prior to 31 December 2023. The Group may also seek to sell assets on an accelerated timeline. However, the successful completion of any such sales is not wholly within the Group's control and there is no guarantee that they could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully. Even if these mitigations were achieved, the Group may continue to need to implement cash saving measures that are within its own control, for example reductions in capital expenditure and R&D, that may restrict the Group's ability to implement its strategy and/or limit the benefits realised from any successful partial implementation (and such cash saving measures that are within the Group's control would not be sufficient alone to prevent the Group from such covenant breach in a 'reasonable worst case' scenario as at 31 December 2023).

According to projections of the Group's financial position in the Group's 'base case' scenario (as opposed to 'reasonable worst case' scenario detailed above), including certain cash saving measures, comprising employee incentive reductions, growth capital expenditure reductions and working capital management, the Group would not expect to breach Debt Covenants during the working capital period. However, these cash saving measures are likely to restrict the Group's ability to implement its strategy and/or limit the benefits realised from any successful partial implementation.

In the event that the Capital reorganisation and the Rights Issue do not proceed and such a covenant breach occurring, the lenders under the Revolving Credit Facility and the UKEF Facilities would have the right to demand immediate repayment of all amounts due under such debt instruments (together

approximately £558 million as at 30 June 2023), and any such demand would trigger the right of bondholders under the Notes to similarly demand immediate repayment (the amount borrowed under the Notes being approximately £447 million as at 30 June 2023, and total borrowings under the Revolving Credit Facility, the UKEF Facilities and the Notes as at 30 June 2023 therefore being approximately £1,005 million). The Group would be unlikely to obtain the funds necessary to repay such amounts if they became immediately due and payable upon the demand of the lenders following a covenant breach. In such circumstances, the Group may enter into administration or become subject to other insolvency proceedings, and Shareholders would be at risk of losing all or a substantial portion of their investment.

Further, in the event that the Rights Issue does not proceed, the RCF Amendment and Extension will not take effect. As a result, the original provisions of the Revolving Credit Facility shall continue, including maintenance of (i) the commitment amount at $480 million; (ii) the maturity date of 31 May 2025; and (iii) applicable margin rates. For the avoidance of doubt, the RCF Amendment and Extension does not impact the reasonable worst case scenario projected above in connection with the Debt Covenants.

10. WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Rights Issue (being approximately £261 million, after deduction of estimated commissions, fees and expenses), the working capital available to the Group is sufficient for its present requirements (that is, for at least 12 months following the date of this document).

11. FURTHER INFORMATION

Your attention is drawn to the Risk Factors set out on pages 11 to 36 of this document, and to the information set out Part II (*Important Notices*) of this document.

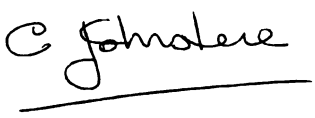
You should not subscribe for any New Ordinary Shares except on the basis of information contained or incorporated by reference into this document and should read all of the information contained or incorporated by reference into this document before deciding on the action to take in respect of the General Meeting and/or the Rights Issue.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company's website (https://www.synthomer.com/). It is expected that this will be on 25 September 2023.

12. DIRECTORS' INTENTIONS AND RECOMMENDATION

The Board considers that the Capital Reorganisation and the Rights Issue are in the best interests of the Shareholders of Synthomer taken as a whole and unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. Each Director who is able to participate in the Rights Issue and/or vote at the General Meeting: (i) has confirmed in writing their intention to take up their entitlement in full, or in part, to subscribe for New Ordinary Shares under the Rights Issue in respect of their respective holding of Existing Ordinary Shares, which represent approximately 1.1% of the total voting rights in the Company as at the Latest Practicable Date; and (ii) intends to vote in favour of the Resolutions. The Company's largest shareholder, KLK (which holds approximately 26.9% of the total voting rights in the Company as at the Latest Practicable Date), has also irrevocably committed to take up its entitlement pursuant to the Rights Issue in full pursuant to the KLK Undertakings and to vote in favour of the Resolutions.

Yours sincerely,



Caroline Johnstone
Chair

PART VI
QUESTIONS AND ANSWERS ABOUT THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

The questions and answers below have been prepared to help Shareholders understand what is involved in the Rights Issue. These are in general terms only and, as such, you should not rely solely on them and should also read Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) *of this document for full details of the action you should take and the terms and conditions applicable to the Rights Issue. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

This Part VI deals with general questions relating to the Rights Issue and more specific questions relating to Shareholders who hold Ordinary Shares in certificated form, as well as some more specific questions relating to Shareholders who hold Ordinary Shares in uncertificated form (that is, through CREST). If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please call the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

1. GENERAL

1.1 What is a rights issue?

A rights issue is a way for companies to raise money. Companies do this by giving their existing shareholders a right to subscribe for further shares in proportion to their existing shareholdings.

The offer under this Rights Issue is of 140,200,818 New Ordinary Shares at a price of 197 pence per New Ordinary Share. If you are a Qualifying Shareholder other than a Shareholder with a registered address in, subject to certain exceptions, the Excluded Territories, you will be entitled to subscribe for New Ordinary Shares under the Rights Issue. If you hold your Ordinary Shares in certificated form, your entitlement will be set out in your Provisional Allotment Letter.

Taking into account the Capital Reorganisation, the Rights Issue Price represents a discount of 83.8% to the Consolidated Closing Price on 6 September 2023 (the Latest Practicable Date), and a discount of 42.5% to the theoretical ex-rights price of 343 pence per Existing Ordinary Share calculated by reference to the Consolidated Closing Price on the same basis. Because of this discount, and while the market value of the Ordinary Shares exceeds the Rights Issue Price, the right to subscribe for the New Ordinary Shares is potentially valuable.

Taking into account the Capital Reorganisation, the Rights Issue will be made on the basis of 6 New Ordinary Shares for every 1 Consolidated Ordinary Share held by Qualifying Shareholders on the Record Date. This is equivalent to 6 New Ordinary Shares for every 20 Existing Ordinary Shares (subject to rounding for fractions).

If you are a Qualifying Shareholder and you do not want to subscribe for the New Ordinary Shares to which you are entitled, you can instead sell or transfer your rights to those New Ordinary Shares (called Nil Paid Rights) and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing "nil paid".

1.2 Will Shareholders be entitled to vote on the Rights Issue?

Yes. Shareholders are able to vote on the Resolutions at the General Meeting.

The Company has called a General Meeting to be held at the Company's office at 45 Pall Mall, London, SW1Y 5JG at 12:30 p.m. (London time). As you will see from the Notice of General Meeting,

the Board is seeking Shareholder approval to: (i) allot the New Ordinary Shares; and (ii) disapply pre-emption rights in relation to the allotment of the New Ordinary Shares in certain circumstances, in order for the Company to be able to carry out the Rights Issue.

A Form of Proxy to be used in connection with the General Meeting is enclosed in the Notice of General Meeting. It is recommended that Shareholders wishing to vote on the Resolutions complete the Form of Proxy and appoint the chair of the General Meeting as proxy, even if you intend to attend the meeting in person.

Please refer to the Notice of General Meeting for guidance notes on the return of the Form of Proxy and CREST Proxy Instruction.

1.3 What is the impact of the Capital Reorganisation on the value of my Ordinary Shares?

The purpose of the Capital Reorganisation is to try to establish a market price for the Company's shares that is more appropriate for the Rights Issue than the market price at present. By virtue of the Capital Reorganisation, the equivalent of every 20 Existing Ordinary Shares will be consolidated into 1 Consolidated Ordinary Share and it is therefore expected that the market price of a Consolidated Ordinary Share should be 20 times the market price prior to the Share Consolidation.

Subject to fractional rounding, you should continue to own the same proportion of the Company as you did immediately prior to the implementation of the Capital Reorganisation.

Under the proposed Capital Reorganisation, each Existing Ordinary Share of 10 pence nominal value will be subdivided and converted into one Intermediate Share of 0.05 pence nominal value and one Deferred Share of 9.95 pence nominal value, and, immediately thereafter, every 20 Intermediate Shares of 0.05 pence nominal value will be consolidated into 1 Consolidated Ordinary Share of 1 pence nominal value. Therefore, the value of your holding of Consolidated Ordinary Shares held immediately following the Share Consolidation should, subject to market fluctuations, approximately equal the value of your holding of Existing Ordinary Shares before the Share Consolidation.

Any fractional entitlements to Consolidated Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to the relevant Shareholders. Any amounts less than £5.00 will accrue to the benefit of the Company.

1.4 How will the Share Consolidation and the Rights Issue affect my shareholding?

The Consolidation Ratio for the Share Consolidation of 1 Consolidated Ordinary Share for every 20 Existing Ordinary Shares has been set by the Board in consultation with the Underwriters.

The effect of this will be to reduce the number of Ordinary Shares in issue. However, existing Shareholders will own the same proportion of the Company as they did immediately prior to the implementation of the Share Consolidation, subject only to fractional rounding. To give you an idea of how the Share Consolidation and the Rights Issue would affect your shareholding we have set out some examples below:

Number of Existing Ordinary Shares	Number of Consolidated Ordinary Shares	Number of New Ordinary Shares (nil paid) pursuant to the Rights Issue
1	0	0
9	0	0
10	0	0
55	2	12
101	5	30
999	49	294
1,000	50	300
10,000	500	3,000

Any fractional entitlements to Consolidated Ordinary Shares which arise will be aggregated into whole Consolidated Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of these sales (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable

brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to each of the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) to each of the relevant Shareholder(s) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

Subject to the Shareholders passing the Resolutions at the General Meeting to be held on 25 September 2023, all Qualifying Non-CREST Shareholders (other than Shareholders with a registered address in, subject to certain exceptions, the United States or any of the other Excluded Territories) will be sent a Provisional Allotment Letter. Box 2 on the Provisional Allotment Letter will show the number of New Ordinary Shares you will be entitled to acquire if you are a Qualifying Non-CREST Shareholder.

1.4 What happens next if Shareholders approve the Capital Reorganisation and the Rights Issue?

If the Resolutions are approved at the General Meeting, the Rights Issue and Capital Reorganisation will proceed (subject to certain conditions). The Provisional Allotment Letters are due to be despatched on 27 September 2023 to Qualifying Non-CREST Shareholders and the Nil Paid Rights are due to be credited to the CREST stock accounts of Qualifying CREST Shareholders as soon as practicable after 8:00 a.m. on 28 September 2023.

1.5 I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to subscribe for the New Ordinary Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called Nil Paid Rights) to acquire those New Ordinary Shares and receive the net proceeds, if any, of that sale or transfer in cash. This is referred to as dealing "nil paid". This means that, during the Rights Issue offer period (i.e. between 8:00 a.m. on 28 September 2023 and 11:00 a.m. on 12 October 2023), you can either trade Ordinary Shares (which will not carry any entitlement to participate in the Rights Issue) or you can, subject to demand and market conditions, trade in the Nil Paid Rights.

1.6 Can I sell some rights and use the proceeds to take up my remaining rights?

This is known as a Cashless Take-up or "tail-swallowing". You should contact your stockbroker or financial adviser who may be able to help if you wish to do this.

Alternatively, if you are an individual certificated Shareholder aged 18 or over (in the case of natural persons), who is resident in the United Kingdom or the EEA (or any other country confirmed by the Registrar in writing), you can use the Special Dealing Service (see section 2.4(E) (*If you want to use the Special Dealing Service operated by Computershare*) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below).

Please note that your ability to sell your rights is dependent on demand for such rights and that the price for Nil Paid Rights may fluctuate. Please also ensure that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on 12 October 2023.

2. ORDINARY SHARES IN CERTIFICATED FORM

2.1 I hold my Ordinary Shares in certificated form. How do I know if I am eligible to participate in the Rights Issue?

If you receive a Provisional Allotment Letter and are not a Shareholder with a registered address in, subject to certain exceptions, any of the Excluded Territories, then you should be eligible to acquire New Ordinary Shares under the Rights Issue (as long as you have not sold all of your Ordinary Shares before 8:00 a.m. on 28 September 2023 (the time when the Ordinary Shares are expected to be marked "ex-rights" by the London Stock Exchange)).

2.2 How many New Ordinary Shares will I be entitled to acquire?

Box 2 on the Provisional Allotment Letter shows the number of New Ordinary Shares you will be entitled to acquire if you are a Qualifying Non-CREST Shareholder. You will be entitled to acquire at the Rights Issue Price 6 New Ordinary Shares for every 1 Ordinary Share, taking account of the Capital Reorganisation, you hold at close of business on 26 September 2023 (the Record Date for the Rights Issue). All Qualifying Non-CREST Shareholders (other than Shareholders with a registered address in, subject to certain exceptions, any of the Excluded Territories) will be sent a Provisional Allotment Letter.

2.3 I hold my Ordinary Shares in certificated form. What do I need to do in relation to the Rights Issue?

If you hold your Ordinary Shares in certificated form and do not have a registered address in, subject to certain exceptions, any of the Excluded Territories, you will be sent a Provisional Allotment Letter that shows: (a) in Box 1, how many Ordinary Shares you held at the close of business on 26 September 2023 (the Record Date for the Rights Issue); (b) in Box 2, how many New Ordinary Shares you are entitled to acquire pursuant to the Rights Issue; and (c) in Box 3, how much you need to pay if you want to take up your right to subscribe for all the New Ordinary Shares provisionally allotted to you in full. Section 2.4 (*I am a Qualifying Shareholder with a registered address in the United Kingdom and I hold my Ordinary Shares in certificated form. What are my options and what should I do with the Provisional Allotment Letter?*) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below gives more details regarding the choices available to you.

If you have a registered address in, subject to certain exceptions, any of the Excluded Territories, you will not receive a Provisional Allotment Letter. Please refer to section 4.5 (*What should I do if I live outside the United Kingdom?*) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below.

2.4 I am a Qualifying Shareholder with a registered address in the United Kingdom and I hold my Ordinary Shares in certificated form. What are my options and what should I do with the Provisional Allotment Letter?

(A) If you want to take up all of your rights

If you want to take up all of your rights to acquire the New Ordinary Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque or banker's draft in pounds sterling made payable to "CIS PLC re Synthomer plc Rights Issue" and crossed "A/C payee only" for the amount shown in Box 3 of the Provisional Allotment Letter, detailing the SRN (which is on page 1 of the Provisional Allotment Letter) and your surname on the reverse of the cheque or banker's draft, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE to be received by 11:00 am on 12 October 2023. Within the United Kingdom only, you can use the reply-paid envelope provided with the Provisional Allotment Letter. Please allow sufficient time for delivery. Full instructions are set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and in the Provisional Allotment Letter.

Additionally, all Shareholders named in the Provisional Allotment Letter must sign it. Failure to do so will cause Computershare to reject your instructions.

Please note third-party cheques will not be accepted other than building society cheques or banker's drafts.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you in respect of the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you by no later than 26 October 2023. You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick Box 5 on page 2 of the Provisional Allotment Letter.

(B) If you do not want to take up your rights at all

If you do not want to take up any of your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Ordinary Shares to which you are entitled by 11:00 a.m. on 12 October 2023, the Company has made arrangements under which the Underwriters will try to find investors to take up your rights and the rights of others who have not taken them up. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT), you will be sent a cheque for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be despatched by no later than 26 October 2023 and will be sent to your existing address appearing on the register of members of the Company (or to the first-named holder if you hold your Ordinary Shares jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price such that your entitlement would be £5.00 or more, you will not receive any payment, and any amounts of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

Alternatively, if you do not want to take up your rights, you can sell or transfer your Nil Paid Rights (see section 2.4(D) (*If you want to sell all of your rights*) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below).

(C) If you want to take up some but not all of your rights

If you wish to take up some, but not all, of your rights (but not transfer some, or all, of those you do not wish to take up), you can complete Form X on page 2 of the Provisional Allotment Letter together with a covering letter stating the number of New Ordinary Shares you wish to acquire and the amount payable (at 197 pence per New Ordinary Share). You should then sign and date Form X and return it with a cheque or banker's draft in pounds sterling, in accordance with the provisions set out in the Provisional Allotment Letter. The Provisional Allotment Letter and cheque or banker's draft must be received by 11:00 a.m. on 12 October 2023.

If you wish to take up some, but not all, of your rights and to transfer some, or all, of those you do not wish to take up, or you wish to transfer all of the Nil Paid Rights or (if appropriate) Fully Paid Rights, but to different persons, you should first apply to have your Provisional Allotment Letter split by completing Form X on page 2 of the Provisional Allotment Letter, and returning it by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE (so as to be received by 3:00 p.m. on 10 October 2023), together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Ordinary Shares that you wish to accept together with your cheque or banker's draft by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE to be received by 11:00 a.m. on 10 October 2023 (see section 2.4(A) (*If you want to take up all of your rights*) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) above).

Additionally, all Shareholders named in the Provisional Allotment Letter must sign it. Failure to do so will cause Computershare to reject your instructions.

Further details are set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document and will be set out in the Provisional Allotment Letter.

Alternatively, if you are an individual certificated shareholder aged 18 or over (in the case of natural persons), who is resident in the United Kingdom or the EEA (or any other country confirmed by the Registrar in writing), you can use the Special Dealing Service to sell some rights and use the proceeds to take up your remaining rights (see section 2.4(E) (*If you want to use the Special Dealing Service operated by Computershare*)) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below).

(D) If you want to sell all of your rights

If you want to sell all of your rights, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they do not have registered addresses or reside in, subject to certain exceptions, any of the Excluded Territories). Please note that your ability to sell your rights is dependent on demand for such rights and that the price for Nil Paid Rights may fluctuate.

Please ensure that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11:00 am on 12 October 2023.

If you are an individual certificated Shareholder aged 18 or over (in the case of natural persons), who is resident in the United Kingdom or the EEA (or any other country confirmed by Computershare in writing), you can use the Special Dealing Service to sell all of your rights. See section 2.4(E) (If you want to use the Special Dealing Service operated by Computershare) of this Part VI (*Questions and Answers about the Capital Reorganisation and the Rights Issue*) below which explains how you can do this by using your Provisional Allotment Letter.

(E) If you want to use the Special Dealing Service operated by Computershare

If you are an individual certificated Shareholder aged 18 or over (in the case of natural persons), who is resident in the United Kingdom or the EEA (or any other country confirmed by Computershare in writing), you can use the Special Dealing Service to either: (i) sell all of your Nil Paid Rights; or (ii) sell a sufficient number of Nil Paid Rights to raise money to take up the remainder of your rights (that is, effect a Cashless Take-up).

If you want to use the Special Dealing Service to sell all of your Nil Paid Rights, you can tick Box C on page 1 of your Provisional Allotment Letter, complete, sign and date page 1 of your Provisional Allotment Letter and return it by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by 3:00 p.m. on 6 October 2023.

If you wish to sell sufficient rights represented by your Provisional Allotment Letter to enable you to take up your remaining entitlements using the Special Dealing Service (i.e. effect a Cashless Take-up), you can tick Box B on page 1 of your Provisional Allotment Letter, complete, sign and date page 1 of your Provisional Allotment Letter and return it by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE (so as to be received by 3:00 p.m. on 6 October 2023).

If you elect to use the Special Dealing Service to sell all of your Nil Paid Rights or to effect a Cashless Take-up, you will be required to provide the following personal details in respect of the holder of the Provisional Allotment Letter: (i) full name; (ii) nationality; (iii) national insurance number (or equivalent) or LEI (if your Ordinary Shares are registered in a corporate name); and (iv) date of birth.

Additionally, all Shareholders named in the Provisional Allotment Letter must sign it. Failure to do so will cause Computershare to reject your instructions.

If you do not have a national insurance number (or equivalent) or LEI (if your Ordinary Shares are registered in a corporate name), please include "N/A" in respect of this information so that Computershare can generate an ID for you where possible. Without this information, Computershare may not be able to carry out your instructions. Computershare will charge a commission of 0.50% of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, subject to a minimum of £20.00 per holding. Due to the minimum charge, the Special Dealing Service may not be cost effective for all Qualifying Non-CREST Shareholders. For example, in relation to Qualifying Non-CREST Shareholders selling a small holding, it is possible that in certain circumstances the administration charge may be more than the value of the sale proceeds.

You should be aware that by electing to use the Special Dealing Service, you will be deemed to be agreeing to the Special Dealing Service Terms and Conditions and make a legally binding agreement with Computershare on those terms. The Special Dealing Service Terms and Conditions will be posted to you together with the Provisional Allotment Letter if you hold your Ordinary Shares in certificated

form. For the avoidance of doubt, the Company shall have no responsibility or liability to Shareholders in respect of the Special Dealing Service, which is solely the responsibility of Computershare.

Further details about the Special Dealing Service are set out in section 3.7 (*Special Dealing Service*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document.

2.5 I acquired my Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive a Provisional Allotment Letter?

If you do not receive a Provisional Allotment Letter but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able or entitled to take up New Ordinary Shares under the Rights Issue. Some Qualifying Non-CREST Shareholders, however, will not receive a Provisional Allotment Letter but may still be eligible to acquire New Ordinary Shares under the Rights Issue, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on the Record Date and who have converted them to certificated form;
- Shareholders who bought Existing Ordinary Shares before the Ex-Rights Date and who hold such Ordinary Shares in certificated form but were not registered as the holders of those Ordinary Shares at the close of business on the Record Date; and
- certain Overseas Shareholders who can prove that the offer under the Rights Issue can lawfully be made to them without contravention of any relevant legal requirements.

If you do not receive a Provisional Allotment Letter but think that you should have received one, please call the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). Lines are open from 8.30 am to 5.30 pm (London time) Monday to Friday (excluding United Kingdom public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline operators cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

2.6 I hold my Ordinary Shares in certificated form. If I take up my rights, when will I receive the certificate representing my New Ordinary Shares?

If you take up your rights under the Rights Issue, share certificates for the New Ordinary Shares are expected to be posted by no later than 26 October 2023.

2.7 I hold my Ordinary Shares in certificated form. What if I want to sell the New Ordinary Shares for which I have paid?

Provided the New Ordinary Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out in the Provisional Allotment Letter until 11:00 a.m. on 12 October 2023. After that time, you will be able to sell your New Ordinary Shares in the normal way. The share certificate relating to your New Ordinary Shares is expected to be despatched to you by no later than 26 October 2023. Pending despatch of the definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

Further details are set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) of this document.

2.8 How do I transfer my rights into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on page 2 of the Provisional Allotment Letter). Further details on how to deposit Nil Paid Rights or Fully Paid Rights into CREST are set out further in section 3.10 (*Deposit of Nil Paid Rights*

or Fully Paid Rights into CREST) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and in the Provisional Allotment Letter.

If you have transferred your rights into the CREST system, you should refer to section 4 *(Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) for details on how to pay for the New Ordinary Shares.

3. ORDINARY SHARES IN CREST

3.1 I hold my Ordinary Shares in CREST. How do I know if I am eligible to participate in the Rights Issue?

If you are a Qualifying CREST Shareholder (save as mentioned below in this paragraph), and on the assumption that the Rights Issue proceeds as planned, your CREST stock account will be credited with your entitlement to Nil Paid Rights on 28 September 2023. The stock account to be credited will be the account under the participant ID and member account ID that apply to your Ordinary Shares at close of business on the Record Date. The Nil Paid Rights and the Fully Paid Rights are expected to be enabled after 8:00 a.m. on 28 September 2023. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to check that your account has been credited with your entitlement to Nil Paid Rights. The CREST stock accounts of Excluded Shareholders will not be credited with Nil Paid Rights. Excluded Shareholders should refer to section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

3.2 How many New Ordinary Shares will I be entitled to acquire?

If you are eligible to participate in the Rights Issue, your stock account will be credited with Nil Paid Rights in respect of the number of New Ordinary Shares which you are entitled to acquire, and you will be entitled to 6 New Ordinary Shares for every 20 Ordinary Shares you held at close of business on the Record Date. You can also view the claim transactions in respect of purchases/sales effected after this date, but before the Ex-Rights Date. If you are a CREST sponsored member, you should contact your CREST sponsor.

3.3 How do I take up my rights using CREST?

If you are a Qualifying CREST Shareholder and wish to take up and pay for your rights, you should refer to the instructions set out in Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

If you are a CREST member, you should ensure that a MTM instruction has been inputted and has settled by 11:00 a.m. on 12 October 2023 in order to make a valid acceptance. If your Ordinary Shares are held by a nominee or you are a CREST sponsored member, you should speak directly to the agent who looks after your stock or your CREST sponsor (as appropriate) who will be able to help. If you have further questions, particularly of a technical nature regarding acceptance through CREST, you should call the CREST Service Desk on 0845 964 5648 (or +44 (0)20 7849 0199 if you are calling from outside the United Kingdom).

3.4 If I take up my rights, when will New Ordinary Shares be credited to my CREST account(s)?

If you take up your rights under the Rights Issue, it is expected that New Ordinary Shares will be credited to the CREST stock account in which you hold your Fully Paid Rights on 13 October 2023.

4. FURTHER PROCEDURES FOR ORDINARY SHARES WHETHER IN CERTIFICATED FORM OR IN CREST

4.1 If I subscribe for Ordinary Shares after the Record Date will I be eligible to participate in the Rights Issue?

If you bought Ordinary Shares after close of business on the Record Date but prior to 8:00 a.m. on 28 September 2023 (the time when the Ordinary Shares are expected to start trading ex-rights on the London Stock Exchange), you may be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you subscribe for Ordinary Shares at or after 8:00 a.m. on 28 September 2023, you will not be eligible to participate in the Rights Issue in respect of those shares.

4.2 What if the number of New Ordinary Shares to which I am entitled is not a whole number: am I entitled to fractions of New Ordinary Shares?

Your entitlement to New Ordinary Shares will be calculated at close of business on the Record Date (other than in the case of those who bought shares after close of business on the Record Date but prior to 8:00 a.m. on 28 September 2023 who may be eligible to participate in the Rights Issue). If the result is not a whole number, you will not receive a New Ordinary Share in respect of the fraction of a New Ordinary Share and your entitlement will be rounded down to the nearest whole number.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to each of the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) to each of the relevant Shareholder(s) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

4.3 Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?

The following comments are by way of general guidance and assume, amongst other things, that you hold your Ordinary Shares as an investment.

If you are resident in the United Kingdom for tax purposes, you should not have to pay United Kingdom tax when you take up your rights, although the Rights Issue will affect the amount of United Kingdom tax you may pay when you subsequently sell any or all of your Ordinary Shares. However, you may (subject to any available exemption or relief) be subject to capital gains tax or corporation tax on any proceeds that you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000 or, if higher, 5% of the market value of your Ordinary Shares on the date of sale, although in that case the amount of United Kingdom tax you may pay when you subsequently sell all or any of your Ordinary Shares may be affected).

Further information on taxation in the United Kingdom and the United States with regard to the Rights Issue and the holding of New Ordinary Shares is contained in Part XII (*Taxation*). Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

4.4 What if I hold options and awards under the PSP?

Participants in the PSP will be contacted separately with further information on how their options and awards granted under the PSP may be affected by the Rights Issue and the Capital Reorganisation.

4.5 What should I do if I live outside the United Kingdom?

While you have an entitlement to participate in the Rights Issue, your ability to take up rights to New Ordinary Shares may be affected by the laws of the country in which you live, and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Shareholders residing outside the United Kingdom should refer to section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

If as a result of the laws of certain jurisdictions you are unable to participate in the Rights Issue, the Company has made arrangements under which the Underwriters will try to find investors to take up your rights alongside those of other Qualifying Shareholders who have not taken up their rights. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT), you will be sent a cheque for your share of the amount of that premium, provided that this is £5.00 or more. Cheques are expected to be despatched no later than 26 October 2023 and will be sent to your address appearing on the register of members of the Company (or to the first named holder if you hold your Ordinary Shares

jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price and related expenses such that your entitlement would be £5.00 or more, you will not receive any payment and any amounts of less than £5.00 will be aggregated and will ultimately accrue for the benefit of the Company.

4.6 What should I do if I think my holding of Ordinary Shares is incorrect?

If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of Ordinary Shares is incorrect, please contact the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

PART VII
TERMS AND CONDITIONS OF THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

1. INTRODUCTION

Subject to the fulfilment of the completion of the Capital Reorganisation (as detailed in section 5 (*Capital Reorganisation*) of Part V (*Letter from the Chair of Synthomer plc*)) and terms and conditions set out below, taking into account the Capital Reorganisation, the New Ordinary Shares are being offered by way of rights at the Rights Issue Price of 197 pence per New Ordinary Share to Qualifying Shareholders on the basis of:

6 New Ordinary Shares for every 1 Consolidated Ordinary Shares
this is equivalent to
6 New Ordinary Shares for every 20 Existing Ordinary Shares

held and registered in their name at close of business on the Record Date (and so in proportion, subject to the rounding down of any fractions, for each other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter).

Taking into account the Capital Reorganisation, the Rights Issue will result in 140,200,818 New Ordinary Shares being issued and the number of Ordinary Shares being increased by approximately 600.0%, assuming no Ordinary Shares are issued due to the vesting or exercise of any awards under the Share Plans or otherwise between the Latest Practicable Date and the completion of the Rights Issue.

If a Qualifying Shareholder does not (or is not permitted to) take up any New Ordinary Shares under the Rights Issue, such Qualifying Shareholder's shareholding in the Company will be diluted by approximately 85.7% as a result of the Rights Issue, assuming no Ordinary Shares are issued due to the vesting or exercise of any awards under the Share Plans or otherwise between the Latest Practicable Date and the completion of the Rights Issue.

Those Qualifying Shareholders who take up the New Ordinary Shares provisionally allotted to them in full will, subject to the rounding down of any fractions, retain the same proportionate voting and distribution rights as they had at close of business on the Record Date.

The Nil Paid Rights (also described as New Ordinary Shares, nil paid) are entitlements to acquire New Ordinary Shares subject to payment of the Rights Issue Price. The Fully Paid Rights (also described as New Ordinary Shares, fully paid) are entitlements to receive the New Ordinary Shares, for which payment has already been made.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings to calculate entitlements under the Rights Issue.

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be provisionally allotted to Qualifying Shareholders.

Any fractional entitlements to New Ordinary Shares which arise will be aggregated into whole New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) will be paid in due proportion to each of the relevant Shareholders. Any proceeds of sale (net of related expenses (including any applicable brokerage fees and commissions and amounts in respect of related irrecoverable VAT)) to each of the relevant Shareholder(s) of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

The attention of Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). In particular, subject to certain exceptions, Qualifying Shareholders with registered addresses in any of the Excluded Territories have not been and will not be sent Provisional Allotment Letters and have not had and will not have their CREST stock accounts credited with Nil Paid Rights.

Application has been made to the FCA for the Consolidated Ordinary Shares and the New Ordinary Shares (nil and fully paid) to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the Consolidated Ordinary Shares and the New Ordinary Shares (nil and fully paid) to be admitted to trading on its main market for listed securities. It is expected that Admission of the Consolidated Ordinary Shares will become effective, and that dealings in the Consolidated Ordinary Shares on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 26 September 2023. It is expected that Admission of the Nil Paid Rights will become effective, and that dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 28 September 2023. It is also expected that Admission of the New Ordinary Shares (fully paid) will become effective, and dealings in the New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 13 October 2023.

The Existing Ordinary Shares are already admitted to CREST, and it is expected that the Consolidated Ordinary Shares will be admitted to CREST on 26 September 2023. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. Applications have been made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear UK requires the Company to confirm to it that certain conditions are satisfied before Euroclear UK will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the Nil Paid Rights and the Fully Paid Rights on Admission. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear UK.

The Rights Issue has been fully underwritten by (in respect of the Non-KLK Rights Issue Shares) the Underwriters and (in respect of the KLK Rights Issue Shares) KLK. The underwriting from the Underwriters is in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Rights Issue is conditional upon (among other things): (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission of the Nil Paid Rights); (ii) Admission of the Nil Paid Rights becoming effective by not later than 8:00 a.m. on 28 September 2023 (or such later date as the Company and the Underwriters may agree); and (iii) the passing of the Resolutions at the General Meeting without material amendment.

The Underwriting Agreement is conditional upon certain matters being satisfied prior to Admission of the Nil Paid Rights and may be terminated by the Underwriters before Admission of the Nil Paid Rights upon the occurrence of certain specified events, in which case the Rights Issue will be revoked and will not proceed. After Admission of the Nil Paid Rights, however, the Underwriting Agreement will not be subject to any right of termination with respect to the Rights Issue. A summary of the principal terms of the Underwriting Agreement is set out in section 10.1 (*Material Contracts*) of Part XIII (*Additional Information*).

The Company reserves the right to decide not to proceed with the Rights Issue at any time before Admission of the Nil Paid Rights and commencement of dealings in the New Ordinary Shares (nil paid).

The Underwriters may, in accordance with applicable legal and regulatory provisions and subject to certain restrictions in the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights and the Ordinary Shares. The Underwriters may co-ordinate a sell-down in the event that any underwriting crystallises as a result of the Rights Issue. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

Subject to the relevant conditions being satisfied and save as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in respect of Overseas Shareholders, it is intended that:

(i) the Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Qualifying Non-CREST Shareholders with registered addresses, or who are resident or located, in any of the Excluded Territories) on or about 27 September 2023, following the passing of the Resolutions at the General Meeting;

(ii) the Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, Qualifying CREST Shareholders with registered addresses, or who are resident or located, in any of the Excluded Territories) with such Shareholders' entitlements to Nil Paid Rights, as soon as possible after 8:00 a.m. on 28 September 2023;

(iii) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear UK as soon as practicable after the Company has confirmed to Euroclear UK that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be as soon as possible after 8:00 a.m. on 28 September 2023;

(iv) the New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renouncees) who validly take up their rights as soon as possible after 8:00 a.m. on 28 September 2023; and

(v) the share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders (or their nominees) who validly take up their rights no later than 26 October 2023.

If the Rights Issue is delayed so that the Provisional Allotment Letters cannot be despatched and entitlements to Nil Paid Rights cannot be credited to the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, Qualifying CREST Shareholders with registered addresses, or who are resident or located, in any of the Excluded Territories) on the date set out above, the "Expected Timetable of Principal Events" in this document will be adjusted accordingly and the revised dates will be announced through a Regulatory Information Service, in which case all references in this document to dates and times should be read as being subject to that adjustment.

Subject to the relevant conditions being satisfied and save as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in respect of Overseas Shareholders, the offer will be made to Qualifying Non-CREST Shareholders by way of the Provisional Allotment Letter (as described in step (i) above) and to Qualifying CREST Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in step (iii) above and with such Shareholders' stock accounts having been credited as described in step (ii) above).

The offer of New Ordinary Shares pursuant to the Rights Issue is not being, and will not be, made by means of this document into any of the Excluded Territories or any other jurisdiction outside of the United Kingdom in which it would be illegal to make an offer.

All documents, including Provisional Allotment Letters (which constitute temporary documents of title) and cheques and banker's drafts posted to, or by, Qualifying Shareholders and/or their transferees or renouncees (or their agents, as appropriate) will be posted at their own risk.

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Ordinary Shares comprised therein and any CREST member or CREST sponsored member or otherwise taking up their rights by sending an MTM instruction to Euroclear UK will be deemed to have given the representations and warranties set out in sections 3.2 (*Procedure for acceptance and payment*) and 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*), except to the extent that such representations and warranties are waived by the Company and the Underwriters.

The New Ordinary Shares will be allotted pursuant to the authorities to be granted under the Resolutions being proposed at the General Meeting, if the Resolutions are passed. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Consolidated Ordinary

Shares, including the right to any future dividends or other distributions made, paid or declared after the date of their issue.

As a result of the Share Consolidation, the ISIN for the Existing Ordinary Shares will no longer apply on the day following the Record Date. The ISIN for the Consolidated Ordinary Shares will be GB00BNTVWJ75 on the day following the Record Date. The ISIN for the New Ordinary Shares will be the same as the ISIN for the Consolidated Ordinary Shares, being GB00BNTVWJ75 and the SEDOL will be BNTVWJ7. The ISIN for the Nil Paid Rights will be GB00BPH12600 and the SEDOL will be BPH1260. The ISIN for the Fully Paid Rights will be GB00BPH12717 and the SEDOL will be BPH1271.

2. ACTION TO BE TAKEN

The action to be taken in respect of the New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder and you do not have a registered address in, and are not located in, any of the Excluded Territories, please refer to sections 3, 4.1, 6 and 8 to 13 of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

If you are a Qualifying CREST Shareholder and you do not have a registered address in, and are not located in, any of the Excluded Territories, please refer to sections 3.1 to 6 and 8 to 13 of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and to the CREST Manual for further information on the CREST procedures referred to below.

If you are a Shareholder with a registered address in the United States or holding Ordinary Shares on behalf of, or for the account or benefit of, any person on a non-discretionary basis who is in the United States or any state or other jurisdiction of the United States, please refer to section 7.2 (*United States*) and section 7.3 (*US Transfer Restrictions in Respect of Shares not Taken Up in the Rights Issue*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or the Fully Paid Rights of CREST sponsored members.

If you have any questions relating to the Rights Issue, please telephone the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). The Shareholder Helpline is available from 5.30 a.m. to 8.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

3. ACTION TO BE TAKEN BY QUALIFYING NON-CREST SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS REPRESENTED BY PROVISIONAL ALLOTMENT LETTERS

3.1 General

Provisional Allotment Letters are expected to be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Qualifying Shareholders with registered addresses, or who are resident or located, in any of the Excluded Territories) on 27 September 2023, following the passing of the Resolutions at the General Meeting.

Each Provisional Allotment Letter will set out:

(i) the holding of Consolidated Ordinary Shares in certificated form at close of business on the Record Date on which the entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based;

(ii) the aggregate number and cost of the New Ordinary Shares in certificated form that are expected to be provisionally allotted to such Qualifying Non-CREST Shareholder;

(iii) the procedure to be followed if a Qualifying Non-CREST Shareholder who is eligible to use the Special Dealing Service wishes to sell all or part of his, her or its Nil Paid Rights or effect a Cashless Take-up using the Special Dealing Service;

(iv) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to take up all or part of their entitlement;

(v) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to convert all or part of their entitlement into uncertificated form; and

(vi) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

If you sell or transfer, or have sold or otherwise transferred, all of your Ordinary Shares (other than ex-rights) held in certificated form before 8:00 a.m. on 28 September 2023 (being the Ex-Rights Date), please send this document, together with any Provisional Allotment Letter (if applicable and when received), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer will be or was effected for onward delivery to the transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations including any of the Excluded Territories. If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and in the Provisional Allotment Letter.

If you do not receive a Provisional Allotment Letter or you think that the holding of Ordinary Shares in certificated form on which your entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based does not reflect your holding of Ordinary Shares in certificated form as at close of business on the Record Date, please telephone the Shareholder Helpline.

On the basis that dealings in Nil Paid Rights commence at 8:00 a.m. on 28 September 2023, the latest time and date for acceptance and payment in full will be 11:00 a.m. on 12 October 2023, unless otherwise announced by the Company.

3.2 Procedure for acceptance and payment

(A) Qualifying Non-CREST Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights may return the Provisional Allotment Letter in accordance with the instructions thereon, together with a cheque or banker's draft in pounds sterling made payable to "CIS PLC re Synthomer plc Rights Issue" and crossed "A/C payee only" for the full amount payable, detailing the SRN (which is on page 1 of the Provisional Allotment Letter), and with their surname written on the reverse of the cheque or banker's draft, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received as soon as possible and, in any event, by 11:00 am on 12 October 2023. Please refer to section 3.2(F) (*Payments*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) for further details relating to payment.

If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for use within the United Kingdom only. Once your Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, you will have accepted the offer to subscribe for the number of New Ordinary Shares specified on your Provisional Allotment Letter.

(B) Qualifying Non-CREST Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights or (if appropriate) Fully Paid Rights should refer to section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*), regardless of whether they wish to sell some or all of those rights which they do not want to take up or not.

(C) Qualifying Non-CREST Shareholders who wish to take action themselves to dispose of some or all of their Nil Paid Rights

Any Qualifying Non-CREST Shareholder who is permitted to and wishes to sell all or part of his, her or its Nil Paid Rights should contact their stockbroker or bank or other appropriate authorised independent financial adviser to arrange the sale of those Nil Paid Rights in the market. The stockbroker, bank or other authorised independent financial adviser will require the Provisional Allotment Letter to arrange such sale, and you will need to make arrangements with the stockbroker, bank or other authorised independent financial adviser for the completion of the Provisional Allotment Letter and its despatch to the stockbroker, bank or other authorised independent financial adviser. Further information about such sales by Qualifying Non-CREST Shareholders is set out in section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) below. Nil Paid Rights may only be transferred in compliance with applicable securities laws and regulations of all relevant jurisdictions where the rights are not being taken up.

Alternatively, Qualifying Non-CREST Shareholders whose registered address is in the United Kingdom or any EEA country may be eligible to use the Special Dealing Service operated by Computershare described in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) to exercise a Cashless Take-up or otherwise, sell all of their Nil Paid Rights.

(D) Qualifying Non-CREST Shareholders who do not wish to take up their rights at all and do not wish to take action themselves to sell all or any of those rights

Qualifying Non-CREST Shareholders who do not wish to take up their rights at all and who do not wish to take action themselves to sell all or any of those rights do not need to do anything.

If Qualifying Non-CREST Shareholders do not return their Provisional Allotment Letters by 11:00 a.m. on 12 October 2023, the Company has made arrangements under which the Underwriters will try to find investors to take up such rights. If they do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable commission and amounts in respect of related irrecoverable VAT), then Qualifying Non-CREST Shareholders so entitled will be paid for the amount of that aggregate premium above the Rights Issue Price less related expenses (including any applicable commission and amounts in respect of related irrecoverable VAT), so long as the amount in question is at least £5.00 (five pounds sterling) by cheque posted to their registered address. No payment will be made of individual amounts of less than £5.00 (five pounds sterling), which amounts will be aggregated and will ultimately accrue for the benefit of the Company.

(E) The Company's discretion as to validity of acceptances

If payment by cheque is not received in full by 11:00 a.m. on 12 October 2023, the provisional allotment will, subject to the below, be deemed to have been declined and will lapse. However, the Company may (in its absolute discretion) treat as valid: (i) Provisional Allotment Letters and accompanying remittances for the full amount that are received not later than 5:00 p.m. on 12 October 2023; and (ii) in the case of New Ordinary Shares in nil paid form that are certificated, acceptances in respect of which a remittance is received before 5:00 p.m. on 12 October 2023 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be subscribed for and undertaking to lodge the relevant Provisional Allotment Letter, duly completed, in due course.

The Company and the Underwriters may also (in their absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, despatched from or that provides an address for delivery of share certificates for New Ordinary Shares in any Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this section 3.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and the Provisional Allotment Letter and subject to the Articles of Association.

Holders of Provisional Allotment Letters who wish to take up any of their entitlements must also make the representations and warranties set out in section 7.6 (*Representations and warranties relating to overseas territories other than the Excluded Territories*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and will be deemed to have done so by taking up their entitlement by completing the Provisional Allotment Letter. All Qualifying Non-CREST Shareholders will also be deemed by any such action to have agreed and acknowledged that:

(i) the Underwriters: (a) are acting exclusively for the Company and no one else in connection with the Rights Issue and the listing of the New Ordinary Shares on the premium listing segment of the Official List; (b) will not regard any other person (whether a recipient of this document) as their respective clients in relation to the Rights Issue; and (c) will not be responsible to anyone other than the Company, nor for providing the protections afforded to their customers nor for giving advice in connection with the Rights Issue, the listing of the New Ordinary Shares on the premium listing segment of the Official List, the contents of this document, or any transaction or arrangement referred to herein;

(ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accept any responsibility whatsoever for the contents of this document, or make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, the Underwriters accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement;

(iii) such Qualifying Shareholders have not relied on the Underwriters or any person affiliated with any of the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and

(iv) such Qualifying Shareholders have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriters.

(F) Payments

All payments made by Qualifying Non-CREST Shareholders must be made by cheque or banker's draft in pounds sterling made payable to "CIS PLC re Synthomer plc Rights Issue" and crossed "A/C payee only" for the full amount payable, detailing the SRN (which is on page 1 of the Provisional Allotment Letter), and with their surname written on the reverse of the cheque or banker's draft.

Third-party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited

or which has arranged for its cheques or banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sort code number in the top right-hand corner. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of the Company. It is a term of the Rights Issue that cheques shall be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. Return of a Provisional Allotment Letter will constitute a warranty that the cheque will be honoured on first presentation. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a banker's draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out in Box 3 of that Qualifying Non-CREST Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Ordinary Shares which could be acquired at the Rights Issue Price with the amount for which the cheque or banker's draft is drawn (and not the amount set out in Box 3 of the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

If New Ordinary Shares have already been allotted to a Qualifying Non-CREST Shareholder before any payment in respect of such New Ordinary Shares failing to be honoured on first presentation (in the case of a cheque) or before acceptances made by that Qualifying Non-CREST Shareholder being treated as invalid, the Company and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Non-CREST Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST Shareholder pursuant to the provisions of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in respect of the acquisition of such shares) on behalf of such Qualifying Non-CREST Shareholder. None of the Company, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Non-CREST Shareholder as a result.

3.3 Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). If an application is made by a United Kingdom regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, such agent should carry out the verification of identity requirements and the agent's stamp should be inserted on the Provisional Allotment Letter.

The return of a Provisional Allotment Letter shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the person lodging the Provisional Allotment Letter (the "**applicant**"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations and agree for the Receiving Agent to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained. The checks made at credit reference agencies leave an "enquiry footprint"—an indelible record so that the applicant can see who has carried out the check. The enquiry footprint does not have any impact on the applicant's credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the applicant's credit report.

The report may contain a note saying "Identity check to comply with Anti Money Laundering Regulations".

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company or the Underwriters will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity (and in any event by 11:00 a.m. on 12 October 2023), the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. None of the Receiving Agent, the Company or the Underwriters will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or

(ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or

(iii) if the applicant (not being an applicant who delivers his or her application in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or

(iv) if the aggregate subscription price for the relevant shares is less than €15,000 (or its pounds sterling equivalent).

Where the verification of identity requirements apply, please note the following as this will assist in satisfying such requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) If payment is made by cheque or banker's draft in pounds sterling drawn on a branch of a bank or building society in the United Kingdom and bears a United Kingdom bank sort code number in the top right-hand corner, the following applies. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "CIS PLC re Synthomer plc Rights Issue" and crossed "A/C payee only", detailing the SRN (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft. Third-party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/ banker's draft to such effect. The account name should be the same as that shown on the application.

(ii) If the Provisional Allotment Letter is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive ((EU) 2015/849) as amended, or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, the Cooperation Council for the Arab States of the Gulf (but not its individual Member countries), Hong Kong, Iceland, India, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, the Republic of Korea, the Russian Federation (whose membership has been suspended since 24 February 2023 and continues to be suspended as at the date of this document), Saudi

Arabia, Singapore, South Africa, Switzerland, Turkey, the United Kingdom and the United States), the agent should provide written confirmation that it has that status with the Provisional Allotment Letter(s) and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority.

(iii) If a Provisional Allotment Letter is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his or her address (for example, a utility bill).

To confirm the acceptability of any written confirmation referred to in subsection (ii) above, or in any other case, the applicant should contact the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

3.4 Dealings in Nil Paid Rights

Subject to the fulfilment of the relevant conditions (summarised in section 1 (*Introduction*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*)), dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at or as soon as practicable after 8:00 a.m. on 28 September 2023. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee, up to the latest time for acceptance and payment in full stated in the Provisional Allotment Letter, which is 11:00 a.m. on 12 October 2023.

The Company has also engaged Computershare to make available its Special Dealing Service to enable eligible Qualifying Non-CREST Shareholders to either: (a) sell all of the Nil Paid Rights to which they are entitled or; (b) sell sufficient Nil Paid Rights represented by the Provisional Allotment Letter to enable them to take up their remaining entitlements (known as a Cashless Take-up). Further information about the Special Dealing Service is set out in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

3.5 Dealings in Fully Paid Rights

After acceptance by a Qualifying Non-CREST Shareholder of the provisional allotment and payment in full in accordance with the provisions set out in this document and in the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter as set out in section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letter returned to them after their acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking Box 5 on page 2 of the Provisional Allotment Letter.

After 13 October 2023, the New Ordinary Shares will be registered and transferable in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

It should be noted that Qualifying Non-CREST Shareholders who wish to sell their Fully Paid Rights will first have to take up their rights by returning their Provisional Allotment Letter and cheque or banker's draft in the post by following the instructions in section 3.2 (*Procedure for acceptance and payment*) above.

3.6 Renunciation and splitting of Provisional Allotment Letters

The Provisional Allotment Letters are fully renounceable (save as required by the laws of certain overseas jurisdictions) and may be split up to 3:00 p.m. on 10 October 2023, nil paid and fully paid. The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory

requirements including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

(A) Renunciation of Provisional Allotment Letters in full

Qualifying Non-CREST Shareholders who are permitted to, and wish to, transfer all (and not some only) of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 2 of the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such letter may be transferred by delivery of such letter to the transferee. Alternatively, Qualifying Non-CREST Shareholders whose registered address is in the United Kingdom or any EEA country may be eligible to use the Special Dealing Service operated by Computershare described in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) to sell all of the Nil Paid Rights to which they are entitled.

The latest time and date for registration of renunciation of Provisional Allotment Letters is 3:00 p.m. on 9 October 2023 unless otherwise announced by the Company, and after such date the New Ordinary Shares will be in registered form, transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system. Qualifying Non-CREST Shareholders should note that, in order to renounce Fully Paid Rights, a fully paid Provisional Allotment Letter (which is not sent to a Shareholder unless requested from the Receiving Agent) will be required.

(B) Splitting Provisional Allotment Letters

Postal applications

Qualifying Non-CREST Shareholders who wish to take up some of their Nil Paid Rights, without selling or transferring the remainder, can complete Form X on page 2 of the Provisional Allotment Letter together with a covering letter stating the number of New Ordinary Shares they wish to acquire and the amount payable (at 197 pence per New Ordinary Share). They should then sign and date this Form X on page 2 of the original Provisional Allotment Letter and return it by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, together with a cheque or banker's draft in pounds sterling for the appropriate amount made payable to "CIS PLC re Synthomer plc Rights Issue" and crossed "A/C payee only", detailing the SRN (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft. In this case, the Provisional Allotment Letter and the cheque or banker's draft must be received by not later than 11:00 a.m. on 12 October 2023. Once the holder's Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, the holder will have accepted the offer to subscribe for the relevant number of New Ordinary Shares being taken up.

If a holder of a Provisional Allotment Letter wishes to take up some, but not all, of the Nil Paid Rights and to transfer some or all of the remainder, or wishes to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights but to different persons, he must have the Provisional Allotment Letter split, for which purpose he, or his agent, must sign and date Form X on page 2 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE by not later than 3:00 p.m. on 10 October 2023, to be cancelled and exchanged for the split Provisional Allotment Letters required. The relevant holder will need to request a split Provisional Allotment Letter in respect of each proposed transfer. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying cover letter. The aggregate number of Nil Paid Rights or (as appropriate) Fully Paid Rights comprised in the split Provisional Allotment Letters must equal the number of New Ordinary Shares set out in Box 2 of page 1 of the Provisional Allotment Letter (less the number of New Ordinary Shares representing

rights he wishes to take-up if applicable). Form X on page 2 of split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue. The holder of the split Provisional Allotment Letters should then follow the instructions in the preceding paragraphs in relation to transferring the Nil Paid Rights or (as appropriate) the Fully Paid Rights represented by each split Provisional Allotment Letter. Once the holder's split Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, the holder will have accepted the offer to subscribe for the number of New Ordinary Shares specified on that split Provisional Allotment Letter.

Special Dealing Service

Qualifying Non-CREST Shareholders whose registered address is in the United Kingdom or any EEA country may be eligible to use the Special Dealing Service operated by Computershare described in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) to sell sufficient Nil Paid Rights represented by the Provisional Allotment Letter to enable them to take up their remaining entitlements (known as a Cashless Take-up).

3.7 Special Dealing Service

Qualifying Non-CREST Shareholders who are individuals (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Computershare in writing) can use the Special Dealing Service to either: (i) sell all of the Nil Paid Rights to which they are entitled; or (ii) sell a sufficient number of Nil Paid Rights to raise money to take up the remainder (that is, effect a Cashless Take-up).

(A) Instructions for effecting a Cashless Take-up or full disposal of Nil Paid Rights under the Special Dealing Service

Postal applications

Eligible Qualifying Non-CREST Shareholders who wish to effect a Cashless Take-up through the Special Dealing Service can enter an X in Box B on page 1 of the Provisional Allotment Letter.

Eligible Qualifying Non-CREST Shareholders who wish to sell all of the Nil Paid Rights to which they are entitled through the Special Dealing Service can enter an X in Box C on page 1 of the Provisional Allotment Letter.

Such Qualifying Non-CREST Shareholders should then sign and date the bottom of page 1 of the Provisional Allotment Letter and return their Provisional Allotment Letter by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, so as to be received as soon as possible and, in any event, not later than 3:00 p.m. on 6 October 2023, the latest time and date for requesting a Cashless Take-up or full disposal of Nil Paid Rights under the Special Dealing Service. A reply-paid envelope is enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If a Qualifying Non-CREST Shareholder intends to post their Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that they allow at least four Business Days for delivery.

General

If a Qualifying Non-CREST Shareholder elects to use the Special Dealing Service to sell all of their Nil Paid Rights or to effect a Cashless Take-up using their Provisional Allotment Letter, they are required to provide the following personal details in respect of the holder of the Provisional Allotment Letter: (i) full name; (ii) nationality; (iii); national insurance number (or equivalent) or LEI (if your Ordinary Shares are registered in a corporate name); and (iv) date of birth. Additionally, when electing to use the Special Dealing Service by returning their Provisional Allotment Letter, all Qualifying Non-CREST Shareholders named in the Provisional Allotment Letter must sign it. Failure to do so will cause Computershare to reject any instructions electing to use the Special Dealing Service.

If a Qualifying Non-CREST Shareholder does not have a national insurance number (or equivalent) or LEI (if their Ordinary Shares are registered in a corporate name), they should include "N/A" in respect

of this information so that Computershare can generate an ID where possible. Without this information Computershare may not be able to carry out any instructions electing to use the Special Dealing Service.

(B) Terms of Special Dealing Service

Following receipt of a valid election or instruction under the Special Dealing Service provided using a Provisional Allotment Letter, the Provisional Allotment Letter to which such election or instruction relates will cease to be valid for any purpose. By making an election or giving an instruction under the Special Dealing Service, a Qualifying Non-CREST Shareholder will be deemed to have represented, warranted and undertaken that: (a) such Nil Paid Rights will be transferred with full title guarantee and free from liens, charges, or other third-party rights of any kind; (b) he or she and any underlying beneficial owner are entitled to sell the Nil Paid Rights; and (c) the use of the Special Dealing Service by him or her or the sale of the Nil Paid Rights pursuant to the Special Dealing Service does not and will not breach any applicable laws. By giving an instruction under the Special Dealing Service, a Qualifying Non-CREST Shareholder will be deemed to have renounced their Nil Paid Rights, as applicable to their instruction.

Computershare will charge a commission of 0.50% of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, subject to a minimum of £20.00 per holding. Due to the minimum charge, the Special Dealing Service may not be cost effective for all Qualifying Non-CREST Shareholders. For example, in relation to Qualifying Non-CREST Shareholders selling a small holding, it is possible that in certain circumstances the administration charge may be more than the value of the sale proceeds.

Qualifying Non-CREST Shareholders should be aware that by returning the Provisional Allotment Letter or electing to use the Special Dealing Service, they will be deemed to be agreeing to the Special Dealing Service Terms and Conditions and make a legally binding agreement with the Registrar on those terms. The Special Dealing Service Terms and Conditions will be set out in a document accompanying the Provisional Allotment Letter. Shareholders using such service should note that they will be clients of the Receiving Agent and not of the Company when using this service.

A Qualifying Non-CREST Shareholder who is eligible and elects to use the Special Dealing Service, agrees to the terms and conditions of the Rights Issue set out in this document and the Special Dealing Service Terms and Conditions (including how the price for the sale of their Nil Paid Rights is calculated and the commissions that will be deducted from the proceeds of the sale of such Nil Paid Rights). Qualifying Non-CREST Shareholders using the Special Dealing Service should note that they will be clients of Computershare and not of the Company when using such service. Computershare's liability to such a Qualifying Non-CREST Shareholder and its responsibility for providing the protections afforded by the UK regulatory regime to clients for whom such services are provided is as set out in the Special Dealing Service Terms and Conditions, and neither Computershare nor the Company shall have any liability or responsibility to a Qualifying Non-CREST Shareholder using the Special Dealing Service except as set out in those Special Dealing Service Terms and Conditions. None of the Company, the Underwriters or their agents shall be responsible for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any sale, any settlement issues arising from any sale, any exercise of discretion in relation to any sale, or any failure to procure any sale, of Nil Paid Rights pursuant to the Special Dealing Service or any other matter relating to the operation of the Special Dealing Service. Any instructions given by a Qualifying Non-CREST Shareholder in respect of use of the Special Dealing Service that have been received by Computershare may not be cancelled or amended.

The Company, Computershare and/or their agents shall each have discretion to determine the eligibility of Qualifying Non-CREST Shareholders, and may each in their sole discretion interpret instructions on a Provisional Allotment Letter, and none of the Company, the Underwriters, Computershare or their agents shall be responsible for any loss, expense or damage (whether actual or alleged) arising from any such exercise of discretion.

All remittances will be sent by post, at the risk of the Qualifying Non-CREST Shareholder entitled thereto, to the registered address of the relevant Qualifying Non-CREST Shareholder (or, in the case of joint holders, to the address associated with the relevant account as it appears on the register of Shareholders).

No interest will be payable on any proceeds received from the sale of Nil Paid Rights under the Special Dealing Service.

3.8 Registration in names of Qualifying Non-CREST Shareholders

A Qualifying Non-CREST Shareholder who wishes to have all his entitlement to New Ordinary Shares registered in his name must accept and make payment for such allotment before the latest time for acceptance and payment in full which is 11:00 a.m. on 12 October 2023 in accordance with the provisions set out in this document and the Provisional Allotment Letter, but need take no further action.

3.9 Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Non-CREST Shareholder(s) originally entitled, the renouncee or his agent(s) must complete Form Y on page 2 of the Provisional Allotment Letter (unless the renouncee is a CREST member who wishes to hold such New Ordinary Shares in uncertificated form, in which case, Form X and the CREST Deposit Form (both set out on page 2 of the Provisional Allotment Letter) must be completed (see section 3.10 (*Deposit of Nil Paid Rights or Fully Paid Rights into CREST*) of this Part VII (*Terms and Conditions of the Capital Reorganisation* and the Rights Issue)) and deliver the entire Provisional Allotment Letter unless this is to be deposited into CREST, when fully paid, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE not later than the latest time for registration of renunciation which is 3:00 p.m. on 9 October 2023. Registration cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

New Ordinary Shares comprised in two or more Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders). To consolidate rights attached to two or more Provisional Allotment Letters in this way, Form Y should be completed on page 2 of one of the Provisional Allotment Letters (the "**Principal Letter**") and all other relevant Provisional Allotment Letters delivered in one batch. Details of each relevant Provisional Allotment Letter (including the Principal Letter) should be listed in an attached letter and the Allotment Number (as shown on page 1 of each Provisional Allotment Letter) of the Principal Letter should be entered into the box provided in Form Y on page 2 of each Provisional Allotment Letter.

3.10 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form (that is, withdrawn from CREST). Subject to as provided below or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter and/or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows:

(i) Form X and the CREST Deposit Form (both set out on page 2 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS; and

(ii) in addition, the normal CREST stock deposit procedures will need to be carried out, except that: (a) it will not be necessary to complete and lodge a separate "CREST Transfer Form" (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST.

The following should also be noted:

(i) if you wish to deposit only some of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters;

(ii) if the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited; and

(iii) a Consolidation Listing Form (as defined in the CREST Regulations) must not be used.

A holder of the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in CREST following the conversion, to take all necessary steps in connection with taking up the entitlement before 11:00 a.m. on 12 October 2023. **In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 2 of the Provisional Allotment Letter duly completed) with the CCSS (to enable the person acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement before 11:00 a.m. on 12 October 2023) is 3:00 p.m. on 6 October 2023**.

When Form X and the CREST Deposit Form (both set out on page 2 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the relevant Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 2 of such Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

3.11 Issue of New Ordinary Shares in definitive form

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by no later than 26 October 2023 at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders and renouncees or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed in Box 4 on page 2 of the Provisional Allotment Letter or the CREST Deposit Form on page 2 of the Provisional Allotment Letter has been completed).

If the Provisional Allotment Letter is lodged, fully paid, with the lodging agent's name and address inserted in Box 4 on page 2 of the Provisional Allotment Letter, the definitive share certificate will be despatched to the lodging agent. If the CREST Deposit Form on page 2 of the Provisional Allotment Letter has been completed, a share certificate will not be issued but the relevant CREST account will be credited. Where the Provisional Allotment Letter has been renounced following full payment a definitive share certificate will be sent to the person named in Form Y on page 2 of the Provisional Allotment Letter unless: (a) the CREST Deposit Form on page 2 of the Provisional Allotment Letter has been completed, in which case a share certificate will not be issued but the relevant CREST account will be credited; or (b) a lodging agent's stamp appears on page 2, in which case the certificate will be despatched to that agent. Where the CREST Deposit Form on page 2 of the Provisional Allotment Letter has been completed and deposited with the CREST Courier and Sorting Service, New Ordinary Shares are expected to be credited to the relevant CREST account on 13 October 2023. All certificates will be despatched through the post at the risk of the persons entitled thereto.

After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

4. ACTION TO BE TAKEN BY QUALIFYING CREST SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS OR FULLY PAID RIGHTS IN CREST

4.1 General

Except as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his entitlement to Nil Paid Rights at or as soon as possible after 8:00 a.m. on 28 September 2023. For Qualifying CREST Shareholders, the CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Consolidated Ordinary Shares held at close of business on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted. If a Qualifying CREST Shareholder sells or transfers, or has sold or otherwise transferred, all or some of their Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he or she receives a credit of entitlement into his or her stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is 1.

Each Nil Paid Right and Fully Paid Right will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights shortly after 8:00 a.m. on 28 September 2023, Provisional Allotment Letters shall, unless the Company and the Underwriters determine otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Underwriters, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, all or part of their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. CREST sponsored members should consult their CREST sponsor if they wish to take up their entitlement, as only their CREST sponsor will be able to take the necessary action to take up their entitlements or otherwise to deal with their Nil Paid Rights or Fully Paid Rights.

4.2 Procedure for acceptance and payment

(A) MTM instructions

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear UK which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;

(ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in pounds sterling, in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in subsection (i) above; and

(iii) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid

Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in subsection (i) above.

(B) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Nil Paid Rights to which the acceptance relates;

(ii) the participant ID of the accepting CREST member;

(iii) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;

(iv) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA11 ;

(v) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is SYNTHRI;

(vi) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;

(vii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;

(viii) the intended settlement date (which must be on or before 11:00 a.m. on 12 October 2023);

(ix) the ISIN for the Nil Paid Rights. This is GB00BPH12600;

(x) the ISIN for the Fully Paid Rights. This is GB00BPH12717;

(xi) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;

(xii) a contact name and telephone number in the shared note field; and

(xiii) priority of at least 80.

(C) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in "Contents of MTM instructions" of this section 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) will constitute a valid acceptance where either:

(i) the MTM instruction settles by not later than 11:00 a.m. on 12 October 2023; or

(ii) at the discretion of the Company: (a) the MTM instruction is received by Euroclear UK by not later than 11:00 a.m. on 12 October 2023; (b) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 11:00 a.m. on 12 October 2023; and (c) the relevant MTM instruction settles by 2:00 p.m. on 12 October 2023 (or such later time and/or date as the Company has determined).

An MTM instruction will be treated as having been received by Euroclear UK for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear UK or the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

The provisions of this section 4.2(C) (*Valid acceptance*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and any other terms of the Rights Issue

relating to Qualifying CREST Shareholders may be waived, varied or modified as regards specific Qualifying CREST Shareholder(s) or on a general basis by the Company.

(D) Representations, warranties and undertakings of CREST members

A CREST member or CREST sponsored member who makes, or procures the making of, a valid acceptance in accordance with this section 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) represents, warrants and undertakes to the Company and the Underwriters that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11:00 a.m. on 12 October 2023 and at all times thereafter until 2:00 p.m. on 12 October 2023 (or until such later time and date as the Company and the Underwriters may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 11:00 a.m. on 12 October 2023 and at all times thereafter until 2:00 p.m. on 12 October 2023 (or until such later time and date as the Company and the Underwriters may determine) there will be sufficient "Headroom" within the "Cap" (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, the Company, and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in respect of the acquisition of such shares) on behalf of such CREST member or CREST sponsored member. None of the Company, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

A Qualifying CREST Shareholder will, by sending an MTM Instruction to Euroclear UK, be deemed to have made the representations and warranties set out in section 7.6(B) (*Qualifying CREST Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and the agreement and acknowledgement set out in section 3.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). All Qualifying Shareholders will also, by sending an MTM Instruction to Euroclear UK, be deemed to have agreed and acknowledged that:

(i) the Underwriters: (a) are acting exclusively for the Company and no one else in connection with the Rights Issue and the listing of the New Ordinary Shares on the premium listing segment of the Official List; and (b) will not be responsible to anyone other than the Company, nor for giving the protections afforded to their customers for providing advice in connection with the Rights Issue, the listing of the New Ordinary Shares on the premium listing segment of the Official List or the contents of this document;

(ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accept any responsibility whatsoever for the contents of this document, or make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil

Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, the Underwriters accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement;

(iii) such Qualifying Shareholders have not relied on the Underwriters or any person affiliated with any of the Sponsor and/or the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and

(iv) such Qualifying Shareholders have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Sponsor or the Underwriters.

(E) CREST procedures and timings

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. on 12 October 2023. In this connection, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(F) CREST member's undertaking to pay

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this section 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*):

(i) undertakes to pay to the Receiving Agent, or procure the payment to the Receiving Agent of, the amount payable in pounds sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the CREST RTGS payment mechanism (as defined in the CREST Manual) the creation of an RTGS settlement bank payment obligation in pounds sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to the Underwriters the amount payable on acceptance); and

(ii) requests that the Fully Paid Rights and/or New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association.

If the payment obligations of the relevant CREST member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, the Company and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST member or CREST sponsored member (whichever is the lower) on behalf of such CREST

member or CREST sponsored member. None of the Company, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

(G) Company's discretion as to rejection and validity of acceptances

The Company may, in its absolute discretion (having consulted with the Underwriters):

(i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in section 4.2(D) (*Representations, warranties and undertakings of CREST members*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). Where an acceptance is made as described in this section 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) which is otherwise valid, and the MTM instruction concerned fails to settle by 11:00 a.m. on 12 October 2023 (or by such later time and date as the Company may determine), the Company shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this section 4.2(G) (*Company's discretion as to rejection and validity of acceptances*) of Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*), that there has been a breach of the representations, warranties and undertakings set out or referred to in section 4.2(D) (*Representations, warranties and undertakings of CREST members*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) unless the Company is aware of any reason outside the control of the CREST member, or CREST sponsor (as appropriate), concerned for the failure of the MTM instruction to settle;

(ii) treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this section 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*);

(iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company or the Underwriters may determine;

(iv) treat an MTM instruction which constitutes a properly authenticated dematerialised instruction (the "**first instruction**") as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(v) accept an alternative instruction or notification from a CREST member or a CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

4.3 Money Laundering Regulations

If a person holds their Nil Paid Rights in CREST applies to take up all or part of their entitlement as agent for one or more persons and they are not a United Kingdom or European Union regulated person or institution (for example, a bank, a broker or another United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons on whose behalf such person is making the application. Such person must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the verification of identity requirements in the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company and the Underwriters, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement, but without prejudice to the right of the Company and the Underwriters to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide satisfactory evidence.

4.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8:00 a.m. on 28 September 2023. Dealings in Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be enabled in CREST as soon as possible after 8:00 a.m. on 28 September 2023. The Nil Paid Rights are expected to be disabled in CREST after the closure of CREST business on 12 October 2023.

4.5 Dealings in Fully Paid Rights in CREST

After acceptance and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11:00 a.m. on 12 October 2023. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 12 October 2023.

From 8:00 a.m. on 13 October 2023, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable by means of CREST in the usual way.

4.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form (that is, withdrawn from CREST). Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear UK of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4:30 p.m. on 6 October 2023, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement before 11:00 a.m. on 12 October 2023. You are recommended to refer to the CREST Manual or your CREST sponsor (as applicable) for details of such procedures.

4.7 Issue of New Ordinary Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 12 October 2023 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at 5:30 p.m. on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from the next Business Day (expected to be 13 October 2023).

4.8 Right to allot/issue in certificated form

Despite any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or

breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

5. PROCEDURE IN RESPECT OF RIGHTS NOT TAKEN UP (WHETHER CERTIFICATED OR IN CREST)

If an entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure and timelines laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. Subject to the terms and conditions of the Underwriting Agreement, the Underwriters acting severally and not jointly (or jointly and severally) will use reasonable endeavours to procure, by not later than close of business on the second dealing day after the last day for acceptances in the Rights Issue, subscribers for all (or, at the discretion of the Underwriters, as many as possible) of those New Ordinary Shares not taken up if a premium over the total of the Rights Issue Price and the expenses of procuring such subscribers (including any related commissions and related irrecoverable VAT) can be obtained.

Notwithstanding the above, the Underwriters may cease to endeavour to procure any such subscribers if, in the joint good faith opinion of the Underwriters, it is unlikely that any such subscribers can be so procured at such a price by such time. If and to the extent that subscribers cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by the Underwriters acting severally and not jointly (or jointly and severally) as principals pursuant to the Underwriting Agreement or by sub-underwriters procured by the Underwriters, in each case at the Rights Issue Price on the terms and subject to the conditions of the Underwriting Agreement.

New Ordinary Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the aggregate of any premiums, being any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage fees and commissions and related irrecoverable VAT), if any, will be paid (without interest), as set out below, to those persons entitled to lapsed provisional allotments pro rata to the relevant provisional allotments not taken up:

(i) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter;

(ii) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and

(iii) where an entitlement to New Ordinary Shares was not (or was deemed not to have been) taken up by an Overseas Shareholder, to that Overseas Shareholder,

save that no payment will be made of amounts of less than £5.00 per holding, which amounts will be aggregated and will ultimately be paid to the Company. Cheques for the amounts due will be sent in pounds sterling, by post, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first named in the case of joint holders), provided that where any entitlement concerned was held in CREST the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism or in such other manner as the Company (in its absolute discretion) determines.

Any transactions undertaken pursuant to this section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) shall be deemed to have been undertaken at the request of the persons who did not take up their entitlement and none of the Company, the Underwriters nor any other person procuring subscribers shall be responsible or have any liability for any loss, expense or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis described above. The Underwriters will be entitled to retain any fees, commissions or other benefits received in connection with these arrangements.

It is a term of the Rights Issue that all New Ordinary Shares validly taken up by acquirers under the Rights Issue may be allotted to such acquirers in the event that not all of the New Ordinary Shares offered for purchase under the Rights Issue are taken up.

6. WITHDRAWAL RIGHTS

Persons who have the right to withdraw their acceptances under section 87Q(4) of FSMA after a supplementary prospectus (if any) in respect of this document has been published by the Company and who wish to exercise such right of withdrawal must send a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal, the Allotment Number set out on page 1 of the Provisional Allotment Letter, and, if such person is a CREST member, the participant ID and the member account ID of such CREST member to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is received after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for New Ordinary Shares in full and the allotment of such New Ordinary Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined or to have lapsed. Such entitlements to New Ordinary Shares will be subject to the provisions of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST))* of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) as if the entitlement had not been validly taken up.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by cheque by post to relevant Qualifying Shareholders, at their own risk and without interest, to the address set out in the Provisional Allotment Letter and/or the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company. The provisions of this section 6 (*Withdrawal Rights*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) are without prejudice to the statutory rights of Qualifying Shareholders. In such event, Qualifying Shareholders are advised to seek independent legal advice.

7. OVERSEAS SHAREHOLDERS

7.1 General

The offer of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares and the distribution of this document or any other document relating to the Rights Issue (including a Provisional Allotment Letter) to persons located or resident in, or who are citizens of, or who have a registered address in a jurisdiction other than the United Kingdom or which are corporations, partnerships or other entities organised under the laws of countries other than the United Kingdom, or to persons who are nominees of or custodians, trustees or guardians for any such persons or entities, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons outside the United Kingdom (including, without limitation, custodians, nominees and trustees) receiving this document and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST and wishing to take up rights under the Rights Issue to satisfy themselves as to the full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, compliance with all other requisite formalities and the payment of any issue, transfer or other taxes due in such territory. The comments set out in this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult their own independent professional adviser without delay.

Having considered the circumstances, the Directors have formed the view that:

(i) it is necessary or expedient to restrict the ability of Qualifying Shareholders in the United States to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in the United States or under the relevant depositary arrangements; and

(ii) it is necessary or expedient to restrict the ability of Qualifying Shareholders in the other Excluded Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including all Overseas Shareholders. However, subject to certain exceptions, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Excluded Shareholders (except, however, where the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction) and their entitlements to New Ordinary Shares will be treated as entitlements not taken up in accordance with the procedures set out in section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST))* of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST in any jurisdiction other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to him and the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements. In such circumstances, this document and/or the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of this document and/or a Provisional Allotment Letter and/or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer, Nil Paid Rights or Fully Paid Rights to any person in any Excluded Territory. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST unless the Company and the Underwriters determine that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or a Provisional Allotment Letter or transfers Nil Paid Rights or Fully Paid Rights into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

The Company and the Underwriters may (in their absolute discretion) treat as invalid, and the Company will not be bound to allot or issue any New Ordinary Shares in respect of, any acceptance or purported acceptance of the offer of New Ordinary Shares which appears to the Company, the Underwriters or their respective agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if: (i) in the case of a Provisional Allotment Letter, it provides for an address for delivery of the definitive share certificates for New Ordinary Shares or; (ii) in the case of a credit of New Ordinary Shares in CREST, the CREST member's or a CREST sponsored member's registered address is, in any of the Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to make or accept an offer to subscribe for or acquire the New Ordinary Shares, unless the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirements. The attention of Overseas Shareholders with registered addresses in or who are located in the United States is drawn to section 7.2 (*United States*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

Despite any other provision of this document or the Provisional Allotment Letter, the Company and the Underwriters reserve the right to permit any Qualifying Shareholder to take up his rights if the

Company and the Underwriters in their absolute discretion are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restriction in question.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in sections 3 (*Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters*) and 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*).

The provisions of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) will apply generally to Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them. Accordingly, such Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and the provisions of that section, including in respect of the Underwriters' obligations to procure acquirers and the distribution of profits, will apply to such Shareholders.

7.2 United States

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New Ordinary Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority or under the relevant securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares being offered outside the United States are being offered in reliance on Regulation S.

Prospective investors are hereby notified that sellers of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may be relying on the exemption from registration provisions under section 5 of the US Securities Act provided by Rule 144A thereunder.

Accordingly, the Company is not extending the offer under the Rights Issue into the United States unless an exemption from the registration requirements of the Securities Act is available and neither this document or the Provisional Allotment Letter constitutes or will constitute an offer or an invitation to apply for, nor an offer or an invitation to acquire, any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States. Subject to certain limited exceptions, neither this document nor a Provisional Allotment Letter will be sent to any Qualifying Shareholder in, or with a registered address in, the United States. Subject to certain limited exceptions, Provisional Allotment Letters or renunciations thereof sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain limited exceptions, any person who acquires Nil Paid Rights, Fully Paid Rights or New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document and the Provisional Allotment Letter, and taking up their entitlement or accepting delivery of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares that it is not, and that at the time of acquiring the Nil Paid Rights, the Fully Paid Rights, the Letters of Allocation or the New Ordinary Shares it is not and will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company, in consultation with the Underwriters, reserves the right to treat as invalid any Provisional Allotment Letter (or renunciation thereof) that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make the

warranty set out in the Provisional Allotment Letter to the effect that the person accepting and/or renouncing the Provisional Allotment Letter or exercising the Nil Paid Rights does not have a registered address and is not otherwise located in the United States and is not acquiring the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States or where the Company believes acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements. The Company will not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be transferred or renounced. In addition, the Company and the Underwriters reserve the right to reject any MTM instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Nil Paid Rights.

Notwithstanding the foregoing, the Company reserves the right to offer and deliver the Nil Paid Rights and Provisional Allotment Letters to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Shareholders in the United States reasonably believed to be QIBs, in offerings exempt from the registration requirements of the US Securities Act.

A QIB will be permitted to take up its entitlements to New Ordinary Shares under the Rights Issue only if the QIB executes a QIB Representation Letter in the form provided by the Company and delivers it to the Company, with a copy to the Underwriters. The QIB Representation Letter will require each such QIB to represent and agree that, amongst other things: (a) it is a QIB; and (b) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with applicable securities laws. The QIB Representation Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares. Any such QIBs who hold Ordinary Shares through a bank, a broker or other financial intermediary should procure that the relevant bank, broker or financial intermediary submits a QIB Representation Letter on their behalf. The Company has the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted or not accompanied by an executed QIB Representation Letter or any other required additional documentation.

Any person with a registered address, or who is resident or located in the United States who obtains a copy of this document and/or a Provisional Allotment Letter and who is not a QIB is required to disregard them.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

No representation has been, or will be, made by the Company or any of the Underwriters as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer, resale, pledge or transfer of the New Ordinary Shares.

None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Provisional Allotment Letters, this document or any other offering document relating to the Ordinary Shares or to the New Ordinary Shares have been approved or disapproved by the SEC, any securities regulatory authority of any state of the United States nor any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Fully Paid Rights, the Nil Paid Rights, the New Ordinary Shares or the Rights Issue or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

The provisions of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) will apply to any Rights not taken up.

7.3 US Transfer Restrictions in Respect of Shares not Taken Up in the Rights Issue

Any person within the United States that subscribes for any New Ordinary Shares that were not taken up in the Rights Issue must meet certain requirements and will be deemed to have represented, acknowledged and agreed that it has received a copy of this document and such other information as

it deems necessary to make an investment decision and to have further represented, acknowledged and agreed as follows (terms defined in Rule 144A or Regulation S shall have the same meaning in this section):

(A) it is a QIB and, if it is subscribing for or acquiring the New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each such account is a QIB;

(B) it is aware, and each beneficial owner of the New Ordinary Shares has been advised, that the New Ordinary Shares have not been, and will not be, registered under the US Securities Act or any securities laws of any state or other jurisdiction of the United States, and that the offer and sale to it (or such beneficial owner) is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act

(C) it understands that the New Ordinary Shares are being offered and sold in the United States only in a transaction not involving a public offering within the meaning of the US Securities Act and that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;

(D) it is acquiring the New Ordinary Shares for its own account or for the account of a QIB as to which it has full investment discretion (and it has full power and authority to make, and does make, the acknowledgments, representations and agreements herein on behalf of each owner of such account), in each case for investment purposes and not with a view to, or for offer of sale in connection with, any distribution (within the meaning of the United States securities laws) thereof;

(E) it has made its own assessment concerning the relevant tax, legal, and other economic considerations relevant to its investment in the New Ordinary Shares. It will base its investment decision solely on this document, including the information incorporated by reference herein. It acknowledges that none of the Company, any of its affiliates or any other person (including any of the Underwriters or any of their respective affiliates) has made any representations, express or implied, to it with respect to the Company, the Rights Issue, the New Ordinary Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Rights Issue or the New Ordinary Shares, other than (in the case of the Company and its affiliates only) the information contained or incorporated by reference in this document. It acknowledges and agrees that it will not hold the Underwriters or any of their affiliates or any person acting on their behalf responsible or liable for any misstatements in or omissions from any publicly available information relating to the Company. It acknowledges that it has not relied on any investigation that the Underwriters or any person acting on their behalf may or may not have conducted, nor any information contained in any research reports prepared by the Underwriters or any of their respective affiliates, and it has relied solely on its own judgment, examination and due diligence of the Company, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Underwriters or any of their affiliates. It acknowledges that it has read and agreed to the matters set forth under section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*);

(F) it is aware that the New Ordinary Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act;

(G) it is aware that the New Ordinary Shares may not be deposited, and it agrees that it shall not deposit any New Ordinary Shares, into any unrestricted depositary facility and that the New Ordinary Shares may not settle or trade, and it agrees that it shall not settle or trade such New Ordinary Shares, through the facilities of The Depositary Trust Company or any other US exchange or clearing system, unless at the time of deposit, settlement or trading such New Ordinary Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act; and

(H) it will not reoffer, resell, pledge or otherwise transfer the New Ordinary Shares except: (i) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S; or (ii) to another QIB in compliance with Rule 144A; or (iii) pursuant to an

exemption from registration under the US Securities Act provided by Rule 144 or any other exemption from the registration requirements of the US Securities Act, subject to its delivery to the Company of an opinion of counsel (and of such other evidence that the Company may reasonably require) that such transfer or sale is in compliance with the US Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States. It understands that no representation has been made as to the availability of Rule 144 of the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the offer, resale, pledge or transfer of the securities.

7.4 Other Excluded Territories

Due to restrictions under the laws of the Excluded Territories, no Provisional Allotment Letters will be sent to, and no Nil Paid Rights or Fully Paid Rights will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in any of the Excluded Territories (unless such Qualifying Shareholder can satisfy the Company and the Underwriters that receipt, and acceptance, of the offer in such jurisdiction will not breach applicable securities laws as described in this section 7.4 (*Other Excluded Territories*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*)) and their entitlements to New Ordinary Shares will be sold in the market as if they were New Ordinary Shares not taken up, in accordance with section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*). The Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and the Provisional Allotment Letters also have not been and will not be registered under the securities laws of any Excluded Territory and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption, from and in compliance with (or in a transaction not subject to), any applicable securities laws. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, or the New Ordinary Shares in any of the Excluded Territories and no offer of New Ordinary Shares is being made by virtue of this document or the Provisional Allotment Letters into the Excluded Territories.

Notwithstanding the rest of this section 7.4 (*Other Excluded Territories*), if a Qualifying Shareholder with a registered address in any of the Excluded Territories can demonstrate to the satisfaction of the Company and the Underwriters that receipt, and acceptance, of the offer in such jurisdiction will not breach applicable securities laws then the Company in its absolute discretion (in consultation with the Underwriters) may either arrange for such Qualifying Shareholder to be sent a Provisional Allotment Letter if they are a Qualifying Non-CREST Shareholder holding their Ordinary Shares in certificated form (as the case may be) or, if they are a Qualifying CREST Shareholder who holds Ordinary Shares in uncertificated form, arrange for Nil Paid Rights to be credited to the relevant CREST stock account.

(A) Australia

No offer or sale of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights will be made in Australia and no Provisional Allotment Letters will be sent to any Shareholder in or with a registered address in Australia, nor will any Nil Paid Rights be credited to a stock account in CREST on behalf of any Shareholder with a registered address in Australia.

(B) Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights and any representation to the contrary is an offence.

None of the New Ordinary Shares, Nil Paid Rights or the Fully Paid Rights have been or will be qualified by prospectus for offer or sale to the public in Canada under applicable Canadian securities laws and, accordingly, subject to the below, no offer or sale of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights will be made in Canada or to any person subject to the securities laws of Canada or any province or territory of Canada and no Provisional Allotment Letters or Forms of Instructions will be sent to any Shareholder in or with a registered address in Canada, nor will any Nil Paid Rights be credited to a stock account in CREST on behalf of any Shareholder with a registered address in Canada.

The Underwriters may arrange for the offer in Canada of New Ordinary Shares not taken up in the Rights Issue. The offer and sale of such New Ordinary Shares in Canada is being made on a private placement basis pursuant to an exemption from the requirement that the issuer prepare and file a prospectus under applicable Canadian securities laws. Each Canadian investor who purchases such New Ordinary Shares will be deemed to have represented to the issuer, the underwriters and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of NI 45-106 or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario) that is not a person created or used solely to purchase or hold the New Ordinary Shares as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106; and (iii) is a "permitted client" as such term is defined in section 1.1 of NI 31-103.

Any resale of New Ordinary Shares acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which resale restrictions may under certain circumstances apply to resales of the New Ordinary Shares outside of Canada.

(C) Switzerland

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights may not be publicly offered, sold or marketed, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except under the following exemptions under FinSA: (i) to any investor that qualifies as a professional client within the meaning of FinSA; (ii) to fewer than 500 investors that are not professional investors; or (iii) in any other circumstances falling within Article 36 of FinSA, provided, in each case, that no such offer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights referred to in (i) through (iii) above shall require the publication of a prospectus pursuant to FinSA.

The New Ordinary Shares have not been and will not be admitted to trading on any trading venue in Switzerland.

Neither this document nor any other marketing or offering material relating to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights constitutes a prospectus within the meaning of FinSA. This document has not been and will not be filed with, or reviewed or approved by, a Swiss review authority, and does not comply with the disclosure requirements applicable to a prospectus within the meaning of FinSA. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights may be distributed or otherwise made available in Switzerland in a manner which would require the publication of a prospectus in Switzerland pursuant to FinSA.

(D) Singapore

The offering of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights by the Company is made only to and directed at, and the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights are only available to, persons in Singapore who are Qualifying Shareholders.

This document, the Provisional Allotment Letter and any other materials relating to the rights issue have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document, the Provisional Allotment Letter and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights may not be circulated or distributed, nor may the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) Qualifying Shareholders or (ii) pursuant to, and in accordance with, the conditions of an exemption under section 274 or section 275 of the Securities and Futures Act 2001 ("**SFA**") or, where applicable, section 276 of the SFA.

7.5 Overseas territories other than the Excluded Territories

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders (other than subject to certain limited exceptions, those Qualifying Non-CREST Shareholders who have registered addresses in the Excluded Territories) and Nil Paid Rights will be credited to the CREST stock

accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). Such Qualifying Shareholders may, subject to the laws of their relevant jurisdictions, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, if relevant, the Provisional Allotment Letter.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal in Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser as soon as possible.

EEA

In relation to each Member State of the EEA (each a "**Relevant State**"), no New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights have been offered or will be offered pursuant to the Rights Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights may be offered to the public in that Relevant State at any time:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of the foregoing paragraph, the expression "offer to the public" in relation to the New Ordinary Shares, Nil Paid Rights, or Fully Paid Right in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any New Ordinary Shares, Nil Paid Rights, or Fully Paid Rights.

7.6 Representations and warranties relating to overseas territories other than the Excluded Territories

(A) Qualifying Non-CREST Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of interests in New Ordinary Shares comprised therein represents and warrants to the Company and each of the Underwriters that, except where proof has been provided to the satisfaction of the Company and the Underwriters that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter from within the Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not subscribing for or acquiring New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into an Excluded Territory or any territory referred to in (ii) above.

The Company and the Underwriters may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (i) appears to the Company and the Underwriters to have been executed in or despatched from an Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in an Excluded Territory for delivery of definitive share

certificates for New Ordinary Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this section.

(B) Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedure set out in section 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) represents and warrants to the Company and the Underwriters that, except where proof has been provided to the satisfaction of the Company and the Underwriters that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not within the Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares; (iii) such person is not acting on a non-discretionary basis for a person located within any Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for or acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into any Excluded Territory or any territory referred to in (ii) above.

The Company and the Underwriters may treat as invalid any MTM instruction which appears to the Company and the Underwriters to have been despatched from any Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they or their agents believe the same may violate any applicable legal or regulatory requirement or purports to exclude the warranty required by this section.

7.7 Waiver

The provisions of this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company and the Underwriters in their absolute discretion. Subject to this, the provisions of this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) supersede any terms of the Rights Issue inconsistent herewith. References in this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Capital Reorganisation and the Rights Issue*) shall apply jointly to each of them.

8. TAXATION

Certain information on taxation in the United Kingdom and the United States with regard to the Capital Reorganisation, the Rights Issue and the holding of New Ordinary Shares is set out in Part XII (*Taxation*) of this document. The information contained in Part XII (*Taxation*) is intended only as a general guide to certain aspects of the current tax position in the United Kingdom and the United States and Shareholders in the United Kingdom and the United States should consult their own tax advisers regarding the tax treatment of the Capital Reorganisation, the Rights Issue and the holding of New Ordinary Shares in light of their own circumstances. **Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser as soon as possible.**

Qualifying Shareholders should note that the tax legislation of their jurisdiction of tax residence may, for example, have an impact on the tax treatment of any dividends which they receive in respect of New Ordinary Shares.

9. TIMES AND DATES

Synthomer shall, at its discretion and after consultation with the Underwriters, be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence and

amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall announce such amendment via a Regulatory Information Service and notify the FCA and, if appropriate, the Qualifying Shareholders. Qualifying Shareholders may not therefore receive any direct further written communication of any such amendment.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in this document as the latest date for acceptance and payment in full under the Rights Issue (or such later date as may be agreed between the Company and the Underwriters), the latest date of acceptance under the Rights Issue shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus (or such later date as may be agreed between the Company and the Underwriters), and the dates and times of principal events due to take place following such date shall be extended accordingly.

10. SHARE PLANS

Participants in the PSP will be contacted separately with further information on how their options and awards granted under the PSP may be affected by the Rights Issue and the Capital Reorganisation.

11. EMPLOYEE SHAREHOLDERS

To the extent that employees are also Shareholders, their Ordinary Shares will be treated in the same way in the Rights Issue as Ordinary Shares held by any other Shareholder. Such treatment is detailed in this document, but any further queries should be directed to the Shareholder Helpline on 0370 707 1421 (if calling from within the United Kingdom) or on +44 (0) 370 707 1421 (if calling from outside the United Kingdom). The Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

Employee Shareholders who hold Ordinary Shares through a nominee arrangement may need to instruct the nominee, for example, whether or not to accept the rights attaching to the employee's Ordinary Shares.

12. GOVERNING LAW

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter shall be governed by, and construed in accordance with, the laws of England and Wales (including, without limitation, any non-contractual obligations arising out of or in connection with the Rights Issue and, where appropriate, the Provisional Allotment Letter). The New Ordinary Shares will be created pursuant to the Articles of Association and under the Companies Act.

13. JURISDICTION

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to any disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART VIII
BUSINESS AND MARKET OVERVIEW

1. OVERVIEW

Synthomer is a speciality chemical company focused on three core end-markets: coatings and construction; adhesives; and health and protection. Speciality chemicals are value-add products manufactured using polymerisation and other reactive processes to transform commodity raw materials into polymers and other complex chemical outputs that are used by customers in a variety of downstream industries including the healthcare, consumer goods and construction sectors. End-products for the Group's speciality chemicals include, but are not limited to, medical gloves, tyres and rubber modifiers, artificial turf and carpet backing, mattresses, food packaging, coatings and adhesives. The Group had continuing revenue of £2,383.9 million and EBITDA of £249.2 million from continuing operations for the year ended 31 December 2022. With strong geographic diversity and product differentiation, the Group is a major player in a wide range of markets including coatings, construction, textiles, paper and healthcare.

From 1 January 2023, the Group has operated through the following three divisions:

- *Coatings & Construction Solutions* focuses on enhancing the sustainable performance of a wide range of coatings and construction products, with a total addressable market of more than £8,000 million covering architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, gel foam elastomers and energy solutions. For the year ended 31 December 2022, Coatings & Construction Solutions had revenue of £996.1 million, with EBITDA of £120.8 million and underlying operating profit of £94.1 million from continuing operations.
- *Adhesive Solutions* focuses on the solutions needed to bond, modify and compatibilise surfaces and components for products including tapes and labels, packaging, hygiene, building and construction, tyres and plastic modification, helping improve the permeability, strength, elasticity, damping, dispersion and grip of these end-products. For the year ended 31 December 2022, Adhesive Solutions had revenue of £572.9 million, with EBITDA of £67.2 million and underlying operating profit of £44.5 million from continuing operations.
- *Health & Protection and Performance Materials* focuses on the enhancement of the protection and performance of goods across a wide range of industries including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf. For the year ended 31 December 2022, Health & Protection and Performance Materials had revenue of £814.9 million, with EBITDA of £81.9 million and underlying operating profit of £50.6 million from continuing operations.

Up until 31 December 2022, the Group operated and reported through five global operational business segments:

- *Functional Solutions.* For the year ended 31 December 2022, Functional Solutions had revenue of £1,001.3 million and operating profit of £69.8 million, with EBITDA of £127.8 million and underlying operating profit of £101.1 million.
- *Industrial Specialities.* For the year ended 31 December 2022, Industrial Specialities had revenue of £233.9 million and operating profit of £22.7 million, with EBITDA of £31.8 million and underlying operating profit of £25.5 million.
- *Adhesive Technologies.* For the year ended 31 December 2022, Adhesive Technologies had revenue of £391.3 million and operating loss of £146.8 million, with EBITDA of £39.5 million and underlying operating profit of £22.5 million.
- *Performance Elastomers.* For the year ended 31 December 2022, Performance Elastomers had revenue of £659.7 million and operating profit of £17.6 million, with EBITDA of £49.1 million and underlying operating profit of £19.5 million.
- *Acrylate Monomers.* For the year ended 31 December 2022, Acrylate Monomers had revenue of £97.7 million and operating profit of £20.6 million, with EBITDA of £21.7 million and underlying operating profit of £20.6 million.

As at 31 December 2022, the Group served over 6,000 customers through its three core end-markets, currently supported by the operation of 36 production sites (taking account of announced closures) in 17 countries, including four innovation Centres of Excellence that form part of the broader network of 20 technical centres, and approximately 5,200 employees globally.

2. DEVELOPMENT OF THE GROUP

The Group's history can be traced back to 1863 to the founding of George Yule & Co., the predecessor of the Group, in London. The Company was incorporated and registered in England and Wales with the name Malaya General Company Limited on 16 June 1908 as a private company limited by shares with registered number 00098381. The Company's name was subsequently changed to Yule Catto & Co. Limited ("**Yule Catto**") on 16 September 1971. On 14 October 1971, Yule Catto was listed on the London Stock Exchange.

By 1980, Yule Catto was engaged in the operation of marinas, rubber and oil palm plantations, and had investments in oil exploration. In that year, it acquired Revertex Chemicals Limited, an international group engaged in the processing of natural rubber latex and the manufacture of synthetic rubber lattices, resins and emulsions. In 1981, Yule Catto & Co. Limited changed its name to Yule Catto & Co. plc.

In 1998, Yule Catto acquired Holliday Chemical Holdings plc, a manufacturer of a wide range of chemicals, including active pharmaceutical chemicals, pigments, dyes and metal salt compounds. From 2006 to 2008, Yule Catto disposed a range of businesses to become a focused supplier of water-based polymers. In 2011, Yule Catto acquired PolymerLatex, headquartered in Marl, Germany, with operations in Europe and Asia, a manufacturer of speciality polymers including SBR and NBR lattices and a range of acrylic dispersions.

In 2012, Yule Catto & Co. plc changed its name to Synthomer plc. In 2016, Synthomer completed the acquisition of PAC from Hexion Inc. and sold Revertex South Africa (Pty.) Limited. In 2017, Synthomer acquired 100% of the issued share capital of Speciality Additives, a niche performance additives business serving the decorative and industrial coatings industries while in 2018 it acquired BASF Pischelsdorf. On 1 April 2020, Synthomer acquired OMNOVA, a leading developer and manufacturer of emulsion polymers, speciality chemicals and decorative products. On 1 April 2022, Synthomer completed the acquisition of the Adhesive Resins Business, which develops, manufactures and sells resins and polymers for adhesive products.

In February 2023, Synthomer completed the disposal of its Laminates, Films and Coated Fabrics Businesses (which included business lines previously acquired in the OMNOVA acquisition) to Surteco North America, Inc. for the year ended 31 December 2022, the Laminates, Films and Coated Fabrics Businesses had revenue of £201.2 million and operating loss of £6 million, with EBITDA of £15.9 million and an underlying operating profit of £8.7 million. As at 31 December 2022, the net asset value of the Laminates, Films and Coated Fabrics Businesses was £150.7 million.

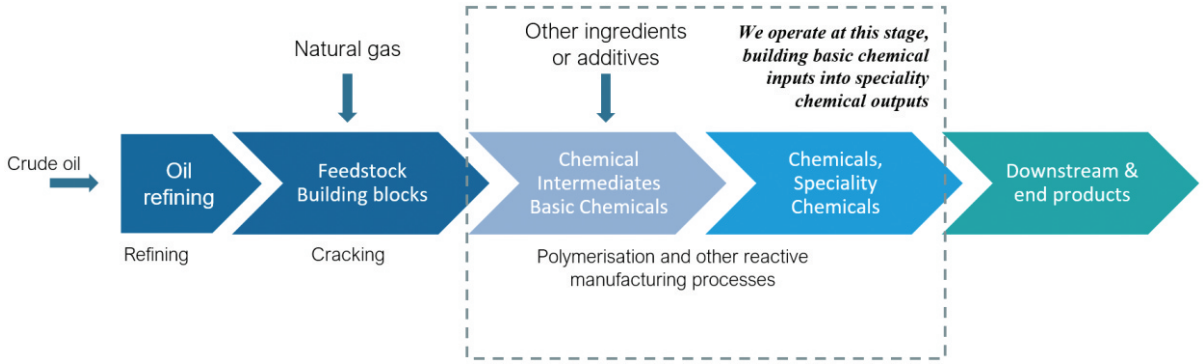
3. BUSINESS AND PRODUCT MARKET OVERVIEW

3.1 Industry overview

The Group operates at the speciality chemicals stage in the chemicals value chain, which involves taking raw material inputs and building complex chemical outputs utilised by customers in a variety of end-products and downstream industries.

Speciality chemicals are value-add products manufactured using polymerisation and other reactive processes to transform commodity raw materials into complex polymer chemicals. Speciality chemicals are then utilised in a wide variety of downstream end-markets, including the healthcare, consumer goods and construction markets. Some of the end uses for speciality chemicals include, but are not limited to, medical gloves and fabric supported gloves, coated paper and carpet backing, foams for mattresses and pillows, adhesives and cement modifiers.

Speciality chemicals in the value chain



3.2 Business Overview

Overview

The Group is a leading global producer of high-performance speciality chemical products, primarily producing water-based polymers through an emulsion polymerisation process, which removes the requirement for large amounts of organic solvents during production and use. These polymers are made up of different chemical building blocks, or monomers, that lead to the different chemistry platforms in the Group's portfolio. The resultant water-based systems have very low levels of Volatile Organic Compounds ("**VOCs**"), some of which can have harmful effects from a health and wider environmental impact.

The Group believes that it offers the widest range of chemistry platforms available in the market and the Group's product development processes enables the Group to deliver the best value solutions to customers across the various types of chemicals the Group offers. The Group's innovation model leverages the Group's expertise across core chemistries and applications to effectively deploy the Group's core know-how into a diverse portfolio of end uses. For example, chemistry solutions initially focused on improving the coating performance of water-based paints have been adapted to give enhanced performance in Nitrile glove applications, while other coatings products have been applied into oil and gas drilling uses. Products which were originally developed for paper coating have been modified for use as a binder for the anode of lithium batteries, opening a new growth market. Other polymers developed for use in paper have also been introduced to modify cement admixtures to improve workability, flexibility and mechanical strength of a construction mortar.

The growth drivers of each of the Group's product types across end-markets and geographic regions are supported by the population growth, urbanisation, an ageing population with growing medical care needs, energy conservation and environmental consciousness mega-trends. Due to a balanced product mix and global asset footprint, with exposure to both emerging and developed markets, the Group is well placed to capture market growth.

Operational Structure and Products

For the year ended 31 December 2022, the Group produced products in the following seven main categories as classified by type of chemistry: (i) acrylic and vinyl acrylic dispersions; (ii) SBR latex; (iii) specialities (including polymers and speciality chemicals that are used in high performance markets); (iv) adhesive resins and polymers (including tackifying resins, additives and amorphous polyolefins for adhesive products); (v) NBR latex; (vi) polymer modifiers; and (vii) acrylate monomers.

With effect from 1 January 2023, the Group implemented a new organisational structure, comprising three global divisions through which the different product categories are developed and produced: (i) Coatings & Construction Solutions; (ii) Adhesive Solutions; and (iii) Health & Protection and Performance Materials.

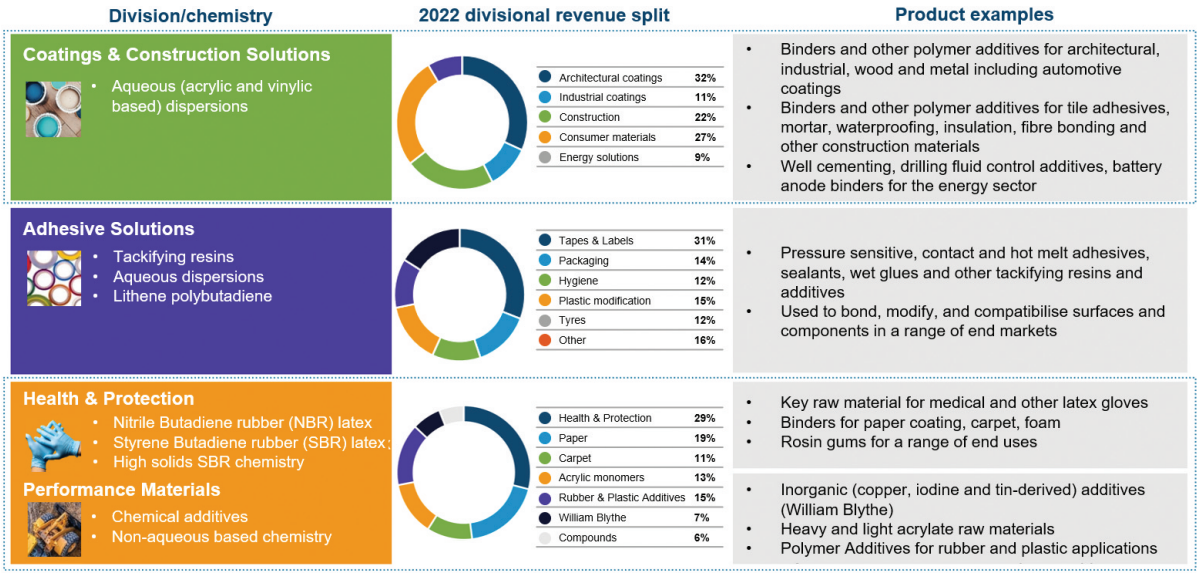
The speciality growth platforms (Coatings & Construction Solutions, and Adhesive Solutions) benefit from robust growth dynamics, have strong and sustainable leadership positions and offer products that are significantly differentiated from the Group's competitors. Across these platforms, the Group is actively looking to strengthen innovation and its technological position, broaden its offering of core products and enter attractive new speciality niches through disciplined capital allocation.

The Health & Protection platform benefits from the attractive growth dynamics of the underlying medical glove market but is inherently more cyclical. The Group will look to enhance this platform through organic means only.

Performance Materials are the non-core elements of the Group's portfolio and include legacy non-core businesses from the Performance Elastomer and Industrial Specialities divisions. This used to include the Laminates, Films and Coated Fabrics Businesses, but these were sold to Surteco North America Inc. in a sale which completed on 28 February 2023 for $269 million.

The divisions have a clear end-market focus:

- **Coatings & Construction Solutions**: speciality coatings, construction, fibre bonding, foam, energy, speciality additives.
- **Adhesive Solutions**: tyres, hygiene, packaging, tapes and labels.
- **Health & Protection**: gloves, speciality paper coatings.



(A) Coatings & Construction Solutions

The Coatings & Construction Solutions division was created in January 2023, bringing together a number of the Group's prior business segments to focus on two end-markets where the Group has leadership positions and potential for growth. For the year ended 31 December 2022, the Coatings & Construction Solutions division generated revenue of £996.1 million (representing 38.5% of revenue), EBITDA of £120.8 million (representing EBITDA margin of 12.1% from continuing operations), and underlying operating profit of £94.1 million. The Coatings & Construction division has 1,900 employees across 17 plants.

The Coatings & Construction Solutions division serves a diverse range of sectors and customers within the two end-markets it serves, with a focus on architectural and masonry coatings (32% of the division's revenue in the year to 31 December 2022), consumer materials (27% of the division's revenue in the year to 31 December 2022), construction (22% of the division's revenue in the year to 31 December 2022), industrial coatings (11% of the division's revenue in the year to 31 December 2022) and energy solutions (9% of the division's revenue in the year to 31 December 2022).

In coatings, the Group leverages its competitive advantage gained by the sustainability benefits of water-based technologies in applications such as architectural coatings, coatings for wood and metal, and automotive. The Group also has strengths in the energy sector, where the Group's advanced liquid and dry cementing products and high-performance drilling fluid additives are used in challenging operational environments around the world (covering conventional and unconventional drilling and completion requirements). In addition, the Group produces water-based anode binders, most notably SBR, that help deliver high charge capacity, reliability and long life in lithium-ion batteries for electric vehicles, energy storage and other devices—supporting the transition to a decarbonised world. The key chemistries and product markets captured by the activities of this division are set out below.

(i) Aqueous (acrylic and vinylic based) dispersions

Dispersions products are sold predominantly to paint and coatings manufacturers and formulators of adhesives and construction products with exposure to globally growing market segments. Strong application know-how is required to support this commercial offering.

There are continued significant regulatory drivers that support water-based technologies across end-markets, since water-based products tend to have lower levels of VOCs than solvent-based products. There is a general trend in the industry towards producing more eco-friendly products by eliminating VOCs from coatings and adhesives formulations, since VOCs can contribute to climate change and have unfavourable toxicological and odour characteristics. Acrylic, styrene-acrylic and vinyl dispersions contain significantly lower levels of VOCs than solvent borne coatings formulations.

The Group's range of acrylic dispersions includes products for use in emulsion surface coatings, primers, interior and exterior wood varnishes, floor paints and roof coatings. The Group's range of styrene-acrylic dispersions is focused on products for use in interior and exterior emulsion paints and roof coatings and also has applications in packaging adhesives. The Group's range of vinyl acetate dispersions includes products for applications in interior and exterior emulsion coatings and adhesives for packaging, tiles and wood and sealants for construction applications.

The Group is the second largest producer of acrylic and vinylic dispersions in Europe and the Middle East by revenue and volume. The Group produces an extensive range of dispersions, manufactured by both emulsion and solution polymerisation where the primary building blocks are either vinyl acetate or acrylate monomers (e.g., butyl acrylate). These products are used as binders to allow the formulation of environmentally compliant materials in diverse end-markets such as construction, coatings, adhesives and textiles. The Group's dispersion polymers are used for a broad range of applications such as cement modification, primers, flooring adhesives, emulsions and specialist paints.

The Group believes that its position as a leading producer of water-based dispersions is supported by regulatory drivers promoting environmentally friendly products, since the Group's water-based products remove the requirement to use harmful organic solvents in manufacture and use, thus reducing environmental burden and potential health impacts. For the year ended 31 December 2022, the Group sold 328.5 kilotonnes of dispersions products, constituting 19.7% of the Group's total revenues. For the year ended 31 December 2022, sales of the Group's dispersions products were primarily accounted for as part of the Group's Functional Solutions segment, and as at 1 January 2023, comprise a significant portion of the Coatings & Construction Solutions division.

The Group produces dispersions at its manufacturing facilities in the US, Germany, Italy, Spain, France, the UK, the Czech Republic, Malaysia, Vietnam, Portugal and Saudi Arabia.

The European acrylics dispersions competitive landscape for the coatings, construction and fibre bonding industries is fragmented. The Group has the second greatest market share position in Europe and the Middle East. The market growth for acrylics dispersions is expected to be approximately 3-4% per annum from 2022 to 2027.

The outlook for demand in Europe and North America is positive and growing with environmental regulations driving an industry shift toward water-based products, which further strengthens their underlying growth trends. In Southeast Asia, the market growth forecast remains strong, while the Middle East construction sector remains subdued.

This sector is characterised by innovation and the development of bespoke solutions for customers with products specified for particular use. Given the bespoke nature of many of the Group's customers speciality products, the Group benefits from longstanding customer relationships as customers face high costs for switching suppliers.

(ii) SBR latex

SBR latex polymers are water-based synthetic polymers that are manufactured by a process called emulsion polymerisation. SBR latex is sold primarily to the speciality segments of the paper, construction, technical textile and floor coverings markets, as well as adhesives and foams.

Latex foam is mainly used in mattresses, pillows and manifold cushioning materials, with the entire spectrum of this varied product largely addressed through the use of different high solid SBR grades (HS-SBR latex), in order to apply different degrees of firmness and elasticity to these products to suit consumers' needs. Other applications include uses in footwear, such as for inner soles.

The Group is the leading producer of SBR in Europe by volume. The products have excellent properties as binders in multiple industrial end uses. The Group primarily produces SBR for coated paper and packaging; carpet backing; foam markets for use in mattresses, pillows and shoes; cement mortar; insulation systems; waterproofing; and diaper components.

The Group believes that it offers market leading manufacturing technology which the Group is able to leverage across its manufacturing network for SBR products. The Group's manufacturing centres are closely integrated with the Group's key raw material suppliers for SBR products to ensure security of the Group's raw material supply. In turn, the Group's manufacturing centres are also typically located close to the Group's core customer base in order to support the Group's customers' logistical requirements.

The Group produces SBR at its manufacturing facilities in Germany, Austria, Italy, the US and China, with additional compounding sites in the Netherlands and Egypt. The Group is continually evaluating and developing the Group's product offerings in order to meet customer needs, and the Group's SBR products have recently been used in a wide range of products that support the energy transition. For instance, SBR has become the most widely used lithium-ion anode binder because of its balance of versatility and electrochemical performance, with the Group's water-based anode binders helping deliver high charge capacity, reliability and long life in lithium-ion batteries for electric vehicles, energy storage and other devices.

The Group is focused on high value segments within the SBR business, as well as driving network efficiencies, which will enable the Group to mitigate the effects of these sector headwinds. The Group has a strong market position in Europe.

For the year ended 31 December 2022, the Group sold approximately 457 kilotonnes of SBR products. In the near-to-medium term, the Group expects growth in construction facing end-markets, with a slight decline in the graphic paper market as customers continue to move to electronic media. The Group is also continuing business development in high value applications of SBR, including oil fields and batteries. For the year ended 31 December 2022, sales of the Group's SBR products were primarily accounted for as part of the Group's Performance Elastomers segment and also accounted for a material amount of the Group's Functional Solutions segment. As at 1 January 2023, SBR products comprised a material portion of the Group's new Coatings & Construction Solutions division and also accounted for part of the Group's new Health & Protection and Performance Materials division (as described in section 3.2(C)(ii) below).

(B) Adhesive Solutions

The Adhesive Solutions division, which represented 22.2% of the Group's revenue in 2022, is largely the successor of the Group's former Adhesive Technologies segment, but also includes elements of the Group's former Functional Solutions and Industrial Specialties divisions. For the year ended 31 December 2022, the Adhesive Solutions division generated revenue of £572.9 million, EBITDA of £67.2 million (representing EBITDA margin of 11.7%), and an underlying operating profit of £44.5 million from continuing operations. The Adhesive Solutions division has over 600 employees across 6 plants across North America, Europe and Asia.

The Adhesive Solutions division serves a diverse range of sectors and customers, with a focus on tapes and labels (31% of the division's revenue in the year to 31 December 2022), plastic modification (15% of the division's revenue in the year to 31 December 2022), packaging (14% of the division's revenue in the year to 31 December 2022), tyres (12% of the division's revenue in the year to 31 December 2022) and hygiene (12% of the division's revenue in the year to 31 December 2022). Other product markets comprise the remaining 16% of the Adhesive Solutions division's revenue in the year to 31 December 2022.

With six manufacturing sites across North America, Europe and Asia, and access to multiple sites of other divisions, the Adhesive Solutions division has leading positions across all tackifier divisions in an addressable market of $6,000 million and one of the broadest offerings in the industry. Much of the division is formed of the purchase of the Adhesive Resins Business completed on 1 April 2022. The Group has identified adhesives as a very attractive growth market and is able to offer a differentiated and diversified platform with strong end-market focus and strong R&D and technical capabilities, with a large and growing portfolio of products in tapes and labels, hygiene, packaging, plastics and high-performance tyre additives. For example, in 2022, the Group launched its APOs polymer, the Aerafin 230, which allows carmakers to formulate hot melt laminating adhesives for automotive interior

applications, replacing reactive PUR adhesives. Aerafin-based adhesives eliminate the use of isocyanate crosslinkers that have to be used with the PUR, a substance that is increasingly regulated. In the area of automotive sustainability, the Group also developed a new modified silane resin which helps a tyre making customer improve wet and dry grip for tyres while reducing rolling resistance, improving fuel efficiency.

The division also offers increased specialisation and attractive EBITDA margins, while supporting the Group's sustainability goals by offering renewable products and exciting circularity options. This is supported by a strong and embedded customer base of over 300 customers in more than 600 locations across the world.

The key chemistries and product markets captured by the activities of this division are set out below.

(i) Adhesive resins and polymers

Adhesive, or tackifying, resins are key adhesive components providing tack and adhesion made from hydrocarbons or pine chemicals. They are mixed with polymers for hot melt adhesives used in hygiene adhesives, packaging, tapes and labels, and for modification of rubber and plastics. The Group develops, manufactures and sells tackifying resins for adhesive products, for uses in end-markets such as packaging, hygiene and high-performance tyre additives. The majority of the tackifying resins for adhesive products that the Group produces are developed and manufactured at sites that were acquired as part of the Eastman Acquisition. For the year ended 31 December 2022, sales of tackifying resins, polymers and additives for adhesive products were accounted for as part of the Group's Adhesive Technologies segment, and as at 1 January 2023, comprise the significant majority of the Group's Adhesive Solutions division. For the year ended 31 December 2022, the Group sold approximately 138.5 kilotonnes of adhesive products.

The global tackifying resins market is approximately three megatonnes, of which approximately 57% consists of hydrocarbon resins. Hydrocarbon based tackifiers based on C5 and C9 cracker by-product streams are experiencing a solid market share in most applications due to pricing, stability, and availability, with overall market demand for hydrocarbon tackifying resins estimated to grow at GDP. The Group maintains a strong market share within the global hydrocarbon resins market.

Pure Monomer Resins ("**PMRs**") are used for hot melt adhesives in packaging and hygiene due to their tack properties, but the largest market today is in rubber modification for tyres and thermoplastic elastomer compounds. PMRs are used as an additive in tyre treads to improve performance, and demand for high performance tyres is growing as governments impose more stringent performance regulations, and electrical vehicles are growing. Overall, the Company expects the global market for PMRs will grow at GDP+. The Group has the leading position within the global PMR market.

Speciality rosin resins are natural tackifying resins based on stabilised gum rosin harvested from living trees. With a wide range of characteristics, rosin resins are used to provide adhesion to the final product, with main end-markets being tapes, coatings, hot melt adhesives, food and beverage, tyres and electronics. Overall, the Company expects the global market for speciality rosins will grow at GDP+. Whilst the Group's market share within the overall global rosins market is small, the Group is amongst the top three businesses capturing market share in the more highly specialised hydrogenated rosins market.

APOs have three main applications: hot melt adhesives (packaging, hygiene, building and construction and automotive end-markets); rheology modification (bitumen roofing and road markings); and sealing (windows and cables used in construction). APO demand was approximately 150 kilotonnes in 2020, with hygiene being the largest segment and expected to grow the fastest. Overall, the growth rate of the global market for APOs is expected to be approximately 3-4% per annum from 2022 to 2027. The Group's is amongst the top three businesses capturing market share within the global APO market.

(ii) Emulsion polymers

The second family of polymers produced by the Group for application in the adhesives and sealants industry are emulsion polymers, of either a pure acrylic or styrene butadiene basis. Emulsion polymers are primarily used for PSAs and release coatings for the tape and label market, as well as polymeric binders for caulks and sealants. In June 2016, the Group acquired PAC, which also gave the Group access to acrylic platforms in the PSA market. The Company projects that pressure sensitive tapes

and label markets will both grow at GDP. The Group has a strong market share with respect to water-based PSA, with clear differentiation from competitors.

(iii) Lithene polybutadiene

The third polymer family serving the adhesives and sealants market are liquid polybutadiene polymers, including LITHENE™. Liquid polybutadiene polymers are used as modifiers in vulcanised rubber systems, and particularly in sound dampening, bonding and sealing applications. The Company expects the market for liquid polybutadienes will grow at GDP+. The Group is among the top three businesses capturing market share within the liquid polybutadiene market.

(C) Health & Protection and Performance Materials

The Health & Protection and Performance Materials division, which represented 39.3% of the Group's revenue in 2022, combines the Health & Protection product portfolio (comprised of NBR, SBR, and high solids styrene butadiene rubber chemistry products) with the Performance Materials product portfolio (which includes chemical additives and non-aqueous based chemistry products). For the year ended 31 December 2022, the Health & Protection and Performance Materials division generated revenue of £814.9 million, EBITDA of £81.9 million (representing an EBITDA margin of 10.1%), and an underlying operating profit of £50.6 million from continuing operations. The Health & Protection and Performance Materials division has 1,300 employees across 14 plants.

The Health & Protection and Performance Materials division serves a diverse range of sectors and customers, with a focus on health & protection (29% of the division's revenue in the year to 31 December 2022), paper (19% of the division's revenue in the year to 31 December 2022), rubber and plastic additives (15% of the division's revenue in the year to 31 December 2022), acrylic monomers (13% of the division's revenue in the year to 31 December 2022), carpet (11% of the division's revenue in the year to 31 December 2022) and compounds (6% of the division's revenue in the year to 31 December 2022). The remaining 7% of revenue comes from sales to William Blythe Limited, a speciality chemical solutions company based in the UK.

The Health & Protection and Performance Materials division enhances protection and performance in a wide range of industries, including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf and gel foam elastomers. The Group is a world leader in the NBR market, which the Group's healthcare, food preparation and hospitality customers use for glove dipping. The growth in urbanisation and healthcare in emerging markets is a particular opportunity. Around 400 billion gloves are used each year globally, but these are disproportionately used in developed markets. Per capita use in the USA is 200 compared to 100 in Europe, and much lower in developing regions. The Group believes that gap will close over time. Whilst the NBR market can be volatile, it is a $3,000 million addressable market, and the Group believes it is set to continue to grow as a result of the hygiene megatrend and growth in use of emerging markets.

Health & Protection is the largest part of the division, but the Group has a number of smaller, niche businesses under Performance Materials which focus on markets including paper, carpet, acrylate monomers, speciality vinyl polymers, elastomeric modifiers and inorganic specialities. While these are attractive businesses where the Group has leadership positions, they have been assessed as non-core to the wider Group strategy.

The key chemistries and product markets captured by the activities of this division are set out below.

(i) NBR latex

NBR latex polymers are water-based synthetic polymers that are manufactured by an emulsion polymerisation process. The products have excellent barrier and tear-resistance properties and are resistant to oils and chemicals. As NBR products do not contain the proteins which occur in natural rubber, they can also offer a hypoallergenic alternative to natural rubber.

NBR latex products are used in the manufacture of dipped products for medical, industrial and household applications, the largest being protective gloves. The Group offers a range of NBR products for use primarily in the health and protection end-markets for use in the manufacture of thin-walled gloves for medical and laboratory use and heavy-duty gloves for household and industrial applications. NBR latex products are sold globally to gloves manufacturers, including both large diversified medical and consumer goods companies and smaller niche manufacturers.

Globally, the Group is the second largest producer of NBR latex by volume. The Group has also made significant R&D investment in NBR products in recent years which have driven the Group's development of market leading products. The Group's NBR products serve a fast-growing market which is expected to grow at a rate of 6%+ during the coming years. The Group has expanded the Group's manufacturing capacity of NBR products in recent years, including a 60,000 tonne per year capacity expansion at the Group's existing manufacturing site in Pasir Gudang, Malaysia, during 2022. The Pasir Gudang facility is the largest NBR manufacturer in Malaysia.

The Group's position as a supplier of NBR products is further strengthened by the Group's geographic proximity to major glove producers. The Group focuses on NBR production primarily in Southeast Asia. In Europe, NBR is produced at the Group's manufacturing facility in Italy. For the year ended 31 December 2022, sales of the Group's NBR products were primarily accounted for as part of the Group's Performance Elastomers segment, and as at 1 January 2023, comprise a significant portion of the Group's new Health & Protection and Performance Materials division.

Further, NBR latex competes with Polyvinyl Chloride ("**PVC**") and natural rubber in this market. NBR is expected to continue to gain share over PVC and natural rubber with estimated growth of 6%+ CAGR over the coming years. Asia will remain the hub for gloves with over 80% of global production and major investments in manufacturing capacity, even with Europe and North America investments accelerating supported by government incentives to secure local supply.

The exceptional global demand for NBR gloves during the COVID-19 pandemic resulted in a record performance for Performance Elastomers in 2021. After 2021, destocking of nitrile gloves caused substantial softening of demand, resulting in lower NBR volumes in 2022. While underlying end customer demand for medical gloves remains similar to pre-COVID-19 levels and the Group sees favourable growth trends in the medium-term, the current destocking impact is not expected to abate before the end of 2023.

However, the outlook for underlying demand remains in line with strong growth due to the hygiene megatrend and growth in use of emerging markets. The business is well positioned to capture this long-term opportunity.

The Group's goal is to now grow sales into higher margin customer segments by offering best in class technical support, leveraging long-term contracts and continuing to invest in innovation, with the Asia Innovation Centre as the centre of excellence for global glove innovation.

(ii) SBR latex

The Health & Protection and Performance Materials division is also involved in the production of SBR latex, particularly with respect to the production of speciality paper coatings and carpets. The Group's overall production of SBR latex is described in greater detail in section 3.2(A)(ii) above.

(iii) Specialties

The Group produces polymers and speciality chemicals that are used in high performance markets such as the automotive sector, PVC manufacturing, construction and polymer manufacturing. The Group has a highly diversified technology base for speciality products which enables the Group to serve a range of high-performance applications segments. The Group is a leading supplier of suspending agents used in the production of PVC with ALCOTEX^{TM} polyvinyl alcohols. Other applications include catalysts and flame retardants and a range of high-performance coating additives.

Specialities are used as key formulating components in certain of the Group's core markets which allow the Group to cross-sell the Group's speciality products to existing customers. For example, certain of the Group's specialities products are used to enhance the performance of decorative and industrial paints, which is one of the core end-markets served by the Group's dispersions business. The Group's long-standing customer relationships enables it to develop bespoke solutions for the Group's customers.

For the year ended 31 December 2022, sales of the Group's specialities products were primarily accounted for as part of the Group's Industrial Specialties division, and as at 1 January 2023, comprise a significant portion of the Group's new Health & Protection and Performance Materials division and a small part of the Group's Adhesive Solutions and Coatings & Construction Solutions divisions.

For the year ended 31 December 2022, the Group (continuing operations) sold 65.9 kilotonnes of industrial specialities products and derived 9.8% of the Group's total revenues from sales of industrial specialities products. The Group holds leading positions in select niche specialities markets globally. Demand for eco-friendly products, adoption of sustainable manufacturing practices by manufacturers, and emissions regulations provide the Group's specialities businesses with opportunities for growth. For example, the Group's powder coatings business, which manufactures solvent free products, is well suited to grow due to demand from environmentally conscious customers.

The Group produces speciality polymers at its manufacturing facilities in the UK, Italy and Belgium. For the year ended 31 December 2022, Synthomer generated £233.9 million from sales of speciality products from continuing operations.

(iv) Polymer modifiers

Consisting of elastomeric modifiers and reinforcing resins, the Group's polymer modifiers are used in a wide range of plastic and rubber components, across an array of end uses including automotive, wire and cable, belts and hoses, construction, hose and tubing and footwear. In these product markets the Group's expertise in NBR, SBR and acrylic polymers have been applied to create solid, powder products to enable mixing with base polymers including polyolefins, thermoplastic urethanes ("**TPUs**"), engineering thermoplastics, rubber and PVC to enhance properties such as flexibility, toughness, durability, aesthetics. Because of the complex nature of the products, the resulting performance of the end-product is differentiated, typically higher value, and difficult for competitors to replicate.

In some applications the Group's polymer modifiers allow plastics and rubber producers to increase the performance and value of lower cost polymers by making them more flexible, softer, lower gloss, or more durable. Other applications include use in high value, engineering thermoplastics, such as polyacetal or TPUs to modify and toughen them for specific application needs. These products also improve the processability of many polymer systems, offering polymer compounders improved manufacturing productivity.

For the year ended 31 December 2022, sales of the Group's polymer modifier products were primarily accounted for as part of the Group's Performance Elastomers segment, and as at 1 January 2023, comprise a portion of the Group's new Health & Protection and Performance Materials division.

(v) Performance Materials

Performance Materials is a sub-division of the overall Health & Protection and Performance Materials division. Activities in this sub-division include several smaller niche performance materials businesses focused on markets including paper, carpet, acrylate monomers, speciality vinyl polymers, elastomeric modifiers and inorganic specialties and involving the productions of chemicals mentioned above, including SBR and polymer modifiers. The Group also produces and develops acrylate monomers within this sub-division, which are important ingredients that improve the performance of everyday products, including paints, lacquers, adhesives, water treatment products, plastics, detergents and textile fibres. The Group's broad range of performance materials enable existing technologies to move up to the next level by improving materials processability, decreasing carbon emissions and electricity consumption in the value chain, improving recyclability of materials, reducing waste, or by helping customers creating light-weight materials. These materials are used in high performance markets such as the automotive sector, PVC manufacturing, construction and polymer manufacturing.

The Group produces all of its acrylate monomers from a single site at Sokolov, Czech Republic, which are in turn sold externally to customers in European markets, as well as internally to the Group's European Functional Solutions dispersions business. While these are attractive businesses where the Group has leadership positions, they have been assessed as non-core to the wider Group strategy.

For the year ended 31 December 2022, the Group sold approximately 50.8 kilotonnes of acrylate products. The Group is continuing to review potential options for new products, and in 2022 saw the successful testing of more sustainable products produced at lab-scale with several of the Group's customers. The Group is also exploring collaboration with potential partners on developing new bio-based products which would support the Group's customers in achieving their net zero aspirations.

For the year ended 31 December 2022, sales of acrylate monomer products were accounted for as part of the Group's Acrylate Monomers segment, and as at 1 January 2023, comprise part of the Group's new Health & Protection and Performance Materials division.

4. STRENGTHS AND STRATEGY

4.1 Strengths

The Directors believe that the following are among the Group's key competitive strengths:

(i) Global speciality chemicals company with leading positions in its markets

Synthomer is a global speciality chemicals company which is one of the world's leading suppliers of water-based polymers, with a number of its product types holding market-leading positions globally, as well as more specifically in Europe, the United States and the Middle East.

As a speciality chemicals producer, the Group channels its technical expertise, customer and end-market knowledge to help customers develop these and other end-products. The Group's long-term customer partners benefit from the Group's knowledge and understanding of their technical needs, the Group's customer service and R&D, which has allowed the Group to develop innovative solutions which help its customers' businesses.

As of 1 January 2023, the Group reorganised its divisional structure along three new, market focused divisions, to better serve the Group's end-market customers, comprised of: (i) Coatings & Construction Solutions, (ii) Adhesive Solutions and (iii) Health & Protection and Performance Materials. The new divisions and the production areas and markets they focus on and serve are described in greater detail in section 3 above.

The Coatings & Constructions Solutions and Adhesive Solutions divisions form the core strategic growth areas of the business. The Health & Protection and Performance Materials division includes the NBR base business and the business units which were identified as non-core as part of the strategic review in 2022.

The Group's new Coatings & Construction Solutions division brings together a range of the Group's businesses focused on the coatings and construction end-markets, reflecting the Group's strategy to strengthen its position in these markets and to improve its portfolio through sustainable innovation and customer value propositions. It is the Group's largest division in terms of both revenue and EBITDA contribution. The Group is one of the leading suppliers in Europe across each of the Group's key coatings and construction products.

The Group's Adhesive Solutions division has one of the broadest offerings of adhesive solutions products in the industry, with leading manufacturing positions in EMEA and the Americas across all tackifier product groups.

The Group's Health & Protection and Performance Materials division includes products that enhance protection and performance in a wide range of industries. Globally, the Group is the second largest producer of NBR latex by volume (which the Group's customers use in the manufacturing of medical gloves).

(ii) Attractive end-markets with strong long-term growth outlook

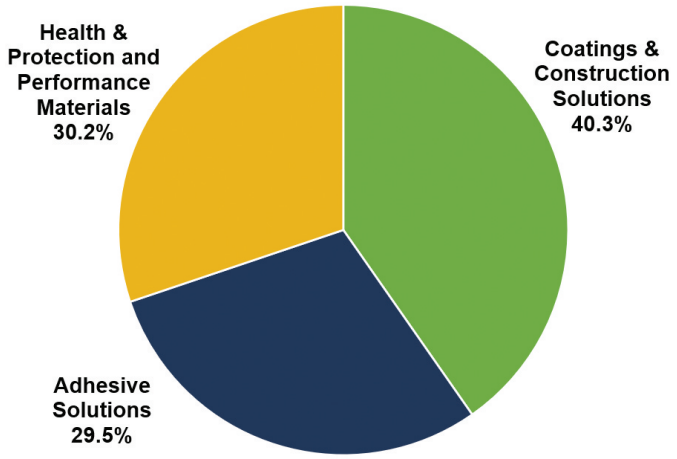
The Group's portfolio of products serves a wide range of geographies and end-markets. Within its core strategic growth markets, served by its speciality businesses, there are significant R&D capabilities and a high level of technical expertise required to develop the chemical products the Group produces.

The Group's R&D is driven largely by its ability to apply technical know-how, rather than on pure research, hence making it difficult for new and less established entrants to compete in these markets and across these product types. Moreover, the Group believes that it tends to not only compete within these markets on product price but that it also competes because of the quality of technical services that the Group provides to customers alongside the products themselves. The Group's new product development, innovation, technical services provision and tailored solutions add value to customers' end-products and help differentiate the Group from other competing companies. The Group also seeks to anticipate market trends and customer requirements as it believes this will continue to enable it to deliver improved products with better margins and product differentiation among customers. Overall, this allows the Group to maintain margins and protect against low-cost market entrants.

In its base businesses, principally comprising the NBR business, the Group believes it is able to leverage its market leading position and will, by strengthening cost competitiveness and driving customer intimacy, be able to harness the long-term demand growth expected in this market.

The Group believes its presence in the end-markets for each of the Group's divisions is supported by favourable market dynamics. For example, the Group's speciality businesses within the Coatings & Construction Solutions and Adhesive Solutions divisions were successful in passing through substantial increases in raw material and energy costs in 2022 in most of their markets, demonstrating the resilience of these speciality businesses over base businesses. Both divisions sustained EBITDA margins of 12% for the year ended 31 December 2022, despite unit material costs reaching record levels in some cases. The Group's focus on more differentiated products and robust pricing management contributed to solid performance in most of the Group's major businesses in 2022, particularly in the US.

The following diagrams illustrate the Group's continuing revenue by division for the 12 months ending 30 June 2023:



The Group's diversified and customer focused approach enables the Group to address changing conditions in the end-markets of each of the Group's divisions:

Coatings & Construction Solutions

Both coatings and construction end-markets have historically been driven by GDP+ growth, and require specialised, highly differentiated products with sustainability benefits. The global market for coatings and construction is estimated to grow at a CAGR of approximately 4% per annum from 2020 to 2025.

- *Coatings*: Increasing regulatory requirements and the Group's customers' ambitions to use more sustainable products continues to deliver growth opportunities for water-based coatings technology, in which the Group is a leader amongst its peers.
- *Construction*: The demand for the Group's portfolio of construction products has been driven by favourable megatrends including accelerated urbanisation and increased chemical usage due to the increased professionalism of the construction business. The Group's capabilities in innovation give the Group the potential to grow its presence in these markets and the Group has a strong innovation pipeline across the construction end-market.
- *Energy Solutions*: As a supplier of speciality wellbore chemicals, the Group offers a wide range of solutions including fluid loss control and sealing, emulsifiers, lubricants and rheological modifiers for drilling fluids. The Group also offers flow control and properties enhancement in cementing operations, gel additives for hydraulic fracturing fluids and strengthening agents. The Group designs polymers that meet conventional and unconventional drilling and completion requirements.
- *Consumer Materials*: This part of the Group's business comprises fibre bonding and SBR latex for foam applications.

Adhesive Solutions

The Group's Adhesive Solutions division serves growth end-markets such as tapes and labels, packaging, and tyres which are underpinned by sustainability trends and with strong revenue

synergies with the Group's other divisions. The overall market demand for adhesive solutions is estimated to grow at a CAGR of approximately 3–4% per annum from 2022 to 2025.

Across the Adhesive Solutions division, the Group has more than 300 customers and sells products in more than 600 locations around the world. The Group has strong relationships with many of its customers and certain end-users, with an average customer relationship length of approximately 15 years and in many cases much longer than that. This helps the Group understand the needs of customers and develop a uniquely market focused innovation pipeline. Within Adhesive Solutions, the Group is continuing to focus on improving asset and supply chain reliability, broadening the Group's raw material supply and reducing working capital and cost levels. The Group is also exploring investment opportunities, such as through the recently committed expansion in its capacity to deliver speciality APOs.

Health & Protection and Performance Materials

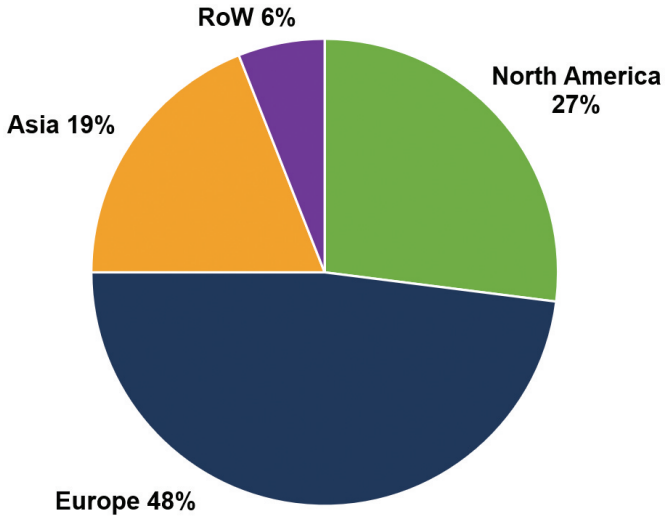
Long-term demand for health and protection products is an important megatrend underpinning the Group's strategy in Health & Protection. The Group is a world leader in NBR, which the Group's customers use for glove-dipping, and the leading NBR producer, by volume, in Europe, which the Group's customers use in a wide range of end-markets. The Group's NBR products serve a fast-growing market which is expected to grow at a rate of 6%+ during the coming years. The Group has responded to these market trends through significant R&D investment to drive innovation of market leading products with strong intellectual property protection, investment in new low-cost capacity and efficient capacity utilisation.

In the Health & Protection and Performance Materials division, the Group continues to work towards strengthening the overall cost competitiveness of the Group's Malaysian supply chain and to enhancing customer intimacy and the Group's share of demand globally.

The price of NBR has been volatile over the past three years. Initially, increased demand for medical gloves drove high prices during the COVID-19 pandemic, which were then followed more recently by historical lows, as a result of destocking by the Group's end-users and their customers. However, underlying end customer demand for medical gloves remains similar to pre-COVID-19 pandemic levels and the market is expected to continue to grow in the medium-term (including as a result of urbanisation and healthcare in emerging markets), while the impact of destocking is expected to abate as end-users and customers make use of their existing inventories at pre-COVID-19 rates.

(iii) Global footprint with balanced geographic exposure and strong customer relationships

As at 30 June 2023, Synthomer has 36 sites (taking account of announced closures) across 17 countries in the Americas, EMEA and Asia. It has a balanced geographic exposure with 48% of revenues for the year ended 31 December 2022 generated in Europe, 19% in Asia, 27% in North America, and 6% in the rest of the world.



The Group served approximately 6,000 customers across the world in the year ended 31 December 2022, including many global blue-chip companies. The Group believes it has strong and long-term

customer relationships. The Group's customer base is widespread and well balanced across geographies and end-markets. For the year ended 31 December 2022, the Group's largest customer represented approximately 2% of total revenues while revenues from the Group's twenty largest customers represented approximately 22% of total revenues. Some examples of key customers include: 1) with respect to Coatings & Construction Solutions—PPG Industries, Inc., Sherwin Williams Company, Akzo Nobel N.V., Sika AG, Proctor & Gamble Company and Haliburton Company; 2) with respect to Adhesive Solutions—Henkel Ltd, HB Fuller Company, Shurtape Technologies, LLC, Pirelli & C. S.p.A. and Continental AG; and 3) with respect to Health & Protection and Performance Materials—Top Glove Corporation Bhd, Sappi Limited, Honeywell International, Inc., Lanxess AG and BASF SE .

(iv) Impressive track record and pipeline of new product development through customer focused R&D

The Group has an impressive track record and pipeline of new product development through customer focused R&D which supports the Group's growth potential. The Group maintains four Centres of Excellence as part of an innovation network comprising sites across the world. The Group's four Centres of Excellence include sites in Germany and the US, as well as the new industry leading Asia Innovation Centre established in 2019. For the year ended 31 December 2022, the Group invested £33.7 million in R&D and launched 18 new products. These investments in R&D continue to have a significant effect on the Group's revenues, with 20% of the Group's sales volume for the year ended 31 December 2022 derived from products that the Group developed in the previous five years or with patent protection. Since 2019, the Group has filed patent applications on 39 new inventions and registered 16 new patents. The Group is committed to quantifying, improving and communicating the sustainability of all the Group's activities through Global Reporting Initiative reporting.

(v) Sustainability embedded in products and a tailwind for future growth

Sustainability is a key trend that will drive demand from Synthomer's customers. Regulation is driving the requirement for cleaner, more environmentally friendly solutions, and for renewable raw materials. The Group's portfolio is positioned to help drive circular solutions (for example, recyclable packaging) and the Group's high-performance water-based polymers can displace solvent-borne polymers, leading to further demand for the Group's products. As a market leader in water-based and emission reducing polymers, this creates a huge opportunity for Synthomer. The Group is targeting 60% of its new products to have sustainability benefits by 2030.

Synthomer has a long track record of helping customers towards their own sustainability goals. The Group's emission-reducing solutions and lower-carbon intensity operations all make a positive contribution towards customers' Scope 3 carbon footprints. Synthomer's capabilities and products can help customers in multiple areas, whether that is replacing solvent-based coatings with water-based alternatives, developing water-based polymers and re-dispersible powders for construction customers, or innovating bio-based, low-carbon footprint and circular solutions for adhesives.

(vi) Deliverable medium-term targets supporting shareholder value creation

At Synthomer's Capital Markets Day in October 2022, the Group laid out financial targets which will drive sustained value for shareholders. These include:

- *Organic revenue growth:* Mid-single-digit through the cycle, supported by innovation, sustainability and end-market focus;
- *EBITDA margins:* 15%+ over the medium-term, delivery of this will be underpinned by a combination of innovation, a higher mix of speciality products, cost leadership and operational excellence; and
- *Return on invested capital:* Mid-teens over the medium-term, supported by stronger organic growth, higher margins and the Company's more focused capital allocation policy.

4.2 Strategy

The Group's growth strategy is driven by global megatrends and the Group is focused on driving sustainable growth through business efficiency, R&D and capital investment projects.

The Group's strategy is composed of the following key pillars:

(i) Organic growth in attractive end-markets

The Group's core strategic growth markets, comprising coatings, construction, adhesives, and health and protection, each benefit from robust GDP+ growth dynamics. These markets are driven by accelerating global megatrends including accelerating urbanisation, demographic and social change, climate change and sustainability and shifting economic power. In October 2022, as part of its new strategy, the Group announced a new divisional organisational structure aligning the Group's organisation with its core markets. This alignment of operational segments and end-markets is expected to assist the Group in anticipating and meeting customers' needs at pace and deliver better products with improved margin and product differentiation.

Innovation and sustainable products, such as water-based solutions displacing solvents in the construction, coatings and adhesives markets, are key drivers of growth across the Group's core markets and developing products through focused customer-centric R&D is a key component of the Group's strategy. For the year ended 31 December 2022, 20% of the Group's sales volumes derived from products that the Group launched in the previous five years. In the year ended 31 December 2022, the Group launched 18 new products across multiple application areas.

(ii) Rigorous and consistent portfolio management to build focused, leading positions

As part of focusing the business, the Group intends to increase the weighting of speciality chemicals versus base chemicals in the Group's portfolio, create a more balanced geographic exposure, streamline operational footprint and apply more rigorous capital allocation across the Group's businesses.

The Group's strategic review in 2022 identified its core markets, which combine the most attractive growth prospects and where the Group is most differentiated. The Group will focus its resources on these segments and the new divisional structure enables differentiated steering in the allocation of financial and operational resources.

In addition, the Group identified a number of non-core businesses which have limited synergies with the rest of the Group's identified growth platforms and which are less attractive areas for the Group to deploy its capital. In line with its strategy, on 28 February 2023, the Group announced that it completed the disposal of its Laminates, Films and Coated Fabrics Businesses, which were identified as non-core businesses through the strategic review. Moving forward, the Group will continue to assess its strategic position in terms of disposing of non-core businesses to rationalise the Group's portfolio, reduce complexity and increase the Group's focus on attractive end-markets and speciality products.

Over the medium-term, the Group's strategic plan will involve targeted M&A to grow the business once leverage is restored to the guided range. The Group will continue to review speciality chemicals acquisition opportunities through both bolt-on acquisitions and more transformational step-change strategic transactions in adjacent chemistries and geographies, if the Group identifies appropriate acquisition targets and believes that the Group has sufficient balance sheet flexibility to do so at that time.

(iii) Operational and commercial excellence in how the Group runs the business

The Group is focused on continuous improvement across its operations to advance production efficiency, sales effectiveness and functional excellence while remaining committed to the Group's sustainability standards. To achieve these aims, the Group seeks to identify good practice in all areas of the business and ensure that relevant learnings are disseminated across the business.

The Group aims to drive profitability through maximising the utilisation of the Group's assets. To achieve this, the Group focuses on identifying the root causes of production bottlenecks and finding innovative solutions. For example, at the Sant Albano site in Italy, the Group has reduced water extraction by 30% by reconfiguring the borehole management process.

For decades, the Group has been a world leading supplier of sustainable water-based polymers that avoid the use of solvents and keep harmful volatile organic compounds out of the atmosphere. The Group has also become a global innovator in driving the use of water-based technology. Over the last few years, the Group has worked hard to improve its ESG credentials while remaining committed to driving efficiency. This can be seen with the launch of the Group's 2030 Vision, which sets ESG

targets for the Group and a roadmap to achieve them, as well as the creation of the Group's Executive Sustainability Steering Committee last year.

(iv) Differentiated steering to address the differentiated positions across the Group's portfolio

The Group's new divisional structure enables differentiated steering of the allocation of financial and operational resources, including capital allocation. The Group intends to allocate approximately 75% of capital to the Coatings & Construction Solutions and Adhesive Solutions divisions and approximately 25% to the Health & Protection and Performance Materials division over the medium-term.

(v) Diversity, equity and inclusion and holistic people development

Across all businesses in the Group, the Group's employees drive strategy and deliver for all stakeholders and the Group continues to develop them to be prepared for the opportunities and challenges that lie ahead. To support this, the Group is implementing four strategic employee priorities: (i) promoting holistic people development; (ii) strengthening its leadership capability; (iii) embracing Synthomer excellence; and (iv) establishing an innovative workplace culture.

5. CUSTOMERS AND END-MARKETS

5.1 Customers

The Group has a diversified blue-chip customer base with long-term established relationships. For the year ended 31 December 2022, the Group had approximately 6,000 customers worldwide. The Group's customer base has grown over time, having increased by approximately 40% since 2019. For the year ended 31 December 2022, the Group's largest customer represented approximately 2% of total revenues while revenues from the Group's twenty largest customers represented 22% of total revenues. Across each of the Group's global operating divisions are products that are typically integral components of the Group's customers' end-products, resulting in high switching costs for existing customers.

The Group monitors global trends, including demographic and political and economic trends, as well as market developments to anticipate and meet the Group's customers' needs. The Group aims to design its chemical formulations to ensure they not only meet the requirements of the Group's customers but also those of the end-users of the customers' products. The Group's technical services teams work with customers to ensure that the Group is providing the right formulation for their needs.

One example of the Group's product penetration, brand recognition, and integration with customers' supply chains is the Group's PMR product line within the Adhesive Solutions division. Synthomer is viewed by its customers in the global adhesive industry as a trusted long-term partner and the market leading supplier of high-quality speciality resins used in multiple applications from tyre tread compounds to pressure sensitive adhesives and medical packaging. The Group's broad product portfolio, innovation, global manufacturing network, technical support and proximity to customers supports its leading position. The Group has a decades long history of supplying PMR across the globe, and the Group's recent related product launches of highly purified PMR for direct food contact applications and of reactive PMRs for high performance tyres have further strengthened the Group's relationship with the Group's customers.

The majority of customer contracts are structured to enable pass through of raw material costs, enabling the Group to support stable and sustainable margins. A significant proportion of the Group's customer contracts typically have no pricing commitment beyond one month, allowing the Group to modify pricing in line with raw material costs. The Group's products are generally priced in accordance with one of two different types of agreements: (i) formulaic agreements with price indexed clauses and/or ICIS related pricing, which provide for a high degree of direct pass through of any changes in raw material prices to customers; and (ii) agreements renegotiated on a regular (usually monthly) basis, in which the Group's ability to retain the benefits of declines in raw material prices or to pass through increases in raw material prices is affected by the supply and demand balance of the particular product as well as the ability to apply pricing and margin enhancement tools according to customer relationships and the expectations customers have in respect of these costs. Accordingly, substantially all of the Group's customer agreements have no pricing commitment beyond one month or one fiscal quarter, with approximately one third of the Group's customer agreements being formulaic with the remainder being generally negotiable on a monthly basis. Thus, the Group is

generally able to maintain its unit margins even when prices for raw materials experience sudden or sharp increases, although there is typically a one-month or three-month lag time in the Group's ability to do so.

5.2 End-markets

The products the Group offers have applications in a range of end-markets. The Group's product line consists of wide range of speciality polymers which are used as the base component or as a performance enhancing ingredient in materials such as coatings, adhesives, construction materials, rubber, and plastics. The majority of these products are water-based systems which are produced and used without the need for volatile organic solvents. For example, the Group produces the polymers which are the base material in water-based paints which replace less sustainable solvent-based coatings. The balance of the Group's product portfolio consists of resins and polymers which are "100% active" in use, meaning they are used in applications such as hot melt adhesive without the need for solvents or water carriers. In all, the Group's products enable the elimination of the use of solvents, thus eliminating emissions of VOC to the environment, some of which can have harmful effects on human health and the environment.

When applying the Group's results for the year ended 31 December 2022, to the new market-focused divisions, (and discounting revenue earned by the disposed Laminates, Films and Coated Fabrics Businesses), Coatings & Construction Solutions (with end-markets uses including architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions) has become the Group's largest division, with sales constituting 41.8% of total continuing revenues for the year ended 31 December 2022. Over the same period, sales within the Group's Health & Protection and Performance Materials (with end-market uses including medical glove manufacturing, speciality paper, food packaging, carpet and artificial turf and gel foam elastomers) constitutes 34.2% of total continuing revenues, while the Group's Adhesive Solutions division (with end-markets uses including tapes and labels, packaging, hygiene, tyres and plastic modification) constitutes 24% of total continuing revenues.

5.3 New Product Innovation

New product innovation is an important component of the Group's strategy and plays a key role in the success of the Group's speciality business segments. The Group's product development lifecycle begins within the Group's business units, focusing on end-market oriented opportunity ideation. The Group's market segment teams take a market driven approach to identify new product opportunities based on megatrends, segment drivers and individual customer input. The Group's Innovation Excellence Framework guides the Group's innovation process based on six "pillars of excellence", including: (i) aligning innovation resources to the business strategy; (ii) fostering creativity within the Group's team and through collaborations; (iii) incorporating process safety and sustainability into product design (iv) investing in people, working in teams; (v) delivering excellence in project and portfolio management; and (vi) focusing on delivering results. Through the Innovation Excellence Framework, in 2022 the Group increased its focus on skills development, further implemented advanced experimental design and modelling techniques and increased utilisation of artificial intelligence methods. The Group's work on new product design, process improvements, and new application development aims to deliver more sustainable innovations and offer value added performance to the Group's customers, while driving growth. The Group applies the three principals of the Group's "*Technology Platforms*" approach, namely (i) sustainability, (ii) enhanced performance, and (iii) formulation and process efficiency, while identifying innovation opportunities through market research and collaborations with customers.

The Group measures its overall innovation results in line with two key targets: (i) of the percentage of sales coming from new and protected products ("**NPP**") (where a new product is defined as launched in the past five years and a protected product is one covered by a patent), for which the Group is targeting a level of at least 20% over the long-term; and (ii) the percentage of products launched in the prior 12 months which have a defined sustainability benefit, for which are targeting a level of at least 60% by 2030, in line with the Group's "*Vision 2030*" plan ambitions. The Group has achieved its target NPP performance in each of the past three years, with scores of 22%, 24% and 20% of total sales volume in each of the years ended 31 December 2020, 2021 and 2022, respectively. Since establishing the sustainable innovation target in 2021, the Group has made important progress towards its goal, with the proportion of new products launched with sustainability benefits rising to 50% for the year ended 31 December 2022, up from 43% in the previous year.

In addition to the Group's dedicated innovation teams within the Group's business divisions, a dedicated Group Sustainability and Innovation function oversees the Group's worldwide innovation network, conducts research on new technology platforms and provides centralised support for safety management, material characterisation, process development, intellectual property and regulatory compliance. The Group Sustainability and Innovation function works closely with the Group's divisional business and innovation directors to investigate new product and process technologies (such as biobased polymer chemistry) and provide new technology platforms from which to develop new products and improve the operation of the Group's plants. Examples of new products emerging from this source of innovation include polymers for battery systems innovative multi-surface architectural coatings, more sustainable construction materials, and higher performing adhesives for applications ranging from hygiene products to durable goods such as mattresses and automotive. In recent years, the Group Sustainability and Innovation function has placed increased focus on driving new manufacturing processes to improve productivity while reducing GHG emissions, waste generation and water consumption, as well as the use of low carbon raw material sources.

The Group's innovation programs are focused on improving the Group's margins and enhancing product differentiation. One key element of the Group's innovation strategy centres on the evolution of existing products to new applications and providing tailored solutions to the Group's customers. When performance targets are beyond the range of existing products, the Group employs its expertise in polymer design and product formulation to tailor existing products and change their performance in order to meet customers' specific requirements. The Group's expertise in the applications of the Group's products helps to add further value to the Group's customers' use of those products, including by allowing the Group's customers to meet their own sustainability targets. The Group is also able to leverage the Group's core applications and technology across multiple platforms. Two recent examples include the development of SyNovus™ Plus and the Group's LITEX™ Shield technology. The Group recently developed and commercialised the Group's patented SyNovus™ Plus alternative to conventional NBR latex for Nitrile gloves, which provides medical glove makers with the same high performance barrier protection while being recyclable and reducing GHG emissions. Furthermore, LITEX™ Shield XSBR technology, launched in 2020, supports builders by improving the technical

textiles they need in products such as glass fibre and roofing felt, materials they in turn use to protect building interiors from outside temperature and rain. The Group's Litex QuickShield™ technology won the award for "Best Innovation in Textile Chemistry" at the renowned Future Textile Awards 2018 and is free from formaldehyde—an important distinction from many of the Group's competitor products, in a market where regulations are demanding higher standards.

The Group invested in extensive product and process innovation in 2022, with £33.7 million in R&D expenditures driving continued innovation across the Group's product lines. These levels of investments in innovation have increased as the Group has grown organically and inorganically in recent years. In 2021, the Group fully integrated the OMNOVA innovation pipeline, while opening the Group's new Asia Innovation Centre.

The Group launched 18 new products in the year ended 31 December 2022, and since 2019, the Group has filed patent applications on 39 new inventions and registered 16 new patents.

The Group works in partnership with its customers, using skilled technical services and R&D teams to develop products that support the Group's customers' goals. The Group's manufacturing facilities are located in close geographic proximity to the Group's customers to enable continuous communication with and feedback from customers, which is then incorporated into the Group's product development process. The Group has several close, ongoing customer collaborations, which have led to and are expected to continue to lead to new product innovations. In 2021, one such collaboration led to the Group's new Aerafin 75H amorphous polyolefin product, which a world leading adhesive manufacturer awarded its highest award for innovation. Close collaboration with customers has included working directly at customer sites during their production trials to support product implementation. The Group also has ten active university collaborations to supplement the Group's Technology Platform research programs, including with the University of Warwick, University of Leeds, University of Manchester and the University of Technology, Malaysia. These collaborations are focused on research activities to underpin the Group's commercial development activities to evaluate, for example, new polymer systems, new process technologies and understanding the fundamental chemistry during application. The collaborations also give the Group access to experts and facilities around the world, facilitate recruitment of new talent into the Group's organisation, and support the Group's wider objective to support education in the chemical sciences.

The Group maintains four Centres of Excellence as part of an innovation network comprising 20 sites. The Group's four Centres of Excellence include sites in Germany and the US, as well as the Group's new industry leading Asia Innovation Centre and the Group's state of the art UK Innovation Centre established in 2019.

The following table provides an overview of the Group's Centres of Excellence as at 31 December 2022:

Country	Location	Principal research specialisation
United Kingdom	Harlow	Specialities, Dispersions
Malaysia	Kluang	NBR, Dispersions, SBR
Germany	Marl	Dispersions, SBR
United States	Akron	Dispersions, SBR, Adhesive Resins

5.4 Environmental, Social and Governance

The Group is driven by its stated purpose of creating innovative and sustainable polymer solutions for the benefit of customers, society, and the environment. The Group's "*Vision 2030*" plan ESG program is a long-term, embedded part of the Group's business strategy which the Group expects to be a value driver and a key principle in its responsible approach to doing business. The Group's "*Vision 2030*" plan includes targets for the areas where the Group can have the most material impact.

The Group's "*Vision 2030*" plan provides a series of targets and medium-term objectives, including specific greenhouse gas targets, to support the Group's goal of reaching net zero by 2050, in line with the principles set out in the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change. With more confidence and a growing track record, the Group has taken steps to update some of its targets over time to become more precise and demanding, while remaining practical. For example, in March 2023, the Group updated its Scope 1, 2 and 3 climate targets to further bring the Group in line with the Science Based Targets initiative ("**SBTi**") criteria and on 13 July 2023 the Group's emission reduction targets were approved by SBTi.

The targets outlined in the Group's "*Vision 2030*" plan include:

- At least 60% of new products with enhanced sustainability benefits by 2030 (50% as at 31 December 2022);
- Increasing the Group's proportion of procurement spend with a sustainability rating to 80% by 2030 (37% as at 31 December 2022);
- Reducing Scope 1 and 2 absolute greenhouse gas emissions by 47% relative to 2019 baseline levels, which have been adjusted to take account of the Eastman Acquisition (36% reduction as at 31 December 2022);
- Reducing Scope 3 absolute emissions by 28% relative to 2019 baseline levels, which have been adjusted to take account of the Eastman Acquisition (18% reduction as at 31 December 2022);
- Reducing the Group's recordable injury case rate per 100,000 hours for employees and contractors from 0.50 to 0.20 (0.34 as at 31 December 2022);
- Reducing the Group's process safety event rate per 100,000 hours for employees and contractors from 0.50 to 0.10 (0.22 as at 31 December 2022);
- Deriving 80% of the Group's electricity from renewable sources while improving energy efficiency in all the Group's operations (80% as at 31 December 2022);
- At least 40% women in senior management roles (25.4% as at 31 December 2022); and
- Providing volunteer support and financial contributions in excess of £1 million a year to advance education, public health, diversity and environmental stewardship (£1.25 million for the year ended 31 December 2022).

In addition, to map the Group's progress towards each of the targets mentioned above, the Group has continued to deepen its understanding of the Group's climate related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures ("**TCFD**") through the Group's ongoing scenario analysis work. The Group's objectives for 2023 include further work to incorporate the broad themes identified in the Financial Reporting Council's thematic review of TCFD disclosures, including increasing the connectivity of the Group's climate related financial risks and opportunities with the Group's financial statements. Following an evaluation of the risk presented by climate change, the Group has determined to manage climate-related risks as an integrated component of its principal risks. The Group considers physical risks to be the potential impact of droughts, flooding, fires, rises in sea level and extreme temperatures on business operations, and transitional risks to be the potential impacts of carbon taxes, market changes and environmental policy changes. For the remainder of 2023, the Group intends to continue to develop its approach to the risk presented by climate change by reviewing its risk management framework by reference to the relevant TCFD requirements. In 2023, the Group is also aiming to further develop the Group's 2050 net-zero transition plan in line with guidelines to be published by the Transition Plan Taskforce.

The Group has achieved several corporate ESG ratings, including an 'AA' rating from MSCI, marking an upgrade from the Group's 'A' rating in 2021, and putting the Group in the top quartile of sustainability performance for companies in the speciality chemicals sector. In addition, in 2021, the Group received an LSE Green Economy mark, which is awarded by the London Stock Exchange to companies that earn more than 50% of their revenue from products that contribute to environmental objectives. In 2023, the Group also retained the Group's "Silver" status from EcoVadis, which is the only universal sustainability ratings provider, and helps monitor the performance of companies' upstream value chains.

5.5 Safety, Health and Environment

(A) Overview

The Group's facilities and operations are subject to extensive and continuously evolving environmental and health and safety laws and regulations. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. The Group has invested, and will continue to invest, financial and technical resources in order to achieve and maintain compliance with environmental requirements.

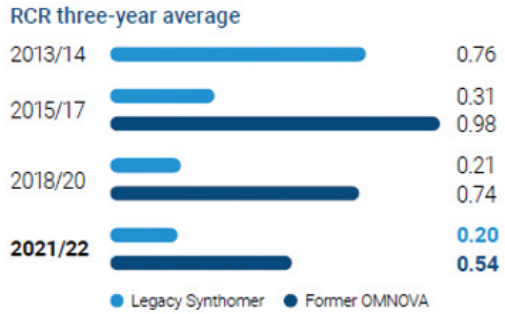
The Group's management believes that the Group's operations are currently in material compliance with all SHE laws, regulations and permits. The Group actively addresses compliance issues in connection with the Group's operations and properties and management believes that systems are in place to ensure that environmental costs and liabilities will not have a material adverse impact on its business.

(B) Occupational Safety Performance

The Group takes a longer-term view of health and safety progress, as is market practice in the sector, using lagging indicators which 'smooths out' minor deviations in performance. It also allows the Group to focus on longer-term improvement trends, particularly as newly acquired businesses are integrated.

The main lagging indicator that the Group uses to measure SHE injury performance is the recordable injury rate for accidents involving more than first aid treatment per 100,000 hours worked. During the year ended 31 December 2022, the Group saw a recordable injury frequency rate of 0.34 per 100,000 hours worked. While this represented a slight increase from the prior year rate of 0.31, in part due to the continued integration of OMNOVA and the Adhesive Resins Business, both of which have historically poorer health and safety performance than the Group's legacy business, the Group's recordable injury frequency rate has reduced from 2020 levels and the Group is continuing to implement improvements to bring its recordable injury rate in line with the Group's "*Vision 2030*" plan targets.

In addition, the Group recorded its best performance in the first half 2023 since it began accounting in this way, with a recordable case rate of 0.13 and a process safety event rate of 0.09 across the Group. The Group's focus historically has been to align new sites with the Group's SHE standards over a three-year cycle and this is the current focus for sites acquired in the OMNOVA acquisition and the Eastman Acquisition. To help meet the Group's SHE targets expressed in the Group's "*Vision 2030*" plan, the Group invested £21 million to continue integrating its health and safety standards across the Group's business in 2022. The chart below highlights the effect of the Group's ongoing SHE investments on the recordable injury rate for OMNOVA and legacy Synthomer sites, on a three-year rolling average basis.



As at 31 December 2022, twenty of the Group's sites have worked injury free for more than three years, or over 500,000 working hours.

(i) Process Safety Performance

Since 2015, the Group has recorded, rated and tracked process safety events ("**PSE**") using a 4 tier scoring system where tier 1 and 2 incidents (tier 1 being more severe) meet the definition for a "Reportable PSE" from the International Council of Chemical Associations ("**ICCA**"). Performance in this area during the year ended 31 December 2022 increased to 0.22, from 0.16 in the prior year. The increase in the Group's PSE rate was primarily a result of an increase in the number of low severity events.

As with occupational safety, the first half on 2023 was the best period for the Group since recording data under the ICCA thresholds, at a rate of 0.09.

As the Group continues to implement the Group's SHE transformation initiatives across the Group's business, the Group aims to bring its process safety event rate and recordable injury rate in line with the Group's "*Vision 2030*" plan targets.

(ii) Key SHE Programs and Actions

SHE management practices and systems are embedded throughout the Group's business with the aim of continuously improving SHE performance. The health and safety of the Group's employees—alongside the Group's impact on the environment—remains the Group's highest priority.

The Group's safety, health and environment management system standards and policies include the identification and sharing of best practice and the refreshing of Group SHE procedures linked to key areas to look to prevent major accident hazard scenarios, most recently those of management of change and permit to work. Objectives for 2023 include achieving a PSER of 0.19 and a RCR of 0.32 which based on the Group's first half performance should be possible. The Group's longer-term objective is to operate at <0.10 for PSER and <0.20 for RCR, which is believed to be in line with the top quartile SHE performance for the Group's industry.

The Group's accident and incident management system includes trend analysis undertaken to identify common themes as regarding incidents and system failings, and the Group makes full use of root cause analysis tools for its most significant events and near misses.

The Group's SHE training, communication and support includes the continued roll-out of the senior and first line management competence assurance program; ongoing process safety training across the Group; and Global SHE Managers' and Site Managers' Workshops focusing on sharing, learning and SHE leadership. To ensure the Group's employees and contractors understand the Group's SHE principles and rules, the Group expects them to attend inductions and refresher sessions on the Group's 10 SHE principles and Golden Rules.

The Process Hazard Assessment revalidation process is facilitated by the Group's SHE team on a five-year rolling cycle at the Group's sites to assure the Executive Committee that major accident hazards are being appropriately managed and controlled. Ensuing actions are prioritised and relayed to the Group's capital expenditure program for funding

5.6 Supply Chain Management

The Group's expenditure on raw materials constituted approximately 90% of the Group's variable costs for the year ended 31 December 2022. The Group utilises a diversified supplier base of major blue-chip chemical companies and international chemical trading houses, with the Group's ten largest suppliers accounting for 23% of the Group's raw material expenditure for the year ended 31 December 2022 and no single supplier accounting for more than 4.5% of the Group's spend on raw materials. The Group's two largest suppliers accounted for 4.5% and 4.1%, respectively, of the Group's raw material expenditure for the year ended 31 December 2022. No other supplier accounted for more than 3.8% of the Group's total expenditure on raw materials for the year ended 31 December 2022. The Group's supplier base has widened in recent years, as the Group's expanded procurement team has improved security of supply and cost effectiveness by developing links with a wider number of raw material suppliers and also as a result of the more diverse business portfolio resulting from the Group's geographical and product-line expansions arising from its acquired businesses.

The year ended 31 December 2022 marked the second year that the Group used the EcoVadis sustainability ratings platform, providing a standardised way to assess the Group's suppliers' sustainability performance. There was a significant increase in the proportion of the Group's procurement spend with a sustainability rating in 2022, rising to 33% (a 7% increase year-on-year). In 2020, the Group's procurement team also began engaging the Group's most carbon intensive suppliers so that the Group can work with them to increase the amount of primary data the Group has access to, which is in turn expected to improve the accuracy of the Group's Scope 3 measurements.

The Group's top ten raw materials by expense collectively accounted for 33% of the Group's raw material expenditure for the year ended 31 December 2022. The Group's top five raw materials by expense are styrene, butadiene, butyl acrylate, vinyl acetate and acrylonitrile, which accounted for 14%, 11%, 7%, 5% and 4%, respectively, of the Group's expenditure on raw materials for the year ended 31 December 2022. Prices of a majority of the Group's raw materials by cost are at least partially dependent on crude oil prices, and while geopolitical events have recently disrupted supply chains and increased oil prices globally, the Group has generally been able to pass through most of these costs, particularly in the Group's speciality business.

5.7 Manufacturing, Quality Control and Logistics

As at 30 June 2023, the Group has 36 manufacturing facilities (taking account of announced closures) in 17 countries in Europe, North America and Asia (excluding minority joint venture operations). The following table provides an overview of the Group's manufacturing facilities as at 30 June 2023:

Country	Location and description	Principal products manufactured
Austria	Pischelsdorf, Austria	SBR
Belgium	Gent, Belgium	Specialities
China	Caojing, China	SBR
China	Nanjing, China	Hydrocarbon resins
China	Ningbo, China	Specialities
Czech Republic	Sokolov, Czech Republic	Dispersions, acrylates
Egypt	Cairo, Egypt	SBR
France	Le Havre, France	Dispersions, VP-SBR, NBR powder, dried resins
France	Ribécourt, France	Dispersions, re-dispersible powder
Germany	Worms, Germany	Dispersions, SBR
Germany	Marl, Germany	Dispersions, SBR
Germany	Langelsheim, Germany	Dispersions, SBR
Italy	Filago, Italy	NBR, SBR, Dispersions
Italy	Sant Albano, Italy	Specialities
Malaysia	Pasir Gudang, Malaysia 1	NBR
Malaysia	Kluang, Malaysia 1	Dispersions
Malaysia	Kluang, Malaysia 2	Dispersions
Malaysia	MST	Storage Facility
Mexico	Uruapan, Mexico	Rosin resins
Netherlands	Middelburg, Netherlands	Hydrocarbon, PMR, rosin resins
Netherlands	Oss, Netherlands	SBR
Netherlands	Hasselt, Netherlands	SBR
Portugal	Sintra, Portugal	Dispersions
Saudi Arabia	Dammam, KSA	Dispersions
Spain	Bilbao, Spain	Dispersions
United Kingdom	Harlow, UK	Specialities
United Kingdom	Accrington, UK	Specialities
United Kingdom	Stallingborough, UK	Dispersions, Specialities
United States	Fitchburg, Massachusetts, US	Dispersions
United States	Akron, Ohio, US	Dried resins
United States	Mogadore, Ohio, US	SBR, Dispersions
United States	Jefferson, Pennsylvania, US	Hydrocarbon, PMR, rosin resins, tackifier dispersions
United States	Chester, South Carolina, US	Dispersions
United States	Roebuck, South Carolina, US	Dispersions
United States	Longview, Texas, US	Hydrocarbon resins, amorphous polyolefins
United States	Stafford, Texas, US	Emulsifiers
United States	Franklin, Virginia, US	Oleochemicals
Vietnam	Ho Chi Minh City, Vietnam	Dispersions

The Group's quality control ("**QC**") procedures and laboratories ensure that the Group manufactures and stores finished products in a manner that assures quality. As part of the Group's "*Manufacturing Excellence*" approach, each of the Group's operational sites has a QC department independent of production and a quality assurance manager. For every product and every delivery, a representative sample is tested according to an inspection plan. Certificates of analysis are provided for every delivery.

The Group's specialist logistics teams work on ensuring the safe and timely delivery of the Group's products in more than 100 countries. Teams coordinate logistics from product planning through delivery, including order intake and preparation, loadings and preloading preparations at plants,

warehouses and carriers, coordination of transportation, ongoing monitoring of orders and deliveries, and management of delivery related complaints.

In order to deliver the Group's long-term inorganic growth agenda and to ensure the efficiency, effectiveness and compliance of its organisation, the Group recently commenced a business transformation Pathway program. The program is designed to deliver a consistent set of global business processes across a unified target operating model, transforming the Group's technology architecture into a single set of integrated systems and building additional efficiency and effectiveness globally. The first phase of the Pathway program was successfully deployed in May 2021, and in the year ended 31 December 2022, the Group invested £19.4 million in the Pathway program, an increase from £12.9 million in the previous year. The Pathway program is also expected to play an increasingly important role in helping the Group track and report on the Group's own emissions progress, with new digital tools reshaping the way the Group manages procurement, giving the Group more information and insight on a wide range of metrics from tonnage, logistics and stock levels through to future carbon performance.

5.8 Regulatory Matters and Developments

As global supplier of polymers and speciality chemicals, the Group must comply with chemical safety regulations in many of the regions in which the Group manufactures and sells products. The EU, the UK, the US, Japan, Korea, China and Turkey are among many jurisdictions in which the Group must ensure that the Group's products comply with requirements for inventory registration, labelling, hazard communication, and various application specific regulations such as food contact requirements approval. In the EU, REACH and the CLP regulate chemical products by imposing on all affected industries the responsibility for ensuring and demonstrating the safe manufacture, use and disposal of chemicals. Compliance with EU regulations makes up the largest portion of the Group's product stewardship requirements, and often provides a foundation for meeting the regulatory requirements in countries which have adopted elements of the EU REACH framework. Compliance with the TSCA is required to manufacture or sell chemicals in the US and also has international influence. To ensure compliance with such product safety regulations globally the Group has a team of specialists that are generally based in the UK, but which also has local presence in multiple EU member states, as well as in the US, Malaysia, and China.

The REACH Regulation requires the registration of all chemicals manufactured and imported into the EU (either alone, in mixtures or in articles) with the European Chemicals Agency ("**ECHA**"). The regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered as well as the need for development of risk assessments, analytical data and toxicological studies for their registered uses. Most uses of high hazard substances, such as carcinogens, will require authorisation by the ECHA. REACH requires extensive toxicological data, documentation and risk assessments for many of the Group's chemical products and raw materials. The Group has taken steps to ensure that REACH compliance is an integral part of the Group's ongoing business and the Group is committed to its REACH activities falling fully in line with the applicable guidelines. The majority of the Group's products fall within the Polymer Exemption and, aside from ensuring that the individual substances contained in the mixture are registered in their own right for the required use, most of the Group's products therefore require little further assessment to comply with the current REACH legislation. The Group reviews its full product portfolio to identify products that do not meet the Polymer Exemption criteria so that appropriate action can be taken for those materials. A limited portion (approximately 2%) of the Group's products contain substances classified under REACH as Substances of Very High Concern. No products sold in the EU contain substances listed on the REACH Annex XIV Authorisation List, and the Group is voluntarily seeking alternatives for any use Annex XIV listed substances in the Group's products manufactured outside of the EU. The Group works closely with the Group's customers to share appropriate safety and handling information on all these products to ensure their safe and compliant use.

To complement the REACH Regulation, the EU has also adopted the CLP to harmonise the EU's system of classifying, labelling and packaging chemical substances with the United Nation's Globally Harmonised System. The regulation standardises communication of hazard information of chemicals and to promote regulatory efficiency. It has established classification criteria, hazard symbols and labelling phrases, while taking account of elements that are part of the current EU legislation. The vast majority of the Group's products fall under the definition of mixtures and, as such, all of the Group's actions were completed by the appropriate deadlines. The Group is committed to achieving full

compliance with the CLP requirements in close cooperation with the Group's suppliers and customers, including the obligation to report certain substances to the Classification and Labelling Inventory.

5.9 Intellectual Property

The Group has comprehensive current patent and trade secret coverage for both products and processes. The Group currently has a significant number of patents and pending patent applications, of which the majority are related to products and their application with some additional patents covering process technology. The Group's patent portfolio includes patent families in many different jurisdictions. The Group also owns trademarks in all of the jurisdictions where the Group believes such registration is necessary to maintain the Group's brand and goodwill, and the Group owns web domains matching the Group's house trademark and company profile. The Group's policy is to protect the Group's proprietary technologies by either seeking patent protection or keeping the know-how as a trade secret. Where needed, the Group defends and enforces the Group's intellectual property rights or has appropriate contracts in place to control the Group's intellectual property rights. The Group has over 119 active patent families of which 14 filings were made in the year ended 31 December 2022. As at 1 June 2023, the Group has over 621 patents and owns more than 1,430 trademarks distributed over 149 trademark families. To protect confidential technical information, which is not subject to patent protection, the Group relies on trade secret law and frequently enters into confidentiality agreements with employees, customers, and partners.

In addition to the Group's own patents, patent applications, proprietary trade secrets and know-how, the Group is party to certain licensing arrangements and other agreements authorising the Group to use trade secrets, know-how and related technology and/or operate within the scope of certain patents owned by other entities.

While the Group believes that the Group's intellectual property provides competitive advantages, as a result of the breadth and nature of the Group's intellectual property rights and business, the Group does not believe that any single intellectual property right (other than certain trademarks for which the Group intends to maintain applicable registrations) is material to the Group's current business. Moreover, the Group does not believe that the termination of intellectual property rights expected to occur over the next several years, either individually or in the aggregate, will materially adversely affect the Group's business, financial condition or results of operations.

The Group is not aware of any threatened, proposed or actual proceedings that have or will be brought against the Group for infringement of third-party rights or any infringement of the Group's rights by third parties that, if successfully prosecuted, would have a material and adverse effect upon its business.

5.10 Employees

The following table details the average number of full-time equivalent employees for the years ended 31 December 2020, 2021, and 2022:

Year Ended 31 December	2020	2021	2022
Average number of full-time employees	4,184	4,614	5,202

Over the years, the Group has enjoyed a positive working relationship with the Group's labour force and unions, and the Group is committed to maintaining these relationships going forward. Approximately 65% of the Group's non-management employees are covered by some form of collective bargaining arrangement at site or national level or a works council agreement. In such plants, the Group works with trade unions in line with that country's laws and regulations.

The Group is mindful of financial pressures facing the Group's colleagues across the Group's business as high inflation has driven up the cost of food and energy in many regions where the Group operates. The Group's approach has been guided by balancing the financial pressures facing the business with those of the Group's employees, and the Group has worked to develop equitable, bespoke and tailored approaches for each of the geographies the Group operates in. For example, the Group made one off payments to certain groups of employees in 2022; elsewhere the Group paid local increases. Other initiatives to support employees in 2022 included food vouchers and discounted and subsidised shopping.

5.11 Insurance

The Group's management believes that the Group's current insurance coverage is appropriate for the Group's business, in respect of the amount and applicable excesses and deductibles, considering the Group's business locations as well as the size and scope of the Group's business activities.

5.12 Legal and Regulatory Proceedings

From time to time, the Group is involved in lawsuits, claims, disputes with customers, suppliers or employees, as well as investigations, arbitrations and other proceedings (including administrative proceedings), which are handled in the ordinary course of business.

6. DIVIDEND POLICY

In 2022, as part of a covenant amendment process with the Group's banking syndicates to give the Group increased headroom, Synthomer suspended dividend payments, including the interim dividend of 4p announced on 12 October 2022 that was due to be paid in November 2022.

Whilst the Company will continue to prioritise reducing leverage towards its 1-2x target range by the end of 2024 and execution of strategy, including sustainability commitments and predominantly organic-led growth in the near-term, it recognises the importance of dividends for Shareholders and therefore will look to reinstate a dividend when appropriate to do so.

PART IX

HISTORICAL FINANCIAL INFORMATION

The audited consolidated financial statements for the Group as at and for the financial years ended 31 December 2022 (including the restated comparative financial information for the year ended 31 December 2021 as presented therein) and 31 December 2021 have been prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

The audited consolidated financial statements for the Group as at and for the financial year ended 31 December 2020 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the International Financial Reporting Standards, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The unaudited condensed consolidated interim financial statements for the Group as at, and for, the six months ended 30 June 2023 (including the unaudited comparative financial information as at and for the six months ended 30 June 2022) are prepared in accordance with UK-adopted International Accounting Standards 34 “Interim Financial Reporting”. The independent auditors’ interim review report with respect to the 2023 Half Year Results contains a material uncertainty related to going concern. The uncertainty is in respect of the outcome of the shareholder vote on the Rights Issue and Capital Reorganisation. If unsuccessful, the trading conditions envisaged in the Group’s going concern severe but plausible adverse scenario, would result in the Group breaching its debt covenants within 12 months of approval of the interim financial statements. These conditions alongside other matters explained in Note 1 to the 2023 Half Year Results, indicate the existence of a material uncertainty which may cast doubt about the Group’s ability to continue as a going concern.

The audited consolidated financial statements for the Group as at and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020, together with the independent auditors’ reports and notes in respect of each such financial year, contained in the 2022 Annual Financial Statements, the 2021 Annual Financial Statements and the 2020 Annual Financial Statements respectively, and the unaudited condensed consolidated interim financial statements for the Group as at, and for, the six months ended 30 June 2023, together with the independent review report and notes in respect of such period, contained in the 2023 Half Year Results, are incorporated by reference into this Part IX (*Historical Financial Information*) as described in Part XIV (*Documents Incorporated by Reference*).

The 2022 Annual Financial Statements contain comparative financial information as at and for the year ended 31 December 2021 which has been restated to give effect to the classification of the Laminates, Films and Coated Fabrics Businesses as discontinued operations for the year ended 31 December 2021. Such comparative financial information has been restated in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.The consolidated financial statements for the Group contained in the 2022 Annual Financial Statements, the 2021 Annual Financial Statements and the 2020 Annual Financial Statements were audited by PricewaterhouseCoopers LLP and the independent auditors’ report for each such financial year was unqualified. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

PART X

OPERATING AND FINANCIAL REVIEW

1. OVERVIEW

Synthomer is a speciality chemical company focused on three core end-markets: coatings and construction; adhesives; and health and protection. Speciality chemicals are value-add products manufactured using polymerisation and other reactive processes to transform commodity raw materials into polymers and other complex chemical outputs that are used by customers in a variety of downstream industries including the healthcare, consumer goods and construction sectors. End-products for the Group's speciality chemicals include, but are not limited to, medical gloves, tyres and rubber modifiers, artificial turf and carpet backing, mattresses, food packaging, coatings and adhesives. The Group had continuing revenue of £2,383.9 million and EBITDA of £249.2 million from continuing operations for the year ended 31 December 2022. With strong geographic diversity and product differentiation, the Group is a major player in a wide range of markets including coatings, construction, textiles, paper and healthcare.

As at 31 December 2022, the Group served over 6,000 customers through these three core end-markets, currently supported by the operation of 36 production sites (taking account of announced closures) in 17 countries, including four innovation Centres of Excellence that form part of the broader network of 20 technical centres, and approximately 5,200 employees globally.

2. FINANCIAL STATEMENTS DISCUSSED

The following discussion is based on (i) the 2022 Annual Financial Statements (including the restated comparative financial information for the year ended 31 December 2021 as presented therein); (ii) the 2021 Annual Financial Statements; (iii) the 2020 Annual Financial Statements; and (iv) the 2023 Half Year Results (including the unaudited comparative financial information for the six months ended 30 June 2022), each incorporated by reference into this Part X (*Operating and Financial Review*) as described in Part XIV (*Documents Incorporated by Reference*) of this document. Following the Eastman Acquisition, the 2022 Annual Financial Statements consolidated the financial information of the Adhesive Resins Business from 1 April 2022. The following discussion and analysis do not otherwise present the historical financial condition, changes in historical financial condition or historical results of operations for the Adhesive Resins Business. The discussion below is primarily based on the Group's "Underlying performance," which is defined in section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*) of this document.

The definition of Special Items has been consistently applied across the periods presented in this document. Special Items are either irregular, and therefore including them in the assessment of the business' performance would lead to a distortion of trends, or are technical adjustments which ensure the Group's consolidated financial statements are in compliance with IFRS but do not reflect the operating performance of the business in the year. The following are consistently disclosed separately as Special Items in order to provide a more clear indication of the Group's Underlying performance:

- restructuring and site closure costs;
- sale of a business or significant asset;
- acquisition costs;
- amortisation of acquired intangible assets;
- impairment of non-current assets;
- fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied;
- items of income and expense that are considered material, either by their size and/or nature;
- tax impact of above items; and
- settlement of prior period tax issues.

The Directors believe that presenting "Underlying performance" as an alternative performance measure provides additional clarity for the Company's investors and stakeholders on the ongoing trading performance of the Group's businesses and it is the primary focus of the Group's narrative

reporting. Caution should be exercised in the comparison of the non-IFRS measures as reported to non-IFRS measures of other companies. Non-IFRS measures have limitations as an analytical tool, and they should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

3. PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

The Group's operating and financial results are affected by a number of factors. These factors have materially influenced the financial condition and results of operations of the Group during the periods under review and are expected to influence the future financial condition and results of operations of the Group. These factors are not exhaustive, and the entirety of this document should be reviewed, particularly Part I (*Risk Factors*).

3.1 General economic and geopolitical conditions and demand in Synthomer's end-markets

The chemicals industry generally and, to a lesser extent, the speciality chemicals segment in which the Group operates, is impacted by general economic conditions. Historically, demand has been generally correlated to GDP and GDP+ growth in the Group's markets both regionally and globally. In particular, the volatility of raw material prices is driven by the volatility in oil prices, which have been and may continue to be affected by geopolitical events, with higher oil prices generally leading to higher costs of energy and raw materials, although some raw materials are impacted less than others.

Synthomer produces a diverse array of product types—NBR, SBR, polymer modifiers, acrylic and vinyl acrylic dispersions, tackifying resins, additives and amorphous polyolefins for adhesive products, acrylate monomers and specialities. Synthomer's products have applications in a variety of end-markets, including coatings, construction, fibre bonding, energy, speciality additives, tyres, hygiene, packaging, tapes and labels, gloves, speciality paper coatings, polymer additives, inorganic additives and acrylate monomers. While the level of demand for each of Synthomer's product types and in each of the Group's end-markets is affected by factors specific to that product type and that particular end-market, certain overarching global trends have an impact across the Group's product types and end-markets. These include demographic changes such as population growth, ageing populations and urbanisation, as well as the impact of an increasing global focus on energy conservation and green products. Demand for customers' end-products is also affected by macroeconomic factors, such as the correlation between demand for construction products and infrastructure spending with economic conditions. The fluctuations in demand for Synthomer's customers' end-products in turn affects the demand for the Group's products. For example, in 2020 and 2021, with the COVID-19 pandemic driving increased demand for medical gloves, Synthomer's NBR plants ran at maximum capacity, with certain plants hitting record capacity driving increased revenue and EBITDA growth across the business. Conversely, 2022 was a challenging year for the NBR business, as high levels of existing inventory of medical gloves and reduced demand created a prolonged period of destocking and, in turn, substantially depressed demand for Synthomer's NBR products. In the absence of growth, Synthomer's NBR plants ran at lower than anticipated utilisation rates during the year ended 31 December 2022 and significant over capacity now exists in the market.

Demand for Synthomer's products also varies in the geographic regions that it serves. Historically, demand in Europe and North America has been driven by changes in demographics, customer requirements for high-quality products and stringent health and safety regulations. Demand in developing regions has been driven by demographic factors such as population growth (in particular, through a growing middle class), ongoing industrialisation and urbanisation as well as infrastructure spending.

3.2 Raw material and energy prices and product pricing

Raw material and energy prices can be volatile and comprise the largest portion of the Group's costs of goods sold, contributing approximately 93% of variable costs for the year ended 31 December 2022. The nature of Synthomer's markets, as well as its market positions and differentiated product offerings, allows Synthomer to manage the majority of its exposure to raw material price fluctuations by generally passing through increases in the prices of raw materials to its customers. For example, while the after-effects of the COVID-19 pandemic and Russia's invasion of Ukraine have disrupted supply chains globally, including within Synthomer's industry, the Group has generally been able to pass through most of these costs, particularly in the speciality business.

Key raw materials are based on petrochemical feedstocks, predominantly butadiene, styrene, butyl acrylate, methyl methacrylate and acrylonitrile. Many suppliers operate globally, with some focusing on a regional approach. Prices of the majority of raw materials (by cost) are in part dependent on crude oil prices but are also influenced by supply and demand of each product and the associated cost of transporting each product. Supply contracts are normally entered into on an annual basis, with price adjustments on a monthly or quarterly basis. The Group buys raw materials either under these supplier contracts or via the spot market, depending on which is more favourable.

Substantially all of the Group's customer agreements have no pricing commitment beyond one month, with approximately one third of agreements being formulaic with the remainder being generally negotiable on a monthly basis. As a result, Synthomer is generally able to modify the pricing of its products in line with increases in the prices of raw materials, resulting in corresponding increases in selling prices, although there is typically a one-month to three-month time lag in the ability to do so.

While the Group enters into derivative agreements to hedge the risk of fluctuations in energy prices, the Group does not use commodity derivatives to hedge the risk of fluctuations in raw materials prices and instead relies on its ability to reflect raw material price volatility in its pricing. However, from time-to-time the Group enters into swaps for its raw materials and sells its purchased raw materials to other buyers in order to manage its quantities of raw materials.

3.3 Acquisitions and disposals

Synthomer's strategy has historically involved opportunistic "bolt-on" acquisitions in businesses operating in similar chemistries and market segments, as well as transformational step change transactions. The Group has focused the expansion of its business through the acquisition of complementary "bolt-on" speciality chemicals businesses that offer product portfolios based on similar chemical reactions or processes. In these situations, the Group aims to leverage its expertise and existing technical knowledge, as the product offerings of these acquired companies may involve similar raw materials to those used by the Group, involve similar types of chemical process (such as polymerisation of monomer chains) or use processes which result in similar kinds of products to those already produced. In addition, the Group has, in the past, pursued acquisitions to expand into new geographies, acquire new technologies and consolidate its market position in existing geographic and end-markets.

From time to time, management has also opportunistically considered investments in larger speciality chemicals companies. However, the delivery of such potential acquisitions is subject to such acquisitions enhancing the Group's overall value and aligning with its strategic and financial objectives.

In July 2019, Synthomer announced the acquisition of OMNOVA at a price of $10.15 per share, representing an enterprise value of $824 million (£654 million). The acquisition was completed on 1 April 2020 for a total consideration of £382.3 million, and has further differentiated and grown the Group's business, strengthening its presence in North America and increasing its presence in Europe and Asia.

In October 2021, Synthomer announced the acquisition of the Adhesive Resins Business, which develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end-markets such as hygiene, packaging and high-performance tyre additives. The acquisition was completed on 1 April 2022, for a total consideration of £779.1 million, allowing Synthomer to build on its significant portfolio and geographic growth alongside the diversification of its portfolio, end-markets and geographies through a complementary business offering. Following completion of the acquisition, the Adhesive Resins Business became Synthomer's Adhesive Technologies division, which delivered revenues of £391.3 million and EBITDA of £39.5 million during the nine-month period following acquisition on 1 April 2022. On 1 January 2023, following the divisional reorganisation of the Group, the Adhesive Technologies division was integrated into the newly formed Adhesive Solutions division. Trading in the first two quarters of ownership of the Adhesive Resins Business was in line with management's expectations. However, in the fourth quarter, volume and EBITDA deteriorated due to a number of macroeconomic and company specific factors, contributing to a non-cash impairment of the acquisition goodwill. See also section 1.4 of Part I (*Risk Factors*).

Management also evaluates the performance of the Group's existing businesses on a continuing basis and, during the period under review, has divested certain businesses and assets in order to streamline

the business. As part of the Group's "*Focus, Strengthen and Grow*" strategy announced in October 2022, the Directors announced an intent to rationalise the Group's portfolio through the disposal of non-core businesses. During the strategic review, a number of non-core businesses were identified that have limited synergies with the rest of the Group's identified growth platforms and which are believed to be less attractive areas to deploy capital. As a result, on 13 December 2022, Synthomer agreed to sell the Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc., and completed the sale on 28 February 2023, raising total net proceeds of $269 million (including $262 million (£218.5 million) of cash consideration after transaction costs received at completion and utilised to repay existing debt, a further $5 million receivable in cash on the 13-month anniversary of completion and other working capital settlement related receivable and remaining transaction costs payable).

During the period under review, the Group has continued to benefit from the realisation of synergies relating to the OMNOVA acquisition. The initially reported expected synergies of $29.6 million (of which the Group achieved 50% on a run rate basis within the twelve-month period following the completion of the acquisition) were subsequently revised upwards in August 2020 to $40 million. The synergies identified by management in the OMNOVA acquisition were realised more quickly than budgeted, with $42 million in synergies realised in the first 18 months following completion of the OMNOVA acquisition.

3.4 Investments

Investing in innovation, R&D and operational excellence is important to succeed in the speciality chemicals industry. As customers' needs evolve and the competitive outlook and regulatory environment changes, it is important to remain agile and to adapt in order to meet market demands. The Group's management recognises the importance of innovation to the success of the business and to that of its customers, with the Group having an impressive track record and pipeline of new product development through customer-focused R&D. Over the past three fiscal years, the Group has maintained its sales volume derived from products launched in the previous five years at or above its target levels, deriving 22%, 24% and 20% of the Group's sales volume from products that were launched in the previous five years in 2020, 2021, and 2022, respectively. The decrease in 2022 compared to prior periods was primarily due to the ongoing effects of the COVID-19 pandemic, which slowed the commercialisation of some new products in early 2022, although there was increased momentum in the second half of the year as more customers were able to test and validate the Group's new products. Additionally, in the year ended 31 December 2022, Synthomer introduced 18 new products and since 2019, it has filed patent applications on 39 new inventions and registered 16 new patents.

With regard to innovation and R&D, Synthomer maintains a network of 20 innovation sites around the world, including four centres of innovation excellence in the UK, Malaysia, Germany and the United States. As at 31 December 2022, the Group had 360 full-time employees in R&D. Synthomer's commitment to R&D and product development has continued to grow, despite the announced cash saving measures and a challenging macroeconomic backdrop, with research and development expenditures during the period increasing to £33.7 million for the year ended 31 December 2022, from £28.9 million for the year ended 31 December 2021 and £25.8 million for the year ended 31 December 2020.

Synthomer has also made a number of investments in its manufacturing capabilities to raise production capacity, streamline operations, drive cost efficiency, enhance SHE processes and improve sustainable practices. In 2022 alone, the Group completed the JOB6 Nitrile latex capacity expansion project in Pasir Gudang (Malaysia), further increasing capacity by 60,000 tonnes, and delivered additional production capacity through debottlenecking projects and operational efficiency initiatives, including the successful debottlenecking project at its Stallingborough (UK) site.

Discipline in capital allocation remains a key focus, with hurdle rates for capital expenditure growth projects requiring an internal rate of return higher than the cost of capital. In May 2022, the Group launched a working capital and capital expenditure review across the business, which was further accelerated and extended in September 2022. Following the review, management announced cash saving targets and a focus on disciplined capital allocation, including the allocation of approximately 75% of capital being deployed to the Coatings & Construction Solutions and Adhesive Solutions divisions over the medium-term, with the remaining 25% to the Health & Protection and Performance Materials division.

3.5 Exchange rate fluctuations

Translation effect

The Group's reporting and functional currency is the pound sterling, while it generates sales, incurs costs and has assets and liabilities at Synthomer's various subsidiaries in other currencies, particularly the euro, US dollar and Malaysian ringgit. Therefore, a weakening of the pound sterling against the euro, US dollar or Malaysian ringgit will result in an increase in revenues and costs as reported in pound sterling and, conversely, a strengthening of the pound sterling against the euro, US dollar or Malaysian ringgit will result in a decrease in revenues and costs as reported in pound sterling. As many of the Group's operations are in markets other than the UK, these effects may be significant. Profit translation exposures from overseas operations are not hedged.

The balance sheets of Synthomer's overseas subsidiaries may include monetary assets and liabilities denominated in currencies other than the subsidiary's reporting currency, which exposes the subsidiaries, and accordingly the Group, to another type of translation effect. In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The table below illustrates the effect on the Group's consolidated income statement and items for each of the years ended 31 December 2021 and 2022 which are recognised directly in equity that would result from reasonably possible movements in the euro, US dollar and Malaysian ringgit to pound sterling exchange rates, before the effect of tax.

	For the year ended 31 December 2021			For the year ended 31 December 2022		
	Income statement		Equity	Income statement		Equity
Foreign currency sensitivity analysis	**Underlying performance -/+ (£ in millions)**	**IFRS -/+ (£ in millions)**	**IFRS -/+ (£ in millions)**	**Underlying performance -/+ (£ in millions)**	**IFRS -/+ (£ in millions)**	**IFRS -/+ (£ in millions)**
Malaysian ringgit exchange rate -/+ 10%	0.5	0.5	—	1.8	1.8	—
Euro exchange rate -/+ 10%	1.0	1.0	10.0	7.4	7.4	5.3
US dollar exchange rate -/+ 10%	19.6	19.6	11.6	4.3	4.3	8.7

Transactional effects

Due to the international nature of the Group's operations, transactions are frequently conducted in currencies other than the functional currency of the Group. Transactions in currencies other than the Group's functional currency are recorded at the exchange rates prevailing on the dates of the transactions and as a result, the Group may have an exposure to transactional risks. The Group's policy is, where practicable, to hedge exposures on monetary assets and liabilities. In regard to transactions with suppliers and customers in currencies other than the pound sterling, the Group's policy is to hedge significant foreign exchange transactional exposure at the operating company level using forward foreign exchange contracts.

Indebtedness

The majority of the Group's outstanding indebtedness is denominated in currencies other than pound sterling, serving as a hedge against its assets denominated in those currencies. The amount of reported indebtedness is therefore subject to currency-related fluctuations when translated into pound sterling for inclusion in the Group's financial statements at period-end exchange rates. Therefore, a weakening of the pound sterling against the euro or US dollar, for example, will result in an increase in the pound sterling value of euro or US dollar-denominated indebtedness while a strengthening of the pound sterling against the euro and the US dollar will result in a decrease in the pound sterling value of respective euro or US dollar-denominated indebtedness.

As at 31 December 2022, the Group's borrowings were primarily denominated in euros and US dollars, with total borrowings denominated in euros amounting to the pound sterling equivalent of £602.0 million and borrowings denominated in US dollars amounting to the pound sterling equivalent of £556.7 million.

3.6 Environmental considerations

The Group's results of operations are subject to extensive and continuously evolving environmental laws and regulations. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges and air emissions including greenhouse gases. Synthomer has invested, and will continue to invest, financial and technical resources in order to achieve and maintain compliance with environmental requirements. Environmental considerations can also impact the markets in which the Group operates, including its position with respect to other competitors.

The main regulations relating to the safe use of substances and chemicals affecting the Group's industry are the REACH regulation in the European Union, UK REACH in the UK and the TSCA in the United States, which impose significant obligations on the chemicals industry with respect to the testing, evaluation, assessment and registration of substances. The obligations imposed by these and other regulations are expensive and time-consuming and lead to increased production costs and reduced operating margins for chemical products. In addition, costs may be incurred in connection with the restoration and decommissioning of former manufacturing sites. See also section 3.2 of Part I (*Risk Factors*).

Synthomer's product line consists of a wide range of speciality polymers which are used as the base component or as a performance enhancing ingredient in materials such as coatings, adhesives, construction materials, rubber and plastics. The majority of these products are water-based systems which are produced and used without the need for volatile organic solvents. For example, Synthomer produces polymers which are the base material in water-based paints which replace less sustainable solvent-based coatings. The balance of the Group's product portfolio consists of resins and polymers which are "100% active" in use, meaning they are used in applications such as hot melt adhesive without the need for solvents or water carriers. In all, Synthomer's products enable the elimination of the use of solvents, thus eliminating emissions of VOCs to the environment, some of which can have harmful effects on human health and the environment.

3.7 Product and end-market mix

Synthomer produces and sells a wide range of speciality chemical products in different geographic regions and for a variety of end-markets. Overall, management believes that the Group's product mix is well-balanced, with 42%, 27.7%, 16.4%, 9.8% and 4.1% of worldwide continuing revenues (excluding intersegmental revenues) for the year ended 31 December 2022 generated from sales of Functional Solutions, Performance Elastomers, Adhesive Technologies, Industrial Specialities and Acrylate Monomers, respectively.

The Group's products have applications in a range of end-markets. As at 1 January 2023, Synthomer reorganised its divisional structure along three new, market-focused divisions, to better serve its end-market customers, comprised of (i) Coatings & Construction Solutions, (ii) Adhesive Solutions and (iii) Health & Protection and Performance Materials.

Health & Protection and Performance Materials (with end-markets uses including medical glove manufacturing, speciality paper, food packaging, carpet and artificial turf, gel foam elastomers and vinyl-coated seating fabrics) is the largest division, with sales constituting 29.2% of total revenues for the six months ended 30 June 2023. Over the same period, sales within the Coatings & Construction Solutions division (with end-markets uses including architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding and energy solutions) constituted 42.0% of total revenues, while the Adhesive Solutions division (with end-markets uses including tapes and labels, packaging, hygiene, tires and plastic modification) constituted 28.8% of the Group's total revenues.

The composition of the Group's sales to each end-market is affected by market dynamics, whether due to long-term end-market trends, such as the growth in the Nitrile disposable glove market, evolving customer needs or due to competitive pressure such as shorter-term customer stocking and destocking. The demand for the Group's products in the end-markets it serves are also affected by overarching factors such as demographic changes—including population growth, urbanisation and an

ageing population, as well as the impact of an increasing global focus on energy conservation, and green products.

Overall, while management believes that the Group's product mix is well balanced, over the medium-term the goal is to further rebalance the Group's geographic distribution through increased weighting of revenues in the United States and Asia, and a stronger weighting of higher margin speciality products relative to base products.

To maintain an appropriate product mix for each market, management continues to monitor and respond to industry trends and market developments, in order to tailor the Group's R&D processes to develop innovative products and solutions that anticipate market and customer needs, and to acquire and integrate companies that complement its existing product mix.

3.8 Seasonality

The Group's operations are affected by seasonal fluctuations in demand as customers in many of the end-markets served slow down operations during certain months of the year. These fluctuations affect both sales volumes and the prices of the raw materials used in the manufacturing processes. Generally, and absent the impact of major demand or supply shocks, management expects approximately 55% of the Group's underlying operating profit to be generated in the first half of each calendar year, and approximately 45% of underlying operating profit to be generated in the second half of each calendar year due to the slowdown around the summer holidays in July and August and the Christmas holidays in December. Changes in demand based on seasonal fluctuations can also affect working capital requirements. Management continually monitors seasonal changes in demand in order to mitigate possible effects on the business.

4. FACTORS AFFECTING COMPARABILITY OF THE GROUP'S RESULTS OF OPERATIONS

As a result of certain events, such as adoption of material new accounting standards and amendments or major acquisitions and disposals, year-on-year comparisons of financial results may not be fully comparable. The Group's revenue, operating profit and other financial results may be affected by such factors as changes in accounting standards or changes in the scope of the Group's business between financial periods.

4.1 Recent Acquisitions and Dispositions

The Group consummated the following acquisitions and dispositions:

2022

In October 2021, Synthomer announced the acquisition of the Adhesive Resins Business, which developed, manufactured and sold tackifying resins and additives for adhesive products, with a strong focus on attractive end-markets such as hygiene, packaging and high-performance tyre additives. The Eastman Acquisition was completed on 1 April 2022, for a total consideration of £779.1 million, allowing Synthomer to build on its significant portfolio and geographic growth, while simultaneously diversifying its portfolio, end-markets and geographies through a complementary business offering. The results of the Adhesive Resins Business have been consolidated within the Group financial information from 1 April 2022, the completion date of the Eastman Acquisition. As a result, the operational and financial information presented as at and for the year ended 31 December 2022 and the six months ended 30 June 2022 do not account for the full year trading impact of the Adhesive Resins Business. The results of the Adhesive Resins Business are not consolidated in periods prior to 1 April 2022, and therefore the operational and financial information presented as at and for the year ended 31 December 2021 may not be directly comparable with prior periods while the operational and financial information presented as at and for the six months ended 30 June 2022 may not be directly comparable with subsequent periods.

On 13 December 2022, Synthomer announced an agreement to dispose of its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc. and completed the disposal on 28 February 2023. The final net cash proceeds received at completion amounted to $262 million, and were used to repay existing debt, with a further $5 million receivable in cash on the 13-month anniversary of completion and other working capital settlement related receivable and remaining transaction costs payable, giving a total net proceeds of $269m. This triggered the classification of the Laminates, Films and Coated Fabrics Businesses as discontinued operations and assets held for sale

in the 2022 Annual Financial Statements (including the restatement of the 2021 comparative financial information presented therein) as the approved plan and announcement to divest the Laminates, Films and Coated Fabrics Businesses represented a major line of business discontinuation under IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. See Note 31 to the 2022 Annual Financial Statements, which are incorporated by reference as described in Part XIV (*Documents Incorporated by Reference*) of this document. Moreover, as a result of the disposal of the Laminates, Films and Coated Fabrics Businesses prior to 1 January 2023, the operational and financial information presented as at and for the six months ended 30 June 2023 may not be directly comparable with prior periods.

2021

On 7 April 2021, Synthomer disposed of 100% of its shareholding in Synthomer (Thailand) Limited to Rimrise FZE for consideration of £2.9 million. The disposal did not have a material impact on the comparison of financial results for the periods under review.

2020

On 1 April 2020, Synthomer completed the acquisition of OMNOVA for consideration of £382.3 million. The acquisition of OMNOVA contributed to strong revenue and EBITDA growth in the years ended 31 December 2020 and 2021. As a condition to the European Commission Competition Authority's approval of the OMNOVA acquisition, Synthomer Deutschland GmbH disposed of its Pyratex VP Latex business to Trinseo SA on 1 May 2020. The results of OMNOVA have been consolidated within the Group's financial information from 1 April 2020, the completion date of the OMNOVA acquisition. As a result, the operational and financial information presented for the year ended 31 December 2020 does not account for the full year trading impact of OMNOVA, and therefore may not be directly comparable with subsequent periods.

4.2 Organisational Restructuring of Business Segments

As at 1 January 2023, Synthomer reorganised its divisional structure along three new, market-focused divisions, to better serve its end-market customers, comprised of:

- *Coatings & Construction Solutions* focuses on enhancing the sustainable performance of a wide range of coatings and construction products, with a total addressable market of more than £8,000 million covering architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, gel foam elastomers and energy solutions. For the year ended 31 December 2022, Coatings & Construction Solutions had revenue of £996.1 million, with EBITDA of £120.8 million and underlying operating profit of £94.1 million from continuing operations.
- *Adhesive Solutions* focuses on the solutions needed to bond, modify and compatibilise surfaces and components for products including tapes and labels, packaging, hygiene, building and construction, tyres and plastic modification, helping improve the permeability, strength, elasticity, damping, dispersion and grip of these end-products. For the year ended 31 December 2022, Adhesive Solutions had revenue of £572.9 million, with EBITDA of £67.2 million and underlying operating profit of £44.5 million from continuing operations.
- *Health & Protection and Performance Materials* focuses on the enhancement of the protection and performance of goods across a wide range of industries including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf. For the year ended 31 December 2022, Health & Protection and Performance Materials had revenue of £814.9 million, with EBITDA of £81.9 million and underlying operating profit of £50.6 million from continuing operations.

From 1 April 2022 to 31 December 2022, the Group operated under the four global operating segments below:

- *Functional Solutions*: This segment historically focused on coatings, construction, adhesives and technical textiles markets through the Group's acrylic and vinylic based dispersions products. For the year ended 31 December 2022, Functional Solutions had revenue of £1,001.3 million and volumes of 592.7 kilotonnes, representing 42% of the Group's total revenue from continuing

operations and 39.7% of total volumes of products sold, for this period, with EBITDA of £127.8 million and underlying operating profit of £101.1 million.

- *Performance Elastomers*: This segment historically focused on the healthcare, carpet, paper and foam markets through the Group's NBR, SBR and elastomeric modifiers products. For the year ended 31 December 2022, Performance Elastomers had revenue of £659.7 million and volumes of 645.3 kilotonnes, representing 27.7% of the Group's total revenue from continuing operations and 43.2% of total volumes of products sold, for this period, with EBITDA of £49.1 million and underlying operating profit of £19.5 million.
- *Industrial Specialities*: This segment historically focused on speciality chemical additives and non-aqueous based chemistry for a broad range of applications from polymer additives to emerging materials and technologies. For the year ended 31 December 2022, Industrial Specialities had revenue of £233.9 million and volumes of 65.9 kilotonnes representing 9.8% of the Group's total revenue from continuing operations and 4.4% of total volumes of products sold, for this period, with EBITDA of £31.8 million and underlying operating profit of £25.5 million.
- *Acrylate Monomers*: This segment historically focused on the production of acrylate monomers from a single site in Sokolov, Czech Republic, which are sold to external customers in European markets as well as to the Group's European Functional Solutions dispersions business. For the year ended 31 December 2022, Acrylate Monomers had revenue of £97.7 million (excluding inter-segmental revenue) and volumes of 50.8 kilotonnes representing 4.1% of the Group's total revenue from continuing operations and 3.4% of total volumes of products sold, for this period, with EBITDA of £21.7 million and underlying operating profit of £20.6 million.

Following completion of the Eastman Acquisition on 1 April 2022, the Adhesive Technologies division was formed from the newly acquired Adhesive Resins Business. As a result, for the year ended 31 December 2022, in addition to the four above mentioned segments, the Group additionally presented financial results for the Adhesive Technologies segment:

- Adhesive Technologies: This segment historically focused on tackifying resins, polymers and additives for adhesive products, for uses in end-markets such as packaging, hygiene and high-performance tyre additives. For the year ended 31 December 2022, Adhesive Technologies had revenue of £391.3 million and volumes of 138.5 kilotonnes representing 16.4% of the Group's total revenue and 9.3% of total volumes of products sold, for this period, with EBITDA of £39.5 million and underlying operating profit of £22.5 million. Following completion of the Eastman Acquisition, the Adhesive Resins Business became the new Adhesive Technologies division, which delivered revenues of £391.3 million and EBITDA of £39.5 million during the nine-month period following acquisition on 1 April 2022 and, accordingly, the results for the year ended 31 December 2022 reflect nine months of trading and no comparative information is provided for the prior period. On 1 January 2023, following Synthomer's divisional reorganisation, the Adhesive Technologies division was integrated into the newly formed Adhesive Solutions division.

  A segmental analysis of IFRS measures, Underlying performance and Special Items is shown below for the years ended 31 December 2021 and 2022, as derived from the 2022 Annual Financial Statements (including the comparative 2021 comparative financial information presented therein) and the 2021 Annual Financial Statements, each incorporated by reference as described in Part XIV (*Documents Incorporated by Reference*) of this document:

	Year ended 31 December 2022								
	Continuing Operations							Discontinued Operations	
	Performance Elastomers	Functional Solutions	Industrial Specialities	Acrylate Monomers	Adhesive Technologies	Corporate	Total	Industrial Specialities	Total
	(£ in millions)								
Revenue	659.7	1,001.3	233.9	116.0	391.3	—	2,402.2	201.2	2,603.4
Intersegmental revenue	—	—	—	(18.3)	—	—	(18.3)	—	(18.3)
Total Revenue	**659.7**	**1,001.3**	**233.9**	**97.7**	**391.3**	**—**	**2,383.9**	**201.2**	**2,585.1**
EBITDA	**49.1**	**127.8**	**31.8**	**21.7**	**39.5**	**(20.7)**	**249.2**	**15.9**	**265.1**
Depreciation and amortisation	(29.6)	(26.7)	(6.3)	(1.1)	(17.0)	(6.0)	(86.7)	(7.2)	(93.9)
Operating profit/(loss) before Special Items	**19.5**	**101.1**	**25.5**	**20.6**	**22.5**	**(26.7)**	**162.5**	**8.7**	**171.2**
Special Items	(1.9)	(31.3)	(2.8)	—	(169.3)	22.3	(183.0)	(14.7)	(197.7)
Operating profit/(loss)	**17.6**	**69.8**	**22.7**	**20.6**	**(146.8)**	**(4.4)**	**(20.5)**	**(6.0)**	**(26.5)**
Finance costs									(21.1)
Loss before taxation									**(47.6)**

	Year ended 31 December 2021[1]								
	Continuing Operations							Discontinued Operations	
	Performance Elastomers	Functional Solutions	Industrial Specialities	Acrylate Monomers	Adhesive Technologies	Corporate	Total	Industrial Specialities	Total
	(£ in millions)								
Revenue	951.5	900.3	197.2	110.3	—	—	2,159.3	185.3	2,344.6
Intersegmental revenue	—	—	—	(15.1)	—	—	(15.1)	—	(15.1)
Total Revenue	**951.5**	**900.3**	**197.2**	**95.2**	—	—	**2,144.2**	**185.3**	**2,329.5**
EBITDA	**320.7**	**139.2**	**23.4**	**35.3**	—	**(20.6)**	**498.0**	**24.2**	**522.2**
Depreciation and amortisation	(25.8)	(28.1)	(7.6)	(0.8)	—	(2.9)	(65.2)	(6.1)	(71.3)
Operating profit/(loss) before Special Items	**294.9**	**111.1**	**15.8**	**34.5**	—	**(23.5)**	**432.8**	**18.1**	**450.9**
Special Items	(8.0)	(41.3)	(8.0)	(5.2)	—	(73.8)	(136.3)	(6.1)	(142.4)
Operating profit/(loss)	**286.9**	**69.8**	**7.8**	**29.3**	—	**(97.3)**	**296.5**	**12.0**	**308.5**
Finance costs									(24.6)
Profit before taxation									**283.9**

(1) This information has been derived from the comparative financial information for the year ended 31 December 2021, included in the 2022 Annual Financial Statements.

4.3 Impact of the COVID-19 pandemic on the Group's business

Following the initial wave of the COVID-19 pandemic in early 2020, the Group's sales volumes were initially impacted by weaker end-market demand, the closure of certain of key customers and disruptions in certain parts of the Group's supply chain. However, in many of the Group's operative jurisdictions, Synthomer was classified as an essential industry, which allowed the Group to continue to operate and some of its consumer-facing end-markets experienced a surge in demand for do-it-yourself ("**DIY**") products in the second half of 2020. Management enacted measures to adapt to local regulations throughout COVID-19, including introducing SHE standards, having fewer people on site and closing labs when needed.

While Synthomer experienced challenges during the year ended 31 December 2020, including those associated with integrating OMNOVA in a remote work environment, the Group's approximately 40 site global network operated largely as normal with no significant issues experienced with regard to raw material supply, the distribution of finished goods or the availability of operating personnel, and the integration of OMNOVA proceeded according to plan, with synergies realised more quickly than was initially budgeted. Moreover, despite proactive decisions taken by the Board at the onset of COVID-19 to manage capital expenditure to preserve cash, liquidity and balance sheet strength, investments continued to be made in important growth projects over the same year, including the JOB6 Nitrile latex expansion at Pasir Gudang (Malaysia) and certain SHE and sustenance activities aimed at improving the ongoing safety and reliability of the Group's assets. For the year ended 31 December 2020, EBITDA and revenue overperformed relative to both the prior year and management's initial budgets, driven predominantly by demand for Nitrile latex, a key ingredient in the manufacturing of latex gloves, as well as increased demand in DIY end-markets in Europe.

The demand for Nitrile latex further drove growth in revenue and EBITDA in the year ended 31 December 2021, allowing the Group to make significant inorganic and organic investments to strengthen its platform for future growth. However, Nitrile latex products saw significantly weaker levels of demand in the year ended 31 December 2022, as a result of substantial glove destocking by end-users and customers, following overstocking during the COVID-19 pandemic.

At the same time, the aftershocks of the COVID-19 pandemic have disrupted supply chains, increasing raw material costs as a result. And while the Group has been able to pass through much of these costs, particularly in the speciality businesses, they have led to higher working capital levels for the year ended 31 December 2022. As a consequence of the COVID-19 pandemic and the related aftershocks, there have been, and may continue to be, changes to the way that the Group conducts business.

5. KEY CONSOLIDATED INCOME STATEMENT ITEMS

The following is a description of certain line items as discussed in this Part X (*Operating and Financial Review*):

5.1 Revenue

For the six months ended 30 June 2023, the Group derived revenue from its three market-focused divisions: Coatings & Construction Solutions, Adhesive Solutions and Health & Protection and Performance Materials. For the year ended 31 December 2022 and the six months ended 30 June 2022, the Group derived revenue from its five global operating segments: Performance Elastomers, Functional Solutions, Industrial Specialities, Acrylate Monomers and Adhesive Technologies. For each of the years ended 31 December 2020 and 2021, the Group derived revenue from four global operating segments: Performance Elastomers, Functional Solutions, Industrial Specialities and Acrylate Monomers. Synthomer earns revenues from the sales of a variety of products, including: NBR, SBR, elastomeric modifiers, aqueous dispersions, tackifying resins, acrylate monomers and specialities.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer when performance obligations are satisfied. Revenue is recognised at the point in time when control of the product is transferred from Synthomer to the customer.

The customer is deemed to obtain control of the resultant asset in line with the international commercial terms developed by the International Chamber of Commerce ("incoterms") under which it is sold. The significant majority of Synthomer's products are sold under carriage paid to and carriage and insurance paid incoterms. Under these terms, control of the product is transferred when the goods reach their destination. At this point the risks of obsolescence and loss have been transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

5.2 Cost of sales

Cost of sales includes raw materials and other fixed and variable production costs associated with producing the products for sale. Fixed costs included in the cost of sales are the wages and salaries of plant workers, rent, repairs and maintenance, while variable costs include the costs of raw materials, freight, utilities, packaging and consumables.

5.3 Gross profit

Gross profit is calculated as revenue less the cost of sales.

5.4 Sales and marketing costs

Sales and marketing costs primarily relate to costs incurred in respect of sales personnel, including wages and salaries and travel expenses, in addition to marketing, advertising and subscriptions to associated trade bodies.

5.5 Administrative expenses

Administrative expenses typically include indirect wages and salaries associated with the Group's employees, as well as indirect overheads. Indirect overheads would include such items as R&D

expenses, insurance costs, legal and professional fees, office supplies, marketing and promotional expenditure and costs associated with a listed public company.

5.6 EBITDA

EBITDA is calculated as operating profit before depreciation and amortisation and Special Items. A reconciliation between EBITDA and IFRS operating profit is below:

	For the six months ended 30 June		For the year ended 31 December		
	2023 (unaudited)	2022[1] (unaudited)	2022	2021	2020
	£ millions				
EBITDA	74.5	173.1	265.1	522.2	259.4
Underlying depreciation and amortisation	(48.6)	(41.1)	(93.9)	(71.3)	(69.8)
Special Items	29.8	(15.0)	(197.7)	(142.4)	(131.2)
Operating profit/(loss)—IFRS	**55.7**	**117.0**	**(26.5)**	**308.5**	**58.4**

(1) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

5.7 Depreciation and amortisation

Depreciation and amortisation includes depreciation of property, plant and equipment used in the production, sales or distribution of products, as well as amortisation of intangible assets.

5.8 Underlying operating profit

Underlying operating profit represents profit from continuing activities before finance costs, taxation, and Special Items.

5.9 Finance costs

Finance costs is calculated as interest payable on borrowings and overdrafts less interest receivable, the amortisation of set-up costs for facilities, plus interest charges payable on pension liabilities which are recognised and measured in accordance with IAS 19 Employee Benefits, fair value of unhedged interest derivatives and finance costs for discontinued operations.

5.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

5.11 Underlying performance

The IFRS profit measures show the Group's performance as a whole and, as such, includes all sources of income and expenses, including both irregular items and those that do not relate to the Group's ongoing businesses. To provide additional clarity on the ongoing trading performance of the Group's businesses, management uses "Underlying performance" as an alternative performance measure to plan for, control and assess the performance of the business. Underlying performance differs from the IFRS measures as it excludes Special Items. For further information regarding Underlying performance, see section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*).

6. RESULTS OF UNDERLYING OPERATIONS

6.1 Comparison of Underlying unaudited financial results for the six months ended 30 June 2022 and 2023

The Group's consolidated results of operations for each of the six months ended 30 June 2022 and 2023, including the unaudited comparative financial information for the six months ended 30 June 2022, prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting are reported in the 2023 Half Year Results, incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*). See also section 5 (*Presentation of Financial Information*) of Part II (*Important Notices*) and Part IX (*Historical Financial Information*).

Overview

The table below outlines the Group's unaudited consolidated underlying results of operations for the six months ended 30 June 2022 and 2023.

	For the six months ended 30 June	
Underlying Performance—Continuing operations[1]	**2022[2] (unaudited)**	**2023 (unaudited)**
	£ millions	
Underlying revenue	**1,228.3**	**1,075.3**
EBITDA[3]	**162.8**	**72.0**
Underlying depreciation and amortisation	(37.5)	(48.6)
Underlying operating profit	**125.3**	**23.4**
Underlying finance costs	(17.3)	(32.6)
Underlying profit before tax	**108.0**	**(9.2)**
Underlying taxation	(25.7)	1.5
Underlying profit for the period	**82.3**	**(7.7)**

(1) Underlying performance means the statutory performance of the Group under IFRS, excluding the effect of Special Items.

(2) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

(3) EBITDA is calculated as operating profit before depreciation and amortisation and Special Items. See "*—EBITDA—Continuing Operations"* below for a reconciliation between IFRS operating profit and EBITDA for the periods presented.

Underlying revenue—Continuing operations

Underlying revenue decreased by £153.0 million, or 12.5%, to £1,075.3 million for the six months ended 30 June 2023, from £1,228.3 million for the six months ended 30 June 2022, primarily due to lower volumes in all divisions and lower raw material prices passed onto customers, partially offset by an extra quarter of sales from the Eastman Acquisition. On a constant currency basis, revenue decreased by 14.7% for the six months ended 30 June 2023.

EBITDA—Continuing operations

EBITDA decreased by £90.8 million, or 55.8%, to £72.0 million for the six months ended 30 June 2023, from £162.8 million for the six months ended 30 June 2022, primarily due to lower volumes and higher energy costs in all divisions, partially offset higher margins in Coatings & Construction

Solutions, and cost savings. The table below provides a reconciliation between IFRS operating profit and EBITDA for the periods:

Underlying Performance—Continuing operations[1]	For the six months ended 30 June	
	2022[2] (unaudited)	2023 (unaudited)
	£ millions	
EBITDA	**162.8**	**72.0**
Underlying depreciation and amortisation	(37.5)	(48.6)
Special Items	(11.5)	(32.2)
of which		
Amortisation of acquired intangibles	(19.5)	(24.3)
Restructuring and site closure costs	(4.5)	(6.6)
Acquisition costs and related gains	(6.5)	(1.3)
Sale of business	0.3	—
Regulatory fine	18.7	—
Operating profit/(loss)—IFRS	**113.8**	**(8.8)**

(1) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

(2) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

Underlying depreciation and amortisation—Continuing operations

Underlying depreciation and amortisation increased by £11.1 million, or 29.6%, to £48.6 million for the six months ended 30 June 2023, from £37.5 million for the six months ended 30 June 2022, primarily due to an extra quarter of depreciation from the Eastman Acquisition.

Underlying operating profit—Continuing operations

Underlying operating profit decreased by £101.9 million, or 81.3%, to £23.4 million for the six months ended 30 June 2023, from £125.3 million for the six months ended 30 June 2022, primarily due to lower volumes and higher energy costs in all divisions, partially offset higher margins in Coatings & Construction Solutions, and cost savings.

The table below outlines the Special Items for each of the six months ended 30 June 2022 and 2023 and provides a reconciliation between IFRS operating profit and underlying operating profit for the periods:

	For the six months ended 30 June	
	2022[1] (unaudited)	2023 (unaudited)
	£ millions	
Underlying operating profit	**125.3**	**23.4**
Special Items[2]	(11.5)	**(32.2)**
of which		
Amortisation of acquired intangibles	(19.5)	(24.3)
Restructuring and site closure costs	(4.5)	(6.6)
Acquisition costs and related gains	(6.5)	(1.3)
Sale of business	0.3	—
Regulatory fine	18.7	—
Operating profit/(loss)—IFRS	**113.8**	**(8.8)**

(1) The financial information for the six months ended 30 June 2022 has been derived from the unaudited comparative financial information included in the 2023 Half Year Results.

(2) For further discussion of Special Items, refer to "*—Operating Profit—IFRS*" below.

Operating profit—IFRS—Continuing operations

IFRS operating profit/(loss) decreased by £122.6 million, to a loss of £8.8 million for the six months ended 30 June 2023, from a profit of £113.8 million for the six months ended 30 June 2022. Operating loss attributable to Special Items increased by £20.7 million, to £32.2 million for the six months ended 30 June 2023, from £11.5 million for the six months ended 30 June 2022.

The amortisation of acquired intangibles relates to acquired customer relationships. Amortisation of acquired intangibles increased to £24.3 million for the six months ended 30 June 2023, from £19.5 million for the six months ended 30 June 2022 as a result of the Eastman Acquisition.

Restructuring and site closure costs for the six months ended 30 June 2023 primarily related to a £2.4 million charge for ongoing integration of the Eastman Acquisition, and a further £4.2 million in relation to enacting the new the strategy and realignment of the business into its new divisions effective 1 January 2023. Restructuring and site closure costs for the six months ended 30 June 2022 primarily related to a £1.3 million initial charge for the integration of the Adhesive Resins Business, a £2.2 million charge for the closure of a small site in Malaysia and the consolidation of production to a larger scale facility and a £1.3 million charge relating to the planning and implementation of a Group-wide strategic review.

Acquisition costs and related gains for the six months ended 30 June 2023 primarily related to the Eastman Acquisition. Acquisition costs and related gains for the six months ended 30 June 2022 primarily related to the acquisition of the Adhesive Resins Business and comprised £7.0 million of costs, mainly professional adviser fees contingent on completion, and the £4.9 million impact of unwinding the fair value adjustment on acquisition of inventory. This was offset by a £5.4 million gain on the foreign exchange derivative entered into in October 2021 to hedge the acquisition price.

Gain on the sale of business for the six months ended 30 June 2023 primarily related to the sale of the Laminates, Films and Coated Fabrics Businesses on 28 February 2023. Gain on the sale of business for the six months ended 30 June 2022 primarily related to the sale of a joint venture distribution business acquired with the OMNOVA acquisition.

Regulatory fine related to the impact of the European Commission's investigation into styrene monomer purchasing practices of a number of companies, including Synthomer, operating in the EEA. The Group fully cooperated with the European Commission throughout the investigation. Based on the information available as at 30 June 2022 and the Company´s updated assessment of the expected outcome of the investigation, the existing provision of £57.2 million had been adjusted to £40.1 million.

Underlying finance costs—Continuing operations

Underlying finance costs increased by £15.3 million, or 88.4%, to £32.6 million for the six months ended 30 June 2023, from £17.3 million for the six months ended 30 June 2022. This was primarily due to the sale of the Laminates, Films and Coated Fabrics Businesses on 28 February 2023.

Underlying profit before tax—Continuing operations

As a result of the foregoing, underlying profit before tax decreased by £117.2 million, to a loss of £9.2 million for the six months ended 30 June 2023, from £108.0 million for the six months ended 30 June 2022.

Underlying taxation—Continuing operations

Underlying taxation decreased by £27.2 million, or 105.8%, to a tax credit of £1.5 million for the six months ended 30 June 2023, from £25.8 million for the six months ended 30 June 2022. The effective tax rate on Underlying performance decreased to 16.3% for the six months ended 30 June 2023, from 22.5% for the six months ended 30 June 2022.

6.2 Comparison of underlying financial results for the years ended 31 December 2021 and 2022

The Group's consolidated results of operations for each of the years ended 31 December 2021 (restated) and 2022 prepared under IFRS are reported in the 2022 Annual Financial Statements (including the restated unaudited comparative financial information for the year ended 31 December

2021 as presented therein), which is incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*).

Overview

The table below outlines the Group's consolidated underlying results of operations for the years ended 31 December 2021 and 2022.

Underlying performance—Continuing operations[1]	For the year ended 31 December	
	2021[2]	2022
	£ millions	
Underlying revenue	**2,144.2**	**2,383.9**
Cost of sales	(1,479.2)	(1,971.4)
Gross profit	**665.0**	**412.5**
Sales and marketing costs	(48.6)	(73.5)
Administrative expenses	(121.0)	(91.5)
Share of joint venture	2.6	1.7
EBITDA	**498.0**	**249.2**
Underlying depreciation and amortisation	(65.2)	(86.7)
Underlying operating profit	**432.8**	**162.5**
Underlying finance costs	(30.4)	(45.8)
Underlying profit before tax	**402.4**	**116.7**
Underlying taxation	(93.6)	(27.6)
Underlying profit for the year	**308.8**	**89.1**

(1) Underlying performance means the statutory performance of the Group under IFRS, excluding the effect of Special Items.

(2) Results from continuing operations are derived from the restated comparative financial information for the year ended 31 December 2021 included in the 2022 Annual Financial Statements and in Note 6 (*Operating profit—continuing operations*) presented in the 2022 Annual Financial Statements, incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*) of this document. See Note 31 (Discontinued operations) to the 2022 Annual Financial Statements.

Underlying revenue—Continuing operations

Underlying revenue for continuing operations increased by £239.7 million, or 11.2%, to £2,383.9 million for the year ended 31 December 2022, from £2,144.2 million for the year ended 31 December 2021, primarily due to the contribution of the acquired Adhesive Resins Business and an increase in the costs of raw materials which the Group was able to pass on, partially offset by a reduction in volume. On a constant currency basis, underlying revenue increased by 9.7% for the year ended 31 December 2022.

Revenues from Performance Elastomers decreased by £291.8 million, or 30.7%, to £659.7 million for the year ended 31 December 2022, from £951.5 million for the year ended 31 December 2021, primarily due to significant volume and margin reductions in the NBR glove business.

Revenues from Functional Solutions increased by £101.0 million, or 11.2%, to £1,001.3 million for the year ended 31 December 2022, from £900.3 million for the year ended 31 December 2021, primarily due to the significant increase in raw material costs, which were passed on to customers. This was partially offset by lower volumes, particularly in the coatings business.

Revenues from Industrial Specialities increased by £36.7 million, or 18.6%, to £233.9 million for the year ended 31 December 2022, from £197.2 million for the year ended 31 December 2021, primarily due to improved profitability and strong mix across its high-margin businesses.

Revenues from Acrylate Monomers (excluding inter-segmental revenue) increased by £2.5 million, or 2.6%, to £97.7 million for the year ended 31 December 2022, from £95.2 million for the year ended 31 December 2021, primarily due to better product mix and the pass-through of higher raw material prices, partially offset by lower volumes.

Adhesive Technologies was a newly formed division for the year ended 31 December 2022, with no reported revenues in the prior period.

Underlying cost of sales—Continuing operations

Cost of sales increased by £492.2 million, or 33.3%, to £1,971.4 million for the year ended 31 December 2022, or 82.7% as a percentage of revenue, from £1,479.2 million for the year ended 31 December 2021, or 69% as a percentage of revenue, primarily due to significant cost inflation for raw materials feedstocks across the portfolio.

Underlying gross profit—Continuing operations

Gross profit decreased by £252.5 million, or 38%, to £412.5 million for the year ended 31 December 2022, from £665.0 million for the year ended 31 December 2021, primarily due to significant reductions in profits in the NBR gloves business.

Underlying sales and marketing costs—Continuing operations

Sales and marketing costs increased by £24.9 million, or 51.2%, to £73.5 million for the year ended 31 December 2022, from £48.6 million for the year ended 31 December 2021, primarily due to the acquisition of the Adhesive Resins Business, and reclassification of costs from administrative expenses.

Underlying administrative expenses—Continuing operations

Administrative expenses decreased by £29.5 million, or 24.4%, to £91.5 million for the year ended 31 December 2022, from £121.0 million for the year ended 31 December 2021, primarily due to a reduction in staff bonuses, and reclassification of costs to sales and marketing costs.

EBITDA—Continuing operations

EBITDA decreased by £248.8 million, or 50%, to £249.2 million for the year ended 31 December 2022, from £498.0 million for the year ended 31 December 2021, primarily due to the significant reduction in profits in the NBR gloves business, partially offset by the acquisition of the Adhesive Resins Business and smaller movements in other divisions.

EBITDA in Performance Elastomers decreased by £271.6 million, or 84.7%, to £49.1 million for the year ended 31 December 2022, from £320.7 million for the year ended 31 December 2021, primarily due to the significant reduction in profits in the NBR gloves business.

EBITDA in Functional Solutions decreased by £11.4 million, or 8.2%, to £127.8 million for the year ended 31 December 2022, from £139.2 million for the year ended 31 December 2021, primarily due to reduced volumes in the Coatings business, partially offset by increased volumes in the Energy Solutions business.

EBITDA in Industrial Specialities increased by £8.4 million, or 35.9%, to £31.8 million for the year ended 31 December 2022, from £23.4 million for the year ended 31 December 2021, primarily due improved profitability and strong mix across its high-margin businesses.

EBITDA in Acrylate Monomers decreased by £13.6 million, or 38.5%, to £21.7 million for the year ended 31 December 2022, from £35.3 million for the year ended 31 December 2021, primarily due to lower sales volumes and higher energy costs.

Adhesive Technologies was a newly formed division for the year end 31 December 2022, with no reported EBITDA in the prior period.

Underlying depreciation and amortisation—Continuing operations

Underlying depreciation and amortisation increased by £21.5 million, or 33%, to £86.7 million for the year ended 31 December 2022, from £65.2 million for the year ended 31 December 2021, primarily due to depreciation associated with the acquired Adhesive Resins Business.

Underlying operating profit—Continuing operations

Underlying operating profit decreased by £270.3 million, or 62.5%, to £162.5 million for the year ended 31 December 2022, from £432.8 million for the year ended 31 December 2021, primarily due to the significant reduction in profits in the NBR gloves business, partially offset by the acquisition of the Adhesive Resins Business and smaller movements in other divisions.

The table below outlines the Special Items for each of the years ended 31 December 2021 and 2022 and provides a reconciliation between IFRS operating profit and underlying operating profit for the periods:

	For the year ended 31 December	
	2021[1]	2022
	£ millions	
Underlying operating profit	**432.8**	**162.5**
Special Items[2]	**(136.3)**	**(183.0)**
of which		
Amortisation of acquired intangibles	(30.1)	(44.8)
Impairment charge	—	133.7
Restructuring and site closure costs	(29.7)	(19.2)
Acquisition costs and related gains	(11.9)	(6.5)
Sale of business	(7.4)	(0.3)
Regulatory fine	(57.2)	21.5
Operating profit/(loss)—IFRS	**296.5**	**(20.5)**

(1) Results from continuing operations are derived from the comparative financial information for the year ended 31 December 2021 included in the consolidated income statement presented in the 2022 Annual Financial Statements incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*) of this document. See Note 31 (Discontinued operations) to the 2022 Annual Financial Statements.

(2) For further discussion of Special Items, refer to "*Operating profit—IFRS*" below.

Operating profit—IFRS—Continuing operations

IFRS operating profit/(loss) decreased by £317.0 million, or 106.9%, to a loss of £20.5 million for the year ended 31 December 2022, from a profit of £296.5 million for the year ended 31 December 2021. Operating loss attributable to Special Items increased by £46.7 million, to £183.0 million for the year ended 31 December 2022, from £136.3 million for the year ended 31 December 2021.

The amortisation of acquired intangibles relates to acquired customer relationships. Amortisation of acquired intangibles increased to £44.8 million for the year ended 31 December 2022 from £30.1 million for the year ended 31 December 2021 as a result of the amortisation on the customer lists, patents, trademarks and trade secrets arising as a result of the Eastman Acquisition. The fair value of the intangible assets arising on the acquisition, amounting to £273.2 million, are being amortised over a period of 8-20 years.

Impairment charge for the year 31 December 2022 related to a £133.7 million non-cash impairment charge was taken in the year, relating to the Adhesives Technologies division. This reflected reliability and supply chain issues, which the Group is working to resolve, and lower-than-expected capacity acquired, reducing the forecast earnings from the acquisition of the Adhesive Resins Business used for impairment testing.

Restructuring and site closure costs for the year ended 31 December 2022 comprised £9.6 million in charges related to the ongoing integration of the Adhesive Resins Business into the newly formed Adhesive Technologies division, a £3.2 million charge in relation to site closure of one of the smaller sites in Malaysia and a further £6.7 million, in relation to further demolition and site rationalisation costs, as well as costs in relation to the Group's strategy change and alignment of the business into its new divisions effective in 2023.

Acquisition costs and related gains for the year ended 31 December 2022 include £11.9 million of costs related to the Eastman Acquisition, which primarily consist of professional adviser fees, and are offset by a £5.4 million gain on a foreign exchange derivative entered into in October 2021 to hedge

the acquisition price. Acquisition costs for the year ended 31 December 2021 are also related to costs associated with the Eastman Acquisition.

Loss on the sale of business for the year ended 31 December 2021 related a £7.1 million loss on an onerous contract arising on the disposal of the European Tyre Cord business in 2020, required by the European Commission Competition Authority in order to obtain clearance for the acquisition of OMNOVA.

Regulatory fine relates to the impact of the European Commission's investigation into styrene monomer purchasing practices of a number of companies, including Synthomer, operating in the EEA. Management fully cooperated with the European Commission throughout the investigation. For the year ended 31 December 2021, based on the information available and the resulting assessment of the expected outcome of the investigation, the Group made a provision of £57.2 million. In 2022, the European Commission concluded its investigation, resulting in a fine of €43 million. The Group had a related provision of €43 million (£38 million as at 31 December 2022 and £37 million as at 30 June 2023), with the final amount now payable in the first quarter of 2024 being €44.3 million.

Underlying finance costs—Continuing operations

Underlying finance costs increased by £15.4 million, or 50.7%, to £45.8 million for the year ended 31 December 2022, from £30.4 million for the year ended 31 December 2021. This was primarily due to an increase in interest payable as a result of additional debt utilised to finance the Eastman Acquisition, which completed in April 2022, as well as the effect of higher base rates.

Underlying profit before tax—Continuing operations

As a result of the foregoing, underlying profit before tax decreased by £285.7 million, or 71%, to £116.7 million for the year ended 31 December 2022, from £402.4 million for the year ended 31 December 2021.

Underlying taxation—Continuing operations

Underlying taxation decreased by £66 million, or 70.5%, to £27.6 million for the year ended 31 December 2022, from £93.6 million for the year ended 31 December 2021. The effective tax rate on Underlying performance remained relatively stable, increasing to 23.6% for the year ended 31 December 2022, from 23.2% for the year ended 31 December 2021.

6.3 Comparison of underlying financial results for the years ended 31 December 2020 and 2021

Overview

The Group's consolidated results of operations for each of the years ended 31 December 2020 and 2021 prepared under IFRS are reported in the 2020 Annual Financial Statements and the 2021 Annual Financial Statements, each incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*).

The table below outlines the Group's consolidated underlying results of operations for the years ended 31 December 2020 and 2021:

Underlying performance[(1)]	For the year ended 31 December 2020	2021
	£ millions	
Underlying revenue	**1,644.2**	**2,329.5**
Cost of sales	(1,206.8)	(1,620.3)
Gross profit	**437.4**	**709.2**
Sales and marketing costs	(53.9)	(55.8)
Administrative expenses	(125.3)	(133.8)
Share of joint venture	1.2	2.6
EBITDA	**259.4**	**522.2**
Underlying depreciation and amortisation	(69.8)	(71.3)
Underlying operating profit	**189.6**	**450.9**
Underlying finance costs	(29.6)	(30.8)
Underlying profit before tax	**160.0**	**420.1**
Underlying taxation	(37.4)	(94.5)
Underlying profit for the year	**122.6**	**325.6**

(1) Underlying performance means the statutory performance of the Group under IFRS, excluding the effect of Special Items.

Underlying revenue

Underlying revenue increased by £685.3 million, or 41.7%, to £2,329.5 million for the year ended 31 December 2021, from £1,644.2 million for the year ended 31 December 2020, primarily due to strong trading in all divisions, and the pass-through of higher raw material costs. On a constant currency basis, underlying revenue increased by 47.2% for the year ended 31 December 2021.

Revenues from Performance Elastomers increased by £271.2 million, or 39.9%, to £951.5 million for the year ended 31 December 2021, from £680.3 million for the year ended 31 December 2020, primarily due to COVID-19-related unit margin increases in the NBR glove business, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and the pass-through of higher raw material costs across the division. This was offset by lower volumes, in particular due to the closure of the Group's paper site in Oulu.

Revenues from Functional Solutions increased by £253.6 million, or 39.2%, to £900.3 million for the year ended 31 December 2021, from £646.7 million for the year ended 31 December 2020, primarily due to the pass-through of higher raw material costs across the division, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and volume increases in construction and textiles.

Revenues from Industrial Specialities increased by £117.6 million, or 44.4%, to £382.5 million for the year ended 31 December 2021, from £264.9 million for the year ended 31 December 2020, primarily due to the pass-through of higher raw material costs across the division, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and volume increases particularly in the automotive and consumer-facing industrial sectors.

Revenues from Acrylate Monomers (excluding inter-segmental revenue) increased by £42.9 million, or 82%, to £95.2 million for the year ended 31 December 2021, from £52.3 million for the year ended 31 December 2020, primarily due to a significant rise in sales prices as a result of strong demand and the temporary tightening of supply in both European and global markets during 2021.

Underlying cost of sales

Cost of sales increased by £413.5 million, or 34.3%, to £1,620.3 million for the year ended 31 December 2021, from £1,206.8 million for the year ended 31 December 2020, primarily due to the impact of higher raw material costs and the impact of a full year of trading from business lines acquired in the OMNOVA acquisition.

Underlying gross profit

Gross profit increased by £271.8 million, or 62.1%, to £709.2 million for the year ended 31 December 2021, from £437.4 million for the year ended 31 December 2020, primarily due to COVID-19 related unit margin increases in the NBR gloves business, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and strong demand across the rest of the portfolio.

Underlying sales and marketing costs

Sales and marketing costs increased by £1.9 million, or 3.5%, to £55.8 million for the year ended 31 December 2021, from £53.9 million for the year ended 31 December 2020, primarily due to inflationary pressures and the impact of a full year of trading from business lines acquired in the OMNOVA acquisition, and partially offset by cost synergies achieved as a result of the OMNOVA acquisition.

Underlying administrative expenses

Administrative expenses increased by £8.5 million, or 6.8%, to £133.8 million for the year ended 31 December 2021, from £125.3 million for the year ended 31 December 2020, primarily due to inflationary pressures and the impact of a full year of trading from business lines acquired in the OMNOVA acquisition.

EBITDA

EBITDA increased by £262.8 million, or 101.3%, to £522.2 million for the year ended 31 December 2021, from £259.4 million for the year ended 31 December 2017, primarily due to COVID-19 related unit margin increases in the NBR gloves business, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and strong demand across the rest of the portfolio.

Underlying depreciation and amortisation

Underlying depreciation and amortisation increased by £1.5 million, or 2.1%, to £71.3 million for the year ended 31 December 2021, from £69.8 million for the year ended 31 December 2020, primarily due to the impact of a full year of trading from business lines acquired in the OMNOVA acquisition.

Underlying operating profit

Underlying operating profit increased by £261.3 million, or 137.8%, to £450.9 million for the year ended 31 December 2021, from £189.6 million for the year ended 31 December 2020. This increase was primarily driven by COVID-19 related unit margin increases in the NBR gloves business, the impact of a full year of trading from business lines acquired in the OMNOVA acquisition and strong demand across the rest of the portfolio.

The table below outlines the Special Items for the years ended 31 December 2020 and 2021 and provides a reconciliation between IFRS operating profit and underlying operating profit for the periods:

	For the year ended 31 December	
	2020	2021
	£ millions	
Underlying operating profit	**189.6**	**450.9**
Special Items[1]	(131.2)	(142.4)
of which		
Restructuring and site closure	(42.5)	(29.7)
Sale of business	(6.6)	(7.4)
Regulatory fine	—	(57.2)
Amortisation of acquired intangibles	(30.9)	(36.2)
Impairment charge	(36.6)	—
Acquisition costs and related gains	(14.6)	(11.9)
Operating profit—IFRS	**58.4**	**308.5**

(1) For further discussion of Special Items, refer to "*Operating profit—IFRS*" below.

Operating profit—IFRS

IFRS operating profit increased by £250.1 million, or 428.3%, to £308.5 million for the year ended 31 December 2021, from £58.4 million for the year ended 31 December 2020. Operating loss attributable to Special Items increased by £11.2 million, or 8.5%, to a loss of £142.4 million for the year ended 31 December 2021 from a loss of £131.2 million for the year ended 31 December 2020.

The restructuring and site closure costs for the year ended 31 December 2021 primarily related to a £13.2 million charge in relation to the OMNOVA integration (net of a £1.2 million pensions curtailment credit in relation to Synthomer's French business), as well as £11.6 million to demolish and rationalise assets at a small number of sites to bring them in line with the Group's ESG strategy and £4.9 million in connection with the rationalisation of the Group's European Performance Materials network. Restructuring and site closure costs for the year ended 31 December 2020 primarily related to £19.5 million for the integration of OMNOVA and £20.9 million for the rationalisation of the Group's European Performance Materials network.

Loss on the sale of business for the year ended 31 December 2021 related a £7.1 million loss on an onerous contract arising on the disposal of the European Tyre Cord business in 2020 (required by the European Commission Competition Authority in order to obtain clearance for the acquisition of OMNOVA) as production was relocated to Caojing (China) to enable Marl 3 (Germany) to be fully closed. The increase relative to the prior year reflects the incremental charge taken relative to 2020.

Regulatory fine for the year ended 31 December 2021 represents the provision made, based on information available at the time, related to the European Commission's investigation into styrene monomer purchasing practices of a number of companies, including Synthomer, operating in the EEA.

The amortisation of acquired intangibles primarily related the fair values of the intangible assets arising on the acquisition of OMNOVA, which amounted to £330.1 million and are being amortised over a period of nine to eleven years from the time of completion. The increase in amortisation of acquired intangibles for the year ended 31 December 2021 is primarily a result of the full year effect of the charge arising from the OMNOVA acquisition.

Impairment charge for the year ended 31 December 2020 related to a £36.6 million impairment charged that was booked relating to four sites.

Acquisition costs and related gains for the year ended 31 December 2021 reflect the Eastman Acquisition, and comprise £15.0 million of costs, which primarily consist of professional adviser fees, and are offset by a £3.1 million gain on a foreign exchange derivative entered into in October 2021 to hedge the acquisition price. Acquisition costs for the year ended 31 December 2020 relate to the acquisition of OMNOVA.

Underlying finance costs

Underlying finance costs increased by £1.2 million, or 4.1%, to £30.8 million for the year ended 31 December 2021, from £29.6 million for the year ended 31 December 2020, primarily due to higher cost of borrowings on the Notes, which were utilised to refinance existing bridge facilities used in connection with the OMNOVA acquisition, as well as the impact of an additional three months of debt financing for liabilities acquired in the OMNOVA acquisition, and partially offset by savings due to strong cash generation in the year.

Underlying profit before tax

As a result of the foregoing, underlying profit before tax increased by £260.1 million, or 162.6%, to £420.1 million for the year ended 31 December 2021, from £160.0 million for the year ended 31 December 2020.

Underlying taxation

Underlying taxation increased by £57.1 million, or 152.7%, to £94.5 million for the year ended 31 December 2021, from £37.4 million for the year ended 31 December 2020. The effective tax rate on Underlying performance remained relatively stable decreasing from 23.3% for the year ended 31 December 2020 to 22.5% for the year ended 31 December 2021. The reduction is primarily due to the impact of the COVID-19 pandemic on the geographical mix of profits.

7. LIQUIDITY AND CAPITAL RESOURCES

Historically, the Group's principal sources of liquidity have been existing cash and cash equivalents, cash generated from operations and any borrowings under the Group's financing arrangements (including the Factoring Facilities (as defined herein)). The Group's liquidity needs consist primarily of funding operating expenses, capital expenditures, strategic acquisitions, debt service requirements and other liquidity requirements that may arise from time to time.

Management regularly reviews performance against budgets and forecasts to ensure sufficient funds are available to meet the Group's contractual obligations and liquidity requirements. Management believes that following the completion of the Rights Issue, the Group's operating cash flows, borrowing capacity under existing financing arrangements and the proceeds of the Rights Issue will be sufficient to meet the Group's reasonably foreseeable liquidity requirements and commitments. Actual financing requirements will depend on a number of factors, however, some of which may be beyond the control of the Group. See Part I (*Risk Factors*).

7.1 Cash flow and net borrowings analysis

The following table sets out the Group's consolidated cash flow and net borrowings information for each of the years ended 31 December 2020, 2021 (including restatements thereon), and 2022 and the six months ended 30 June 2022 and 2023:

	Year ended 31 December				Six months ended 30 June	
	2020	2021	2021[1] (restated)	2022	2022 (unaudited)	2023 (unaudited)
				£ millions		
Net cash inflow/(outflow) from operating activities	**186.8**	**273.5**	**273.5**	**133.9**	**(37.4)**	**48.8**
Net cash outflow from investing activities	**(365.8)**	**(78.6)**	**(78.6)**	**(848.2)**	**(792.2)**	**164.7**
Dividends received from joint ventures	1.9	1.9	1.9	1.9	0.3	0.8
Purchase of property, plant and equipment and intangible assets	(53.8)	(82.2)	(82.2)	(90.8)	—	(33.9)
Net capital expenditure	—	—	—	—	(33.2)	—
Purchase of business	(314.0)	—	—	(759.6)	(759.6)	(8.3)
Proceeds from sale of business	0.1	1.7	1.7	(0.3)	0.3	206.1
Net cash inflow/(outflow) from financing activities	**273.2**	**118.5**	**118.5**	**414.5**	**546.0**	**(217.0)**
(Decrease)/increase in cash, cash equivalents and bank overdrafts during the period	**94.2**	**313.4**	**313.4**	**(299.8)**	**(283.6)**	**(3.5)**
Cash, cash equivalents and bank overdrafts at January 1	103.6	191.3	191.3	505.3	505.3	209.2
Foreign exchange and other movements	(6.5)	0.6	0.6	3.7	18.5	(6.7)
Cash, cash equivalents and bank overdrafts at period end	**191.3**	**505.3**	**505.3**	**209.2**	**240.2**	**199.0**
Net borrowings[2]	**462.2**	**114.2**	**114.2**	**1024.9**	**992.8**	**829.7**

(1) On 13 December 2022, the Group announced an agreement to dispose of its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc., which triggered the classification of the Group's Laminates, Films and Coated Fabrics Businesses as discontinued operations and assets held for sale in the 2022 Annual Financial Statements. The comparative financial information as at and for the year ended 31 December 2021 presented therein was subsequently restated to give effect to the classification of the Laminates, Films and Coated Fabrics Businesses as discontinued operations for the year ended 31 December 2021. See Note 31 (Discontinued operations) to the 2022 Annual Financial Statements. This information has been derived from the comparative financial information for the year ended 31 December 2021, included in the 2022 Annual Financial Statements.

(2) The Group defines net borrowings as total current borrowings (including bank overdrafts) and non-current borrowings, less cash and cash equivalents.

Operating activities

Net cash inflow from operating activities increased by £86.2 million, to £48.8 million for the six months ended 30 June 2023, from an outflow of £37.4 million for the six months ended 30 June 2022, primarily due to the prior working capital outflow in the prior year, as raw material prices rose, offset by lower EBITDA and higher restructuring costs and interest costs this year.

Net cash inflow from operating activities decreased by £139.6 million, to £133.9 million for the year ended 31 December 2022, from £273.5 million for the year ended 31 December 2021 primarily due to reduced EBITDA and extra borrowing costs from the Eastman Acquisition, and partially offset by lower tax paid and working capital inflows from receivables financing.

Net cash inflow from operating activities increased by £86.7 million, to £273.5 million for the year ended 31 December 2021, from £186.8 million for the year ended 31 December 2020 primarily due to increased EBITDA, and partially offset by an investment in working capital as raw material prices increased, and higher tax paid.

Investing activities

Net cash inflow from investing activities increased by £956.9 million, to £164.7 million for the six months ended 30 June 2023, from £792.2 million for the six months ended 30 June 2022, primarily due to the Eastman Acquisition.

Net cash outflow from investing activities increased by £769.6 million, to £848.2 million for the year ended 31 December 2022, from £78.6 million for year ended 31 December 2021, primarily due to the Eastman Acquisition.

Net cash outflow from investing activities decreased by £287.2 million, to £78.6 million for the year ended 31 December 2021, from £365.8 million for the year ended 31 December 2020, primarily due to the effect of the OMNOVA acquisition in the prior year period.

Financing activities

Net cash outflow from financing activities increased by £763.0 million to £217.0 million for the six months ended 30 June 2023, from a net cash inflow of £546.0 million for the six months ended 30 June 2022, primarily due to the repayment of borrowings in the current year, compared to the proceeds from borrowings in the prior year to fund the Eastman Acquisition.

Net cash inflow from financing activities increased by £296.0 million, to £414.5 million for the year ended 31 December 2022, from £118.5 million for the year ended 31 December 2021, primarily due increased borrowings to support the purchase of the Adhesive Resins Business, and partially offset by the impact of equity securities issued in the prior year.

Net cash inflow from financing activities decreased by £154.7 million, to £118.5 million for the year ended 31 December 2021, from £273.2 million for the year ended 31 December 2020, primarily due to higher borrowings in the prior year to finance the OMNOVA acquisition, and partially offset by the issuance of equity securities in 2021 to support the Eastman Acquisition.

7.2 Capitalisation and indebtedness of the Group

The following tables set out the capitalisation and indebtedness of the Group as at 30 June 2023 (being the date of the Company's 2023 Half Year Results). The information set out in the following tables have been extracted without material adjustment from the Company's 2023 Half Year Results which is incorporated by reference into this document as set out in Part XIV (*Documents Incorporated by Reference*). As such, the following tables do not reflect the impact of the Capital Reorganisation nor the Rights Issue on the Group's capitalisation and indebtedness.

Table 1: Capitalisation

	As at 30 June 2023 (unaudited)
	£ millions
Share capital	46.7
Share premium	620.0
Legal reserve(s)[2]	0.9
Other reserves	—
Total capitalisation[1][3]	**667.6**

(1) The statement of capitalisation has been extracted without material adjustment from the 2023 Half Year Results.

(2) Legal reserve(s) comprise a capital redemption reserve.

(3) The above excludes retained earnings and hedging and translation reserve.

Table 2: Indebtedness

	As at 30 June 2023 (unaudited)
	£ millions
Current debt	
Guaranteed	—
Secured[1]	(11.1)
Unguaranteed / unsecured[2]	(33.9)
Total current debt (including current portion of non-current debt)	**(45.0)**
Non-current debt (excluding current portion of long-term debt)	
Guaranteed[3]	**(342.5)**
Secured[1]	(47.0)
Unguaranteed / unsecured[4]	(652.3)
Total non-current debt (excluding current portion of long-term debt)[5]	**(1,041.8)**
Total indebtedness	**(1,086.8)**

(1) Secured indebtedness comprises lease liabilities as accounted for under IFRS 16, split into current (£11.1 million) and non-current (£47.0 million) lease liabilities. The balances are not included within the Group and covenant definitions of Net Debt.

(2) Unguaranteed or unsecured total current debt (including current portion of non-current debt) comprises bank overdrafts.

(3) Guaranteed non-current debt (excluding current portion of long-term debt) comprises 80% of the drawn balance on the UK facilities, the portion guaranteed by UKEF.

(4) Unguaranteed or unsecured total non-current debt (excluding current portion of non-current debt) comprises the Notes, the drawn balance on the Revolving Credit Facility and 20% of the drawn balance on the UKEF Facilities (portion not guaranteed by UKEF).

(5) The figure is shown net of capitalised debt issue costs of £10.2 million.

Table 3: Net indebtedness

	As at 30 June 2023 (unaudited)
	£ millions
Cash	**232.9**
Cash equivalents	—
Other current financial assets	—
Liquidity	**232.9**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[1]	(33.9)
Current portion of non-current financial debt[2]	**(11.1)**
Current financial indebtedness	**(45.0)**
Net current financial indebtedness	**187.9**
Non-current financial debt (excluding current portion and debt instruments)[2][3]	(598.1)
Debt instruments[4]	(443.7)
Non-current trade and other payables	—
Non-current financial indebtedness[5]	**(1,041.8)**
Net financial indebtedness	**(853.9)**

(1) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) comprises bank overdrafts.

(2) Financial debt includes lease liabilities as accounted for under IFRS 16, split into current (£11.1 million) and non-current (£47.0 million). Lease liabilities do not form part of the Group and covenant definitions of Net Debt.

(3) Non-current financial debt (excluding current portion and debt instruments) comprises the drawn balances on the Revolving Credit Facility and the UKEF Facilities.

(4) Debt instruments comprises the Notes.

(5) Non-Current Financial Debt (excluding current portion and debt instruments) and Debt instruments are shown net of capitalised debt issue costs of £7.0 million and £3.2 million respectively.

There has been no material change to the Group's total capitalisation or total indebtedness in the period since 30 June 2023 to the date of publication of this document.

As at 30 June 2023, the Group's guarantees and contingent liabilities amount to £2.6 million and relate to an environmental liability in France.

7.3 Capital expenditure

Capital expenditure, which represents purchase of property, plant and equipment as recorded in the Group's consolidated cash flow statement, showed a slight increase of £0.7 million, or 2.1%, to £33.9 million for the six months ended 30 June 2023, from £33.2 million for the six months ended 30 June 2022.

Capital expenditure increased by £8.6 million, or 10.5%, to £90.8 million for the year ended 31 December 2022 from £82.2 million for the year ended 31 December 2021. This increase was primarily due to investments in the Group's Pathway Program systems transformation project, the integration of SHE standards across the business targeted at improvement projects and SHE compliance issues, investments in plant sustenance, and the effect of nine months of trading for the Adhesive Resins Business, partially offset by increased constraints on discretionary spend.

Capital expenditure increased by £28.4 million, or 52.8%, to £82.2 million for the year ended 31 December 2021 from £53.8 million for the year ended 31 December 2020. This increase was primarily due to investments in organic growth projects, business system platforms and site sustenance expenditure.

The Group divides capital expenditures into two categories: maintenance and growth. Maintenance capital expenditure are classified as those capital expenditures which are needed to support current operations and capital expenditures related to safety, health and environment-related updates. Growth capital expenditure are classified as those capital expenditures which are used to fund expansion, debottlenecking and other similar investments to facilitate the growth of revenues or improvement of margins. Synthomer has historically had relatively low maintenance capital expenditure requirements

of approximately £45 million to £55 million, which has given management the flexibility to invest in growth capital expenditure to enhance operations.

The table below sets out the Group's maintenance and growth capital expenditure for the periods indicated.

	Year ended 31 December		
	2020	2021	2022
	£ millions		
Maintenance capital expenditure	24.3	30.2	55.1
Growth capital expenditure	29.5	52.0	35.7
Capital expenditure	**53.8**	**82.2**	**90.8**

7.4 Working capital

The Group defines working capital as inventories plus trade and other receivables less trade and other payables. Working capital requirements are affected by seasonality which affects sales volumes and movements in the prices of raw materials. Working capital levels typically develop in line with changes to raw material prices, although timing factors can affect flows of capital.

7.5 Pension liabilities

The Group has funding requirements relating to defined benefit pension scheme obligations, the value of which are dependent on fluctuating financial markets. As at 31 December 2022, the Group's net pensions deficit totalled £73.4 million, of which £57.7 million related to pensions in Germany, £10.6 million, related to pensions in the United States and £11.0 million related to pensions other countries (excluding the UK, which had an overfunded balance of £5.9 million).

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group's UK defined benefit scheme is administered by a fund that is legally separate from the Group in separate trustee-administered funds. The Group also operates a number of defined benefit schemes in Germany, which are closed to new members. In line with common practice, the German schemes are unfunded, with liabilities settled on a cash basis by the respective companies as they fall due. The assets of the Group's other overseas schemes are held separately from those of the Group.

In 2009, the UK scheme was closed to new participants and also to future accrual for existing participants. Through commitments to the Group's pension deficit recovery plan announced in 2015, the Group eliminated the UK pension shortfall (as calculated in accordance with IFRS) in 2022. The US defined benefit pension scheme (the OMNOVA Solutions Consolidated Pension Plan) has been closed to all new hires and, since 2011, future service benefits have been frozen and fully vested for all participants.

Pension contributions and liabilities are subject to changes in the discount rates and mortality actuarial assumptions applied, movements in the financial markets, including inflation, as well as movements in exchange rates. For example, the Group's net retirement benefit obligations decreased by £49.0 million for the year ended 31 December 2022, as compared to 31 December 2021, primarily due to £21.3 million in cash contributions and actuarial gains of £34.1 million. This actuarial gain arose due to the £201.2 million impact of changes in discount rates which was offset by £167.1 million reduction in the expected return on plan assets.

8. OFF BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

On 15 December 2022, Synthomer Deutschland GmbH as German originator and OMNOVA and Synthomer Adhesive Technologies LLC as US originators entered into the Factoring Agreements. Under the Factoring Agreements, the purchaser made available the Factoring Facilities. In addition, the Group had contracted capital expenditure commitments of £32.6 million as at 31 December 2022.

As mentioned in the following section, the Group has a policy of hedging all significant foreign exchange transactional exposure at the operating company level. The Group borrows a proportion of its funding in overseas currencies to hedge the net assets held in those currencies.

9. QUANTITATIVE AND QUALITATIVE DISCLOSURE ON MARKET RISK

In the normal course of business, the Group is exposed to a variety of financial risks, including market risks and interest rate risks. For additional information, see Note 22 of the 2022 Annual Financial Statements, as incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*).

9.1 Foreign Currency Risk

A significant proportion of the Group's revenue and assets are in currencies other than pound sterling and fluctuations in currency exchange rates may significantly impact the Group's results. The Group has a policy of hedging all significant foreign exchange transactional exposure at the operating company level and borrows a proportion of funding in overseas currencies to hedge the net assets held in those currencies.

9.2 Liquidity Risk

The Group's balance sheet and cash flow position, and credit market conditions and credit ratings, may restrict its ability to obtain credit facilities or to refinance existing debt facilities in the longer term. Management closely monitors the Group's operating cash flow and capital expenditure on a monthly basis and regularly reviews covenant compliance.

9.3 Pension Funding Risk

The Group has funding risks relating to defined benefit pension scheme obligations, the value of which are dependent on volatile financial markets. The UK scheme was closed to future accrual in 2009 and additional contributions and careful asset management should reduce the deficit over the longer term. The timescale will be affected by movements in the financial markets and the discount rate.

9.4 Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. Management monitors interest rate trends regularly, through discussion with the Group's banks, and fixes interest rates when it is prudent to do so. The following table illustrates the effect on the consolidated income statement and items that are recognised directly in equity for each of the years ended 31 December 2021 and 2022 that would result from reasonably possible movements in UK, euro and US interest rates:

	For the year ended 31 December 2021			For the year ended 31 December 2022		
	Income statement		Equity	Income statement		Equity
Interest rate sensitivity analysis	Underlying performance	IFRS	IFRS	Underlying performance	IFRS	IFRS
	-/+ (£ in millions)					
UK interest rate -/+ 1.0%	2.1	—	—	0.9	—	—
Euro interest rate -/+ 1.0%	0.5	4.4	—	0.6	3.1	1.4
US interest rate -/+ 1.0%	0.7	—	—	4.9	—	—

10. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There are no standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. See Note 1 and Note 3 of the 2022 Annual Financial Statements, incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*) of this document.

11. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES, JUDGMENTS AND ASSUMPTIONS

For a description of the Group's significant accounting policies, critical estimates, judgments and assumptions, see Note 2 of the 2022 Annual Financial Statements, incorporated by reference as set out in Part XIV (*Documents Incorporated by Reference*) of this document.

PART XI
UNAUDITED PRO FORMA FINANCIAL INFORMATION

PART A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets and accompanying notes set out in Part A of this Part XI has been prepared to show the effect of the Rights Issue on the Group's net assets as at 30 June 2023 as if the Rights Issue had been undertaken at that date.

The unaudited pro forma financial information has been prepared in accordance with Annex 20 of the Prospectus Regulation, and in a manner consistent with the accounting policies adopted by the Company in preparing its unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2023. It has been prepared on a voluntary basis and for illustrative purposes only and, due to its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XI. PricewaterhouseCoopers LLP's report on the unaudited pro forma financial information is set out in Part B of this Part XI.

The unaudited pro forma financial information has not been prepared, and shall not be construed as prepared, in accordance with Regulation S-X under the US Securities Act. In addition, the unaudited pro forma financial information does not purport to represent what the Group's financial position and results of operations actually would have been if the Rights Issue had been completed on the date indicated, nor does it purport to represent the results of operations for any future period or the financial condition at any future date.

The unaudited pro forma financial information does not reflect any changes in the trading position of the Group, other than those outlined in the notes to the statement below, since 30 June 2023.

Unaudited pro forma statement of net assets as at 30 June 2023

	As at 30 June 2023 (unaudited)[2]	Pro forma adjustments: Proceeds from the Rights Issue[3]	Pro forma adjustments: Repayment of debt[4]	Proforma total as at 30 June 2023 (unaudited)
	£ millions			
Non-current assets				
Goodwill	464.5	—	—	464.5
Acquired intangible assets	476.6	—	—	476.6
Other intangible assets	66.7	—	—	66.7
Property, plant and equipment	722.0	—	—	722.0
Deferred tax assets	25.0	—	—	25.0
Defined benefit asset	11.5	—	—	11.5
Investment in joint ventures	7.6	—	—	7.6
Total non-current assets	**1,773.9**	—	—	**1,773.9**
Current assets				
Inventories	374.5	—	—	374.5
Trade and other receivables	262.7	—	—	262.7
Current tax assets	26.4	—	—	26.4
Cash and cash equivalents	232.9	261.0	(130.0)	363.9
Derivative financial instruments	11.4	—	—	11.4
Total current assets	**907.9**	**261.0**	**(130.0)**	**1,038.9**
Total Assets	**2,681.8**	**261.0**	**(130.0)**	**2,812.8**
Current liabilities				
Borrowings	(33.9)	—	—	(33.9)
Trade and other payables	(442.9)	—	—	(442.9)
Lease liabilities	(11.1)	—	—	(11.1)
Current tax liabilities	(24.7)	—	—	(24.7)
Provisions for other liabilities and charges	(15.2)	—	—	(15.2)
Total current liabilities	(527.8)	—	—	**(527.8)**
Non-current liabilities				
Borrowings	(994.8)	—	130.0	(864.8)
Trade and other payables	(0.4)	—	—	(0.4)
Lease liabilities	(47.0)	—	—	(47.0)
Deferred tax liabilities	(42.7)	—	—	(42.7)
Retirement benefit obligations	(74.1)	—	—	(74.1)
Provisions for other liabilities and charges	(31.7)	—	—	(31.7)
Total non-current liabilities	**(1,190.7)**	—	—	**(1,060.7)**
Total liabilities	**(1,718.5)**	—	**130.0**	**(1,588.5)**
Net assets	**963.3**	**261.0**	—	**1,224.3**

(1) The Unaudited Pro Forma Financial Information does not reflect any changes in the trading position of the Group, other than those outlined in the notes to the statement above, since 30 June 2023.

(2) The net assets of the Group as at 30 June 2023 have been extracted without material adjustment from the unaudited consolidated financial statements as of and for the six months ended 30 June 2023, incorporated by reference into this document as detailed in Part XIV (*Documents Incorporated by Reference*).

(3) This adjustment reflects gross proceeds of £276.0 million raised from the issue of the New Ordinary Shares in connection with the Rights Issue, net of estimated expenses in connection with the Rights Issue of approximately £15.0 million.

(4) As set out in the Section 3 of Part V (*Letter from the Chair of Synthomer plc*), the Company expects that the net proceeds will initially be utilised to reduce borrowings under the Revolving Credit Facility and provide flexibility to deliver the Group's strategy and manage balance sheet leverage. This pro forma adjustment reflects the repayment of outstanding borrowing amount under the Revolving Credit Facility.

PART B: ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors
Synthomer plc
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Essex
CM20 2BH

J.P. Morgan Securities Plc
25 Bank Street
Canary Wharf
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E14 5JP

7 September 2023

Dear Ladies and Gentlemen

Synthomer plc (the "Company")

We report on the unaudited pro forma financial information (the "**Pro Forma Financial Information**") set out in Part A of Part XI of the Company's prospectus dated 7 September 2023 (the "**Prospectus**").

This report is required by section 3 of Annex 20 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
(b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with sections 1 and 2 of Annex 20 to the PR Regulation.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the "**Prospectus Regulation Rules**") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 to the PR Regulation, consenting to its inclusion in the Prospectus.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed admission of the new ordinary shares of the Company to the premium listing segment of the Official List maintained by the Financial Conduct Authority (the "**FCA**") and the proposed admission of those shares to trading on the London Stock Exchange's main market for listed securities, might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the unaudited consolidated interim financial statements for the six months ended 30 June 2023.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council ("**FRC**") in the United Kingdom. We are independent in accordance with the Revised Ethical Standard 2019 issued by the FRC as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of item 5.3.2 R(2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants

PART XII
TAXATION

PART A: UNITED KINGDOM TAXATION

1. Introduction

The following paragraphs are intended only as a general guide to certain UK tax considerations, are not exhaustive and are based on current UK tax law as applied in England and Wales and published HMRC practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They summarise certain limited aspects of the UK tax position of Shareholders who are resident (and in the case of individual Shareholders, resident and domiciled or deemed domiciled) in (and only in) the UK for UK tax purposes, to whom "split year" treatment does not apply, who are the absolute beneficial owners of their Ordinary Shares and any dividends paid on them and who hold their Ordinary Shares as an investment (other than in an Individual Savings Account, a Self-Invested Personal Pension or as carried interest) and not as securities to be realised in the course of a trade. The discussion below does not address all possible tax consequences relating to an investment in shares and relates only to certain limited aspects of the UK tax consequences of the Capital Reorganisation and of acquiring, holding and disposing of New Ordinary Shares. Certain categories of Shareholders, such as (but not limited to) traders, brokers, dealers in securities, market makers, banks, financial institutions, investment companies, charities, pension schemes, those that are exempt from taxation, those subject to UK tax on the remittance basis, Shareholders who have (or who are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or resident in the UK, collective investment vehicles, trusts and those who hold 5% or more of the Ordinary Shares may be taxed differently and are not considered.

The material set out in the paragraphs below does not constitute tax advice. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser before taking any actions.

2. Dividends

Under current law, no tax will be withheld by the Company when it pays a dividend.

A Qualifying Shareholder's liability to tax on dividends will depend on the individual circumstances of the Qualifying Shareholder.

(A) Individuals

An individual Qualifying Shareholder who is resident and domiciled or deemed domiciled in the UK for tax purposes does not currently have to pay income tax on the first £1,000 of dividend income they receive from the Company (or from other sources) per annum (the "**Nil Rate Amount**"), regardless of the tax rate that would otherwise apply. Dividend income received will form part of the Qualifying Shareholder's total income for income tax purposes so income that falls within the Nil Rate Amount will count towards the Qualifying Shareholder's basic or higher rate income tax limits and so may affect the rate of tax due on any dividend income in excess of the Nil Rate Amount.

From 6 April 2024, the Nil Rate Amount will decrease to £500.

Any dividend income received over the Nil Rate Amount will be treated as the highest part of the individual Qualifying Shareholder's income and will be taxed, subject to the availability of any income tax personal allowance, for the 2023/2024 tax year:

(i) at 8.75% to the extent it falls above the individual Qualifying Shareholder's income tax personal allowance, if any, but below the threshold for the higher rate of income tax;

(ii) 33.75% to the extent it falls above threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and

(iii) 39.35% to the extent it falls above the threshold for the additional rate of income.

(B) Companies

UK resident corporate Qualifying Shareholders which are "*small companies*" (for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) will not generally be subject to tax on dividends from the Company provided certain conditions are met (including an anti-avoidance condition).

Other UK resident corporate Qualifying Shareholders will be subject to tax on dividends received from the Company unless the dividends fall within one of a number of statutory exemptions and certain conditions are met. Examples of dividends that fall within an exemption are (a) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the company's assets on a winding up, and (b) dividends paid to a person holding less than 10% of the issued share capital of the payer (or, where there is more than one class of share, the same class of that share capital in respect of which the dividends are paid) as long as those shares carry rights to less than 10% of the profits available for distribution and less than 10% of the assets on a winding up of the payer. The exemptions described above are not comprehensive and are subject to anti-avoidance rules. Where the conditions for an exemption are not met or cease to be satisfied, or such Qualifying Shareholder elects for an otherwise exempt dividend to be taxable, the Qualifying Shareholder will be subject to UK corporation tax on dividends received at the rate of corporation tax applicable to that Qualifying Shareholder (the main rate of UK corporation tax is currently 25%).

3. Taxation of Chargeable Gains

(A) Capital Reorganisation

For the purposes of UK taxation of chargeable gains, (i) the Intermediate Shares and the Deferred Shares arising from the Sub-division, and (ii) the Consolidated Ordinary Shares arising from the Share Consolidation, should result from a reorganisation of the share capital of the Company. Accordingly, Shareholders should not be treated as making a disposal of their Existing Ordinary Shares by reason of the Capital Reorganisation being implemented. Instead, the Consolidated Ordinary Shares and the Deferred Shares which replace a Shareholder's Existing Ordinary Shares as a result of the Capital Reorganisation should be treated as the same asset acquired at the same time as the Shareholder's Existing Ordinary Shares. Therefore, no liability to UK taxation of chargeable gains should arise in respect of the Capital Reorganisation.

To the extent Shareholders receive cash, by virtue of a sale on their behalf of any Consolidated Ordinary Shares to which they have a fractional entitlement, a Shareholder will not in practice normally be treated as making a part disposal of its Existing Ordinary Shares if the proceeds resulting from such a disposal are "small" as compared with the market value (on the date of receipt) of the Shareholder's Ordinary Shares held at the time of the payment. Instead, the proceeds received will be deducted from the base cost of the Shareholder's Consolidated Ordinary Shares, unless the disposal proceeds are greater than the base cost of the Shareholder's Consolidated Ordinary Shares. HMRC's current practice is to regard a sum as "small" for these purposes where either (i) the proceeds of the disposal do not exceed 5% of the market value (at the date of the receipt) of the Shareholder's Ordinary Shares, or (ii) the sum received is £3,000 or less, regardless of whether the 5% test is satisfied. This treatment is dependent upon there being sufficient base cost in the Shareholder's Consolidated Ordinary Shares from which to deduct the proceeds. Whether proceeds are small needs to be considered on a case-by-case basis having regard to the circumstances of each case.

If the proceeds exceed the base cost of the Shareholder's Consolidated Ordinary Shares, or if a Shareholder does not hold enough Existing Ordinary Shares such that they are not entitled to receive a Consolidated Ordinary Share, or if the amount of cash received is not considered "small" by HMRC, the Shareholder will be treated as disposing of part (or all) of their Existing Ordinary Shares. Such a disposal may give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains depending on that Shareholder's particular circumstances and subject to any available exemption or relief.

A subsequent disposal of Consolidated Ordinary Shares may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of UK taxation of chargeable gains. For the purposes of calculating any chargeable gain or allowable loss on a subsequent disposal of all or any part of a Shareholder's Consolidated Ordinary Shares, the base cost should be calculated by apportioning the base cost of the Shareholder's Existing Ordinary Shares between the Consolidated Ordinary Shares and the Deferred Shares by reference to their respective market values on the first day of dealings of the

Consolidated Ordinary Shares. The Company expects that a Deferred Share will be of negligible market value.

(B) Rights Issue

(i) Qualifying Shareholders who acquire New Ordinary Shares

For the purposes of UK taxation of chargeable gains, the issue of New Ordinary Shares to a Qualifying Shareholder that takes up their entitlement to the New Ordinary Shares under the Rights Issue should constitute a reorganisation of the Company's share capital on the basis that all shareholders are allotted New Ordinary Shares in proportion to their shareholdings in the Company. On the basis that the issue of New Ordinary Shares to a Qualifying Shareholder that takes up their entitlement to the New Ordinary Shares under the Rights Issue should constitute a reorganisation of the Company's share capital, a Qualifying Shareholder that takes up their entitlement to the New Ordinary Shares under the Rights Issue should not be treated as making a disposal of their Existing Holding. The New Ordinary Shares issued to a Qualifying Shareholder should be treated as the same asset acquired at the same time as the Qualifying Shareholder's Existing Ordinary Shares, and the amount paid for the New Ordinary Shares acquired under the Rights Issue should be added to the base cost of that Qualifying Shareholder's Existing Ordinary Shares when computing any gain or loss on any subsequent disposal. Accordingly, a Qualifying Shareholder should not be treated as acquiring a new asset or making a disposal of any part of their Existing Holding by reason of taking up all or part of their rights to New Ordinary Shares. Therefore, no liability to UK taxation of chargeable gains should arise in respect of the issue of New Ordinary Shares to the extent that a Qualifying Shareholder takes up their entitlement to New Ordinary Shares.

(ii) Qualifying Shareholders who sell or renounce their rights to acquire New Ordinary Shares or who allow their rights to acquire New Ordinary Shares to lapse

If a Qualifying Shareholder sells or otherwise disposes of all or any of their rights to subscribe for the New Ordinary Shares provisionally allotted to them, or if a Qualifying Shareholder allows or is deemed to allow all or any of their rights to subscribe for the New Ordinary Shares to lapse and receives a cash payment in respect of them, this will, subject to the following paragraph, be treated as a capital distribution to the Qualifying Shareholder by the Company and be treated as a disposal of an interest in the Qualifying Shareholder's Existing Holding for the purposes of UK taxation of chargeable gains. Such a disposal may give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains depending on that Qualifying Shareholder's particular circumstances and subject to any available exemption or relief.

As above, if the proceeds resulting from such a disposal are "small" as compared with the market value (on the date of lapse or sale) of a Qualifying Shareholder's Existing Holding in respect of which the rights arose, the Qualifying Shareholder should not generally be treated as making a disposal for the purposes of UK taxation of chargeable gains. Instead, the proceeds received will be deducted from the base cost of the Qualifying Shareholder's Existing Ordinary Shares, unless the disposal proceeds are greater than the base cost of the Qualifying Shareholder's Existing Ordinary Shares. HMRC's current practice is to regard a sum as "small" for these purposes where either (i) the proceeds of the disposal do not exceed 5% of the market value (at the date of the receipt) of the Existing Holding in respect of which the rights to subscribe for the New Ordinary Shares arose or (ii) the sum received is £3,000 or less, regardless of whether the 5% test is satisfied. This treatment is dependent upon there being sufficient base cost in the Qualifying Shareholder's Existing Ordinary Shares from which to deduct the proceeds of the disposal or lapse of the rights. Whether proceeds are small needs to be considered on a case-by-case basis having regard to the circumstances of each case.

(iii) Qualifying Shareholders who subsequently dispose of New Ordinary Shares

A disposal of New Ordinary Shares may, depending on the Qualifying Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of UK taxation of chargeable gains.

If the disposal gives rise to a chargeable gain for the purposes of UK taxation of chargeable gains, in the case of UK resident individual Qualifying Shareholders, subject to any available exemption or relief, UK capital gains tax will apply to gains above the annual exempt amount (currently £6,000)

currently at a rate of 10% or 20% depending on the total amount of the individual's taxable income. From 6 April 2024, the annual exempt amount will be £3,000. No indexation allowance will be available to an individual Qualifying Shareholder in respect of the disposal of New Ordinary Shares. For a corporate Qualifying Shareholder within the charge to UK corporation tax, subject to any available exemption or relief, corporation tax at the rate applicable to that Qualifying Shareholder will apply to gains (the current main rate of UK corporation tax is 25%). It should be noted for the purposes of calculating any indexation allowance available on a disposal of New Ordinary Shares that generally the expenditure incurred in acquiring the New Ordinary Shares will be treated as incurred only when the Qualifying Shareholder made, or became liable to make payment, and not at the time those shares are otherwise deemed to have been acquired. For disposals on or after 1 January 2018, indexation allowance will be calculated only up to and including December 2017, irrespective of the date of disposal of New Ordinary Shares.

4. Stamp Duty and Stamp Duty Reserve Tax

(A) Issue of New Ordinary Shares and Issue or Crediting of Rights to New Ordinary Shares

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters, split Provisional Allotment Letters or definitive share certificates, on the crediting of Nil Paid Rights or Fully Paid Rights to accounts in CREST, or on the issue in uncertificated form of New Ordinary Shares.

Where New Ordinary Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder entitled to such shares, or where New Ordinary Shares are credited in uncertificated form to CREST, no liability to stamp duty or SDRT will generally arise.

Following the decisions of the European Court of Justice in *Case C-569/09 HSBC Holdings plc and Vidacos Nominees Ltd v HMRC (Case 569/07)* and the First Tier Tribunal in *HSBC Holdings plc and the Bank of New York Mellon Corporation v HMRC [2012] UK FTT 163* (the "**Decisions**"), HMRC has confirmed that 1.5% SDRT is no longer payable when new shares are issued into a clearance service or depositary receipt service. HMRC's published view is that this remains the position under the terms of the European Union (Withdrawal) Act 2018 following the end of the transition period unless the stamp taxes on shares legislation is amended.

However, as a result of the Retained EU Law (Revocation and Reform) Act, pre-existing EU law rights recognised in litigation, by default (in the absence of the exercise of a regulation-making power to restate or reproduce such rights in UK domestic law), cease to be recognised after 31 December 2023. The disapplication of the 1.5% SDRT charge as recognised in the Decisions is such an EU law right recognised in litigation. Therefore, in the absence of regulations to the contrary, the 1.5% SDRT charge is expected to apply to the issue of shares into a depositary receipt system or clearance service from 1 January 2024.

(B) Purchase of rights to New Ordinary Shares

Persons who purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid or fully paid), or Nil Paid Rights or Fully Paid Rights held in CREST, on or before the latest time for registration of renunciation, will not generally be liable to pay stamp duty. However, an unconditional agreement to transfer rights to New Ordinary Shares will be chargeable to SDRT. This is usually at the rate of 0.5% of the consideration. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. Accountability for SDRT follows a strict hierarchy, so in other cases, the purchaser of the rights to the New Ordinary Shares represented by the Provisional Allotment Letters should be the accountable party and must therefore account for the SDRT to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for to HMRC by CREST.

No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split Provisional Allotment Letters, whether by the original holders or their renouncees.

(C) Subsequent Transfers of New Ordinary Shares

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in the New Ordinary Shares will be subject to stamp

duty or SDRT in the normal way. Subject to an exemption for certain low value transactions, the transfer on sale of New Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5% of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer New Ordinary Shares is not completed by a duly stamped transfer, or where the transfer is effected in CREST, SDRT at the rate of 0.5% of the amount or value of the consideration payable. In cases where New Ordinary Shares are transferred to a connected company (or its nominee), SDRT (or stamp duty) may be chargeable on the higher of: (a) the amount or value of the consideration payable; and (b) the market value of the New Ordinary Shares, subject to any relief which may be available for intragroup transfers.

Where New Ordinary Shares are transferred to (or to a nominee or agent for) a depositary receipt system or a clearance system, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration payable in respect of the New Ordinary Shares or, in certain circumstances, the value of the New Ordinary Shares. There is an exception from the 1.5% charge where the clearance service has made and maintained a relevant election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% will arise. Transfers of New Ordinary Shares into such a system, or agreements to transfer New Ordinary Shares within such a system, will be subject to stamp duty or SDRT in the normal way. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service or system, will strictly be accountable by the operator of the clearance service or depositary receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depositary receipt system. Specific professional advice should be sought before transferring shares to a person within this paragraph.

PART B: US TAXATION

1. CERTAIN UNITED STATES TAX CONSIDERATIONS

The following discussion describes certain US federal income tax consequences to US Holders (as defined below) that are expected from the Sub-division and Share Consolidation comprising the Capital Reorganisation and of receiving, acquiring, owning, exercising and disposing of the Nil Paid Rights and Fully Paid Rights (collectively, the "**Rights**") and the New Ordinary Shares received or acquired in this offering. This summary applies only to US Holders that hold their Existing Ordinary Shares, Consolidated Ordinary Shares, such Rights and New Ordinary Shares as capital assets within the meaning of Section 1221 of the Code, as defined below (generally, assets held for investment) and have the US dollar as their functional currency. This summary applies only to US Holders that either beneficially own Existing Ordinary Shares, are entitled to receive Nil Paid Rights from the Company or purchase in this offering New Ordinary Shares not taken up in the Rights Issue.

This discussion is based on the tax laws of the United States as in effect on the date of this Offering Memorandum, including the Internal Revenue Code of 1986, as amended (the "**Code**"), and US Treasury regulations in effect or, in some cases, proposed, as of the date of this Prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the US federal income tax consequences described below. The statements in this Prospectus are not binding on the US Internal Revenue Service (the "**IRS**") or any court, and thus the Company can provide no assurance that the US federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-US tax consequences or any other tax consequences other than US federal income tax consequences.

The following discussion does not describe all the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark the Consolidated Ordinary Shares, Rights and New Ordinary Shares to market;
- tax-exempt entities;
- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- US expatriates;
- persons holding Existing Ordinary Shares, Consolidated Ordinary Shares, Rights or New Ordinary Shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons that actually or by attribution own 10% or more of the Company's stock by vote or value;
- persons that are resident or ordinarily resident in or have a trade or business or permanent establishment in a jurisdiction outside the United States to which the Existing Ordinary Shares, Consolidated Ordinary Shares, Rights and New Ordinary Shares are associated;
- persons who acquired Existing Ordinary Shares, Consolidated Ordinary Shares, Rights and New Ordinary Shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding Existing Ordinary Shares, Consolidated Ordinary Shares, Rights or New Ordinary Shares through partnerships or other pass-through entities or arrangements.

HOLDERS OF EXISTING ORDINARY SHARES AND OTHER PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE US FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-US TAX CONSEQUENCES TO THEM OF THE SUB-DIVISION AND THE SHARE CONSOLIDATION AND THE RECEIPT, PURCHASE, EXERCISE, OWNERSHIP AND DISPOSITION OF RIGHTS AND NEW ORDINARY SHARES.

As used herein, the term "**US Holder**" means a beneficial owner of Existing Ordinary Shares, Consolidated Ordinary Shares, Rights or New Ordinary Shares that, for US federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to US federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more US persons or (2) has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

The tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Existing Ordinary Shares, Consolidated Ordinary Shares, Rights and New Ordinary Shares generally will depend on such partner's status and the activities of the partnership. A prospective investor that is a partner in such partnership should consult its tax advisor.

Except as otherwise discussed under section 1.8 (*Passive Foreign Investment Company Considerations*) below, the following discussion assumes that the Company is not a passive foreign investment company (a "**PFIC**") for US federal income tax purposes. If the Company were a PFIC, the tax consequences to US Holders of an investment in the Consolidated Ordinary Shares, Rights and New Ordinary Shares would be materially different from those described below. US Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in Consolidated Ordinary Shares, Rights and New Ordinary Shares.

The purpose of the Deferred Shares is solely to facilitate the reduction in the nominal value of the Shares. The Deferred Shares will be effectively valueless as they will carry no voting or dividend rights. Accordingly, the following discussion assumes that the Deferred Shares have no value and does not address the tax consequences of the purchase of Deferred Shares by the Company.

1.1 **Sub-division and Share Consolidation**

If the Capital Reorganisation is approved by Shareholders, it is expected that the Sub-division and the Share Consolidation, taken together, likely constitute a section 368(a)(1)(E) reorganisation (a "recapitalisation") for US federal income tax purposes. However, the US federal income tax treatment of the Capital Reorganisation is uncertain, including the possible characterisation of the Sub-division as resulting in a taxable dividend under Section 305 of the Code to the extent the Deferred Shares may have value or the characterisation of the Capital Reorganisation as a taxable exchange. US Holders should consult their tax advisors regarding the US federal income tax treatment of the Capital Reorganisation. Assuming the Capital Reorganisation constitutes a recapitalisation for US federal income tax purposes, a US Holder generally should not recognise gain or loss upon the Sub-division and Share Consolidation, except as described below with respect to cash received in lieu of fractional shares. A US Holder's aggregate tax basis in the Intermediate Shares received upon the Sub-division, and the tax basis in the Consolidated Ordinary Shares received in exchange for the Intermediate Shares in the Share Consolidation, should generally equal such holder's aggregate tax basis in the corresponding Existing Ordinary Shares surrendered in the exchange (excluding any portion of such basis that is allocated to any fractional share of any Consolidated Ordinary Shares). Although a portion of a US Holder's tax basis in the Existing Ordinary Shares may be required to be allocated to the Deferred Shares received based on relative fair market values to the extent of the Deferred Shares have any value, as discussed above, it is assumed that the Deferred Shares have no value. A US Holder's holding period in the Intermediate Shares, which then becomes consolidated to the Consolidated Ordinary Shares, should include the holding period of the Existing Ordinary Shares surrendered. US Holders holding Existing Ordinary Shares that were

acquired on different dates and at different prices should consult their tax advisors regarding the allocation of the tax basis and holding period of such shares.

A US Holder who receives cash in lieu of a fractional share of Consolidated Ordinary Shares should be treated as first receiving such fractional share and then receiving cash in redemption of such fractional share. A US Holder who receives cash in lieu of a fractional share in the Share Consolidation should recognise capital gain or loss in an amount equal to the difference between the amount of the cash received and the portion of such stockholder's tax basis in the Intermediate Shares surrendered (which will be based on the adjusted tax basis in the Existing Ordinary Shares as discussed above) that is allocated to the fractional share. Such capital gain or loss should be long-term capital gain or loss if the US Holder's holding period for the Intermediate Shares exceeded one year at the time of the Share Consolidation. The deductibility of capital losses is subject to limitations. US Holders should consult their tax advisors regarding the tax effects to them of receiving cash in lieu of fractional shares based on their particular circumstances.

1.2 **Admission and Exercise of Nil Paid Rights**

Under Section 305 of the Code, a shareholder who receives a right to acquire shares will, in certain circumstances, be treated as having received a taxable distribution in an amount equal to the value of such right. In general, a shareholder who receives a right to acquire shares will be treated as having received a taxable distribution if a shareholder's proportionate interest in the earnings and profits or assets of the corporation is increased and any other shareholder receives a distribution (or a deemed distribution) of cash or other property or if the shareholder can elect between receiving the right and receiving cash. The application of Section 305 of the Code is not clear in several respects. It is unclear that the receipt of Nil Paid Rights pursuant to the Admission of Nil Paid Rights by holders of Consolidated Ordinary Shares is not treated as a taxable stock dividend under Section 305(a) of the Code. If the receipt of the Nil Paid Rights is not a taxable distribution for US federal income tax purposes, a US Holder's holding period in a Nil Paid Right will be deemed to have begun on the same date as that of the Consolidated Ordinary Shares with respect to which the US Holder received such Nil Paid Right. If the receipt of the Nil Paid Rights is not a taxable distribution, a US Holder receiving cash in respect of entitlements to New Ordinary Shares not taken up in the Rights Issue should be treated as having received a distribution of Nil Paid Rights from the Company and subsequently disposed of those Rights and such disposition should be taxed in the manner described below under "*Sale or other taxable disposition of Nil Paid Rights and Fully Paid Rights*".

If the Admission of Nil Paid Rights were treated as a taxable distribution, the fair market value of the right to acquire the New Ordinary Shares pursuant to the Admission of Nil Paid Rights that a US Holder would receive in such taxable distribution is generally expected to be taxable to such US Holder as a dividend, the US Holder's basis in such right would equal the amount of the dividend and the US Holder's holding period for the rights would commence on the date of distribution. For further disclosure on taxation of distributions, see section 1.6 "*Dividends and Other Distributions on Consolidated Ordinary Shares and New Ordinary Shares*" below. Except where explicitly stated otherwise, the remainder of this discussion assumes that the receipt of the right to acquire the New Ordinary Shares pursuant to the Admission of Nil Paid Rights is not a taxable distribution for US federal income tax purposes.

If the fair market value of the Nil Paid Rights is less than 15% of the fair market value of the Consolidated Ordinary Shares with respect to which the Nil Paid Rights were received (determined on the date of distribution), the Nil Paid Rights will be allocated a zero basis for US federal income tax purposes, unless a US Holder that exercises its Nil Paid Rights affirmatively elects to allocate basis between its Consolidated Ordinary Shares and the Nil Paid Rights in proportion to their relative fair market values (determined on the date the Nil Paid Rights are distributed). This irrevocable election must be made on the tax return for the taxable year in which the Nil Paid Rights are received. If on the date of distribution the fair market value of the Nil Paid Rights is 15% or more of the fair market value of the Consolidated Ordinary Shares with respect to which the Nil Paid Rights were received, then the tax basis in the US Holder's Consolidated Ordinary Shares must be allocated between its Consolidated Ordinary Shares and the Nil Paid Rights in proportion to their fair market values (as determined on the date of distribution). US Holders should consult their own tax advisers with respect to whether the receipt of the Nil Paid Rights will be taxable to them and any resulting US federal income tax consequences from the receipt of the Nil Paid Rights or cash in respect of entitlements to New Ordinary Shares not taken up in the Rights Issue.

1.3 Exercise of Nil Paid Rights and Receipt of New Ordinary Shares

The exercise of the Nil Paid Rights by a US Holder and the receipt of Fully Paid Rights or the acquisition of New Ordinary Shares through Fully Paid Rights will not be a taxable transaction for US federal income tax purposes. The tax basis of Fully Paid Rights acquired upon payment of the Rights Issue Price (and New Ordinary Shares acquired through the ownership of Fully Paid Rights) will equal the sum of the US dollar value of the Rights Issue Price paid and the US Holder's tax basis (as determined above, if any) in the Nil Paid Rights exercised. Subject to the discussion under "*—Passive Foreign Investment Company Considerations*" below, the holding period of Fully Paid Rights and the New Ordinary Shares generally should begin with and include the day the Nil Paid Rights are exercised.

1.4 Sale or other taxable disposition of Nil Paid Rights and Fully Paid Rights

Upon a sale or other taxable disposition (including deemed disposition) of a Nil Paid Right or a Fully Paid Right, a US Holder will generally recognise capital gain or loss in an amount equal to the difference between the amount realised and the US Holder's adjusted tax basis in the Nil Paid Right or Fully Paid Right.

The amount realised on a sale or other taxable disposition of a Nil Paid Right or Fully Paid Right generally will be the amount of cash received in such sale or other disposition for such Nil Paid Right or Fully Paid Right. If the consideration received is not paid in US dollars, the amount realised will generally be the US dollar value of the consideration received (as determined on the date of the sale or other disposition). However, if the Nil Paid Rights or the Fully Paid Rights are treated as traded on an "established securities market" and the US Holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the US Holder will determine the US dollar value of the cost in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the sale. Any gain or loss a US Holder recognises on the sale or other disposition of a Nil Paid Right to a third party will generally be long-term capital gain or loss if the US Holder's holding period in the Nil Paid Right is deemed to be greater than one year.

If the receipt of the Nil Paid Rights is a taxable distribution for US federal income tax purposes, the holding period for the Nil Paid Rights would begin on the day after receipt and the gain or loss recognised on the sale or other disposition of such Rights will be short-term capital gain or loss. Short-term capital gain or loss of a non-corporate US Holder is generally taxed at the same rates as ordinary income. Any gain or loss will generally be treated as US source gain or loss. The deductibility of capital losses is subject to limitations.

1.5 Expiration of Nil Paid Rights

Notwithstanding the foregoing, if the receipt of the Nil Paid Rights is not a taxable event for US federal income tax purposes, if a US Holder allows a Nil Paid Right to expire without the Nil Paid Right being exercised, sold or exchanged, and does not receive any amount with respect thereto, the US Holder should not recognise a gain or loss for US tax purposes. In addition, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis of the Consolidated Ordinary Shares held by the US Holder, that basis will be re-allocated to such Consolidated Ordinary Shares. If the receipt of the Nil Paid Rights is a taxable event for US federal income tax purposes, a US Holder should recognise a short-term capital loss for US tax purposes equal to its basis in the Nil Paid Rights if the US Holder allows a Nil Paid Right to expire without the Nil Paid Right being exercised, sold or exchanged, and does not receive any amount with respect thereto.

1.6 Dividends and Other Distributions on Consolidated Ordinary Shares and New Ordinary Shares

The gross amount of distributions made by the Company with respect to Consolidated Ordinary Shares and New Ordinary Shares (including the amount of any non-US taxes withheld therefrom) generally will be includible as dividend income in a US Holder's gross income in the year received, to the extent such distributions are paid out of the Company's current or accumulated earnings and profits, as determined under US federal income tax principles. Because the Company does not maintain calculations of its earnings and profits under US federal income tax principles, a US Holder should expect all cash distributions will be reported as dividends for US federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to US corporations

with respect to dividends received from other US corporations. Dividends received by non-corporate US Holders may be "qualified dividend income," which is taxed at the lower applicable capital gains rate, provided that (1) the Company is eligible for the benefits of the tax treaty between the United States and United Kingdom, (2) the Company is not a passive foreign investment company (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (3) the US Holder satisfies certain holding period requirements and (4) the US Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. US Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to Consolidated Ordinary Shares and New Ordinary Shares.

The amount of any distribution paid in foreign currency will be equal to the US dollar value of such currency, translated at the spot rate of exchange on the date such distribution is (actually or constructively) received, regardless of whether the payment is in fact converted into US dollars at that time. If the dividend is converted into US dollars at the spot rate of exchange in effect on the date of receipt, a US Holder should not be required to recognise foreign currency gain or loss in respect of the dividend income. A US Holder generally will have foreign currency gain or loss if the dividend is converted into US dollars at a different rate. In general, foreign currency gain or loss will be treated as US-source ordinary income or loss.

Dividends on the Consolidated Ordinary Shares and New Ordinary Shares generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, non-US taxes (if any) withheld on any distributions on the Consolidated Ordinary Shares and New Ordinary Shares may be eligible for credit against a US Holder's federal income tax liability or, at such US Holder's election, may be eligible for a deduction in computing such US Holder's US federal taxable income. US Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming a deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

1.7 Sale or Other Taxable Disposition of Consolidated Ordinary Shares and New Ordinary Shares

Upon a sale or other taxable disposition of Consolidated Ordinary Shares and New Ordinary Shares, a US Holder will recognise capital gain or loss in an amount equal to the difference between the amount realised and the US Holder's adjusted tax basis in such Consolidated Ordinary Shares and New Ordinary Shares. Any such gain or loss generally will be treated as long-term capital gain or loss if the US Holder's holding period in the Consolidated Ordinary Shares and New Ordinary Shares exceeds one year. Non-corporate US Holders (including individuals) generally will be subject to US federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations.

Gain or loss, if any, realised by a US Holder on the sale or other taxable disposition of Consolidated Ordinary Shares and New Ordinary Shares generally will be treated as US-source gain or loss for US foreign tax credit limitation purposes.

If the consideration received upon the sale or other taxable disposition of Consolidated Ordinary Shares and New Ordinary Shares is paid in foreign currency, the amount realised will be the US dollar value of the payment received, translated at the spot rate of exchange on the date of the taxable disposition. The Consolidated Ordinary Shares and New Ordinary Shares will be listed and traded on the London Stock Exchange. If the Consolidated Ordinary Shares and New Ordinary Shares are treated as traded on an established securities market for US federal income tax purposes and the relevant US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such US Holder will determine the US dollar value of the amount realised in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the taxable disposition. An accrual basis taxpayer that does not make the special election may be required to recognise exchange gain or loss to the extent attributable to the difference between the exchange rates on the date of the taxable disposition and the settlement date of the taxable disposition, and such exchange gain or loss generally will constitute US-source ordinary income or loss.

A US Holder's initial tax basis in Consolidated Ordinary Shares will equal to such holder's aggregate tax basis in the corresponding Existing Ordinary Shares surrendered in the Capital Reorganisation

(see section 1.1 *"Sub-division and Share Consolidation" above.*) A US Holder's initial tax basis in New Ordinary Shares generally will equal the cost of such New Ordinary Shares, except that for a US Holder who acquires New Ordinary Shares by exercising Nil Paid Rights and through Fully Paid Rights, the initial tax basis would be determined as described above under section 1.3 "*Exercise of Nil Paid Rights and Receipt of New Ordinary Shares*" above.

If a US Holder used foreign currency to purchase the New Ordinary Shares, the cost of the New Ordinary Shares generally will be the US dollar value of the foreign currency purchase price on the date of purchase, translated at the spot rate of exchange on that date. If the New Ordinary Shares are treated as traded on an established securities market for US federal income tax purposes and the relevant US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, the US Holder will determine the US dollar value of the cost of such New Ordinary Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

1.8 Passive Foreign Investment Company Considerations

A non-US corporation will be a PFIC for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income includes interest, dividends, gains from transactions in commodities (other than certain active business gains from the sale of commodities) and other investment income, with certain exceptions. The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the gross assets and earning its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and anticipated composition of the income, assets and operations of the Company and the value of our assets (including the value of our goodwill, going-concern value or any other unbooked intangibles which may be determined based on the market capitalisation), the Company believes it was not a PFIC for the taxable year ending December 31, 2022 and does not expect that it would be treated as a PFIC for the current taxable year. Whether the Company is treated as a PFIC is a factual determination that is made on an annual basis after the close of each taxable year. This determination will depend on, among other things, the composition of the Group's income and assets, as well as the value of its assets (which may fluctuate with its market capitalisation), from time to time. Moreover, the application of the PFIC rules is unclear in certain respects. The IRS or a court may disagree with the Company's determinations, including the manner in which the Company determines the value of the Company's assets and the percentage of the Company's assets that are passive assets under the PFIC rules. Accordingly, there can be no assurance that the Company will not be a PFIC for the current taxable year or for any future taxable year.

Under the PFIC rules, if the Company were considered a PFIC at any time during a US Holder's holding period of the Consolidated Ordinary Shares, Rights or New Ordinary Shares, the Consolidated Ordinary Shares and the New Ordinary Shares (including New Ordinary Shares acquired pursuant to the Rights) would continue to be treated as stock in a PFIC with respect to such US Holder unless (i) the Company ceases to be a PFIC and (ii) the US Holder made a "deemed sale" election under the PFIC rules.

If the Company is considered a PFIC at any time during a US Holder's holding period of Consolidated Ordinary Shares, the Rights or New Ordinary Shares, any gain recognised by the US Holder on a sale or other disposition of Consolidated Ordinary Shares, the Rights or New Ordinary Shares, as well as the amount of any "excess distribution" (defined below) received by the US Holder, would be allocated rateably over the US Holder's holding period for Consolidated Ordinary Shares, the Rights or New Ordinary Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which all distributions received by a US Holder on Consolidated Ordinary Shares or New Ordinary Shares exceed 125% of the average of the annual distributions on the Consolidated Ordinary Shares or the New Ordinary Shares received during the preceding three years or the US Holder's holding period, whichever is shorter. Certain elections may be available that

would result in alternative treatments (such as mark-to-market treatment) if the Company is considered a PFIC.

If the Company is considered a PFIC, a US Holder will also be subject to annual information reporting requirements. US Holders should consult their tax advisors about the potential application of the PFIC rules to the Rights and an investment in Consolidated Ordinary Shares and New Ordinary Shares.

1.9 Information Reporting and Backup Withholding

Distributions with respect to Consolidated Ordinary Shares and New Ordinary Shares and proceeds from the sale or other taxable disposition of Consolidated Ordinary Shares and New Ordinary Shares and the receipt of cash in exchange for a fractional share interest in a new share in the Share Consolidation or in respect of entitlements to New Ordinary Shares not taken up in the Rights Issue may be subject to information reporting to the IRS and US backup withholding. A US Holder generally will be eligible for an exemption from backup withholding if the US Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. US Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. US Holders should consult their tax advisors regarding the application of the US information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a US Holder's US federal income tax liability, and such US Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

1.10 Additional Information Reporting Requirements

US Holders who exercise the Rights to acquire New Ordinary Shares may be required to file an IRS Form 926 with the IRS and to supply certain information to the IRS if (i) such US Holder owns (directly or indirectly) immediately after the transfer, at least 10% by vote or value of the Company or (ii) the transfer to the Company when aggregated with all related transfers under applicable regulations, exceeds US$100,000. If a US Holder fails to comply with the reporting requirements, the US Holder may be subject to certain penalties up to US$100,000 (except in cases involving intentional disregard).

Certain US Holders that hold an interest in "specified foreign financial assets" (which may include the Consolidated Ordinary Shares and New Ordinary Shares) are required to report information relating to such assets, subject to certain exceptions (including an exception for Consolidated Ordinary Shares and New Ordinary Shares held in accounts maintained by certain financial institutions). Penalties can apply if US Holders fail to satisfy such reporting requirements. US Holders should consult their tax advisors regarding the applicability of these and any other reporting or filing requirements that may apply to their acquisition and ownership of Consolidated Ordinary Shares and New Ordinary Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN CONSOLIDATED ORDINARY SHARES AND NEW ORDINARY SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

PART XIII
ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 43 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. INCORPORATION AND ACTIVITY OF THE COMPANY

The Company was incorporated and registered in England and Wales with the name Malaya General Company Limited on 16 June 1908 as a private company limited by shares with registered number 00098381. The Company's name was subsequently changed to Yule Catto & Co. Limited on 16 September 1971. On 25 November 1981, the Company was re-registered as a public limited company. On 4 December 2012, the Company changed its name to Synthomer plc. The legal entity identifier of the Company is 213800EHT3TI1KPQQJ56. The principal activity of the Company is to act as the ultimate holding company of the Group.

The Company is domiciled in England and Wales with its registered address at Temple Fields, Harlow, Essex, CM20 2BH, United Kingdom. The telephone number of the Company's registered office is +44 1279 436 211.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the share capital of the Company was £46,733,604.10, comprised of 467,336,041 Existing Ordinary Shares of 10 pence each, all of which were fully paid or credited as fully paid. The Existing Ordinary Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

Following the Capital Reorganisation, the Company is expected to have approximately 23,366,803 Consolidated Ordinary Shares in issue (subject to fractional entitlements).

The issued and fully paid share capital of the Company immediately following completion of the Rights Issue, assuming that the maximum number of New Ordinary Shares is issued and that no Ordinary Shares are issued as a result of the exercise of any options between the Latest Practicable Date and the completion of the Rights Issue, is expected to be as follows:

	Number	Aggregate nominal value (£)
Ordinary Shares	163,567,621	1,635,676

The New Ordinary Shares will represent approximately 85.7% of the Consolidated Ordinary Shares that will be in issue immediately following the Capital Reorganisation. The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash, and the provisions of section 561 of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the issue of Ordinary Shares by the Company which are not within a disapplication approved by Shareholders in a general meeting of the Company.

Pursuant to the Rights Issue and taking account of the Capital Reorganisation, 140,200,818 New Ordinary Shares will be issued at a price of 197 pence per New Ordinary Share. Taking into account the Capital Reorganisation, this will result in the issued share capital of the Company increasing by approximately 600.0%. Qualifying Shareholders who take up their pro rata entitlement in full will suffer no dilution to their interests in the Company as a result of the Rights Issue. Shareholders who do not or are not permitted to take up any of their rights to acquire the New Ordinary Shares will be diluted by up to 85.7% as a result of the Rights Issue (assuming no options granted under the Share Plans are exercised between the Latest Practicable Date and the completion of the Rights Issue).

The New Ordinary Shares which are the subject of the Rights Issue will be provisionally allotted (nil paid) to all Shareholders on the register at close of business on the Record Date by a resolution of a committee of the Board and created in accordance with the laws of England and Wales.

4. INFORMATION ABOUT THE NEW ORDINARY SHARES

4.1 Description and type of securities

The New Ordinary Shares will be fully paid ordinary shares with a nominal value of 1 pence each. The New Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "SYNT.L". It is expected that Admission of the Nil Paid Rights will become effective and that dealings on the London Stock Exchange in the New Ordinary Shares (nil paid) will commence at 8:00 a.m. on 28 September 2023.

On Admission, the New Ordinary Shares will be registered with an ISIN of GB00BNTVWJ75 and a SEDOL of BNTVWJ7. The ISIN for the Nil Paid Rights will be GB00BPH12600 and the SEDOL will be BPH1260. The ISIN for the Fully Paid Rights will be GB00BPH12717 and the SEDOL will be BPH1271.

The New Ordinary Shares will be issued under the Companies Act.

The New Ordinary Shares will be freely transferable and there will be no restrictions on the transfer of New Ordinary Shares in the United Kingdom.

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Consolidated Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares. The New Ordinary Shares do not carry any rights to participate in a distribution of capital (including on a winding-up) other than those that exist as a matter of law. On a show of hands at general meetings of the Company, every Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per New Ordinary Share.

4.2 Form and currency of the New Ordinary Shares

The New Ordinary Shares will be in registered form and will be capable of being held in certificated and uncertificated form. The registrar of the Company is Computershare Investor Services PLC.

The New Ordinary Shares are, and on Admission will be, denominated in pounds sterling.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by the Registrar (which will form part of the register of members of the Company).

No share certificates will be issued in respect of New Ordinary Shares in uncertificated form. No temporary documents of title have been or will be issued in respect of the New Ordinary Shares.

It is currently anticipated that the New Ordinary Shares will be eligible to join CREST, the computerised, paperless system for settlement of sales and purchases of shares in the London securities market, with effect immediately upon Admission of the Nil Paid Rights and the commencement of dealings on the London Stock Exchange.

4.3 Rights attached to the securities

The rights attaching to the New Ordinary Shares and the Consolidated Ordinary Shares will, once issued, be uniform in all respects and they will form a single class for all purposes, including with respect to voting, pre-emption rights and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to the holders of Ordinary Shares in the capital of the Company in proportion to their holdings. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it. Except as provided by the rights and restrictions attached to the Ordinary Shares, upon Admission, shareholders will under law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

The Deferred Shares, which will be created on the Sub-division becoming effective, will have no voting or dividend rights and will not carry any entitlement to receive notice of any general meeting of the Company or to attend, speak or vote at any general meeting of the Company. The holders of the

Deferred Shares will not have any right to participate in any distribution of the Company's assets on a winding up or other distribution except that, after the return of the nominal amount paid up on all Ordinary Shares and the distribution of £500,000,000,000, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares. The Deferred Shares will not be listed on the Official List or admitted to trading on the London Stock Exchange or any other investment exchange.

Under the terms of the Deferred Shares, the Company has the ability to:

- buy back the Deferred Shares for aggregate consideration of £0.01; and/or
- transfer all of the Deferred Shares to the secretary of the Company for nil consideration,

in each case without obtaining the sanction of the holder or holders of the Deferred Shares.

The Company proposes to purchase the Deferred Shares and cancel them immediately after their creation.

5. EXISTING SHAREHOLDER AUTHORITIES

It was resolved by Shareholders at the 2023 Annual General Meeting that:

(A) pursuant to section 551 of the Companies Act, the Directors are authorised to allot shares up to an aggregate nominal amount of £31,155,736, which is two thirds the nominal amount of the total issued share capital of the Company as at 28 March 2023. One half of this amount (equal to one third of the Company's total issued share capital as at 28 March 2023) must be offered by way of a rights issue to holders of Ordinary Shares. This authority will expire on the earlier of: (i) the end of the Company's annual general meeting in 2024; and (ii) 15 months after the passing of the resolution except insofar as commitments to allot shares have been entered into before that date; and

(B) pre-emption rights are: (i) generally disapplied, and (ii) disapplied in connection with an acquisition or specified capital investment, to such allotment of shares in each case up to an aggregate nominal value of £4,673,360 (equal to 10% of the nominal amount of the total issued share capital of the Company), with a further 2% of the nominal amount of the total issued share capital of the Company disapplied in connection with a follow-on offer (as contemplated by the Statement of the Pre-emption Principles).

6. MAJOR SHAREHOLDERS

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its issued share capital:

Name of shareholder	Percentage of total voting rights
Kuala Lumpur Kepong Berhad Group	26.87%
UBS Asset Management	7.65%
Columbia Threadneedle Investments	4.24%
BlackRock	4.00%
Janus Henderson Investors	3.66%
Fidelity International	3.47%
Vanguard Group	3.37%

None of the Company's major shareholders has different voting rights from any other holder of Ordinary Shares.

7. DIRECTORS AND SENIOR MANAGEMENT

7.1 Directors

The Directors and their principal functions within the Company, together with a brief description of their management experience and expertise and principal business activities outside the Company, are set out below. The business address of each of the Directors (in such capacity) is Temple Fields, Harlow, Essex, CM20 2BH, United Kingdom.

Name	Position
Caroline Johnstone	Chair
Michael Willome	Chief Executive Officer
Lily Liu	Chief Financial Officer
Ian Tyler	Senior Independent Director
The Hon. Alexander Catto	Non-Executive Director
Holly Van Deursen	Non-Executive Director
Martina Flöel	Non-Executive Director
Roberto Gualdoni	Non-Executive Director
Dato' Lee Hau Hian	Non-Executive Director

(A) Caroline Johnstone (Chair)

Ms. Johnstone has served as Chair of the Board since December 2020. She is a member of the Nomination, Remuneration, and Disclosure Committees, and previously held the role of Chair of the Audit Committee. She joined the Board in March 2015. Ms. Johnstone is a chartered accountant and member of the Institute of Chartered Accountants of Scotland. She was a partner at PricewaterhouseCoopers LLP until 2009, having worked extensively with large global organisations on turnaround, culture change, delivering value from mergers and acquisitions and cost optimisation programs. She sat on the board of the Assurance practice of PricewaterhouseCoopers LLP in the UK. Ms. Johnstone is also a Non-Executive Director and Chair of the colleague engagement committee of Spirax-Sarco Engineering plc, and a Non-Executive Director, Senior Independent Director and Chair of the audit committee of Shepherd Building Group Limited.

(B) Michael Willome (Chief Executive Officer)

Mr. Willome has served as Chief Executive Officer since November 2021. He is also a member of the Disclosure Committee. Mr. Willome was previously the Chief Executive Officer of Conzzeta AG (now Bystronic AG) in Zürich, a global industrial company listed on the SIX Swiss exchange. Prior to Conzzeta, Mr. Willome spent 18 years in various leadership positions with Clariant AG, leading its global industrial and consumer specialities division from 2010 to 2015. Prior to Clariant AG, Mr. Willome spent thirteen years in leadership roles in the Asia-Pacific, based in Hong Kong, and in Canada and Turkey. He is also a Non-Executive Director of Glaston Oyj Abp (listed on Nasdaq Helsinki) and sits on subsidiary boards of the Indutrade Group.

(C) Lily Liu (Chief Financial Officer)

Ms. Liu has served as Chief Financial Officer since July 2022. She is also a member of the Disclosure Committee. Ms. Liu was previously at Essentra plc, a FTSE 250 components and solutions business, where she was Chief Financial Officer. Prior to Essentra, she held CFO roles at Xaar plc, a UK publicly listed inkjet technology developer, and Smiths Detection business, a division of Smiths Group plc. Ms. Liu is a Non-Executive Director and member of the audit committee of DCC plc, a FTSE 100 listed international sales, marketing and support services business.

(D) Ian Tyler (Senior Independent Director)

Mr. Tyler has served as a Non-Executive Director since June 2022 and as Senior Independent Director since May 2023. Mr. Tyler is also the Chair of the Audit Committee and a member of the Nomination, Remuneration, and Disclosure Committees. He has extensive board experience as a former chief executive and as a non-executive for several international industrial organisations. Mr. Tyler also serves as Chair of the remuneration committee at Anglo American plc, where he is also the Senior Independent Director. Previously, he held senior executive roles at Balfour Beatty plc, a global infrastructure business, which he joined as Finance Director in 1996 and where he served as Chief Executive Officer from 2005 to 2013.

(E) The Hon. Alexander G. Catto (Non-Executive Director)

Mr. Catto has served as Non-Executive Director since 1981. He is a member of the Nomination Committee and the designated Non-Executive Director to lead workforce engagement. He is Managing Director of CairnSea Investments Limited, a private investment company. Prior to the establishment of CairnSea, he was a director of Morgan Grenfell & Co and then Lazard Brothers & Co. Limited.

(F) Holly Van Deursen (Non-Executive Director)

Ms. Van Deursen has served as a Non-Executive Director since September 2018. She is Chair of the Renumeration Committee and is a member of the Audit and Nomination Committees. She is also a Non-Executive Director of Kimball Electronics Inc, where she chairs the talent, culture and compensation committee. Ms. Van Deursen also serves as Non-Executive Director of Albermarle Corporation, where she is a member of the executive compensation and the capital investment committees. Ms. Van Deursen has previous experience as Group Vice President, Petrochemicals at BP plc.

(G) Martina Flöel (Non-Executive Director)

Ms. Flöel has served as a Non-Executive Director since September 2023. She is a member of the Audit, Remuneration, and Nomination Committees. Ms. Flöel has extensive non-executive Board experience and is also a Non-Executive Director of Sasol Limited. Between 2017 and March 2023, Ms. Flöel was a supervisory Board member of Finnish-listed Neste Corporation, the renewable and circular solutions-focused refinery company. Between 2019 and 2020, Ms. Flöel also served on the supervisory board of a family-owned company in Germany.

Ms. Flöel has considerable executive experience in the chemical industry. Ms. Flöel began her career as a research chemist at Hoechst after receiving a PhD in chemistry from the Technical University of Munich.

(H) Robert Gualdoni (Non-Executive Director)

Mr. Gualdoni has served as an Non-Executive Director since July 2021. He is also a member of the Audit, Renumeration, and Nomination Committees. Mr. Gualdoni has more than 35 years' chemical sector experience in both commodity and speciality segments, primarily at BASF, where he held senior operational roles covering international sales, marketing and procurement and served on a number of joint-venture boards. Prior to leaving BASF, he was President of its Styrenics Business, which was carved out as part of the Styrolution joint venture, and which Mr. Gualdoni led as Chief Executive Officer for three years until 2014. Mr. Gualdoni has previous board-level experience in Saudi Arabia, Finland and Belgium.

(I) Dato' Lee Hau Hian (Non-Executive Director)

Dato' Lee has served as a Non-Executive Director since 2002. He first joined the board in 1993 and stood down in 2000 to become an alternate director. He is also a member of the Nomination Committee. Dato' Lee is the Managing Director of Batu Kawan Bhd, a listed Malaysian investment holding company, with interests in plantations and chemicals manufacturing.

7.2 Senior Managers

The Senior Managers, in addition to the Executive Directors listed above, are as follows:

Name	Position
Anant Prakash	Chief Counsel and Company Secretary
Jan Chalmovsky	President—Strategy and M&A
Alice Heezen	Chief Human Resources Officer
Stephan Lynen	President—Adhesive Solutions
Ana Perroni Laloe	President—Coatings & Construction Solutions and EMEA
Rob Tupker	President—Health & Protection and Performance Materials and Asia
Marshall Moore	Chief Technology Officer and President, Americas

(A) Anant Prakash (Chief Counsel and Company Secretary)

Mr. Prakash has served as Chief Counsel and Company Secretary since December 2022. Mr. Prakash previously spent five years at Ultra Electronics Group, a defence and security company, most recently as General Counsel. Prior to his role at Ultra Electronics Group, he worked at international law firm Slaughter and May, where he developed a broad corporate, commercial and M&A practice, including experience working in Hong Kong and Spain.

(B) Jan Chalmovsky (President—Strategy and M&A)

Mr. Chalmovsky has served as President—Strategy and M&A since September 2022. He had previously held the role of Head of Strategy and M&A at Conzzeta AG (now Bystronic AG) in Zurich, a global industrial company listed on the SIX Swiss exchange. Prior to Conzzeta, he spent nine years at McKinsey & Company, including as an Associate Partner, focusing on strategy, corporate transformations and corporate finance and serving clients in chemicals, medicine and industrial technology globally. Mr. Chalmovsky began his career at Lehman Brothers in London in M&A. Mr. Chalmovsky holds an MBA from INSEAD, an MSc in Management from London School of Economics and a BA from the University of St Gallen.

(C) Alice Heezen (Chief Human Resources Officer)

Ms. Heezan has served as Chief Human Resources Officer since June 2022. Ms. Heezen was previously senior vice president, Chief Human Resources Officer at Trinseo and a member of its executive leadership team. Prior to Trinseo, she served as Head of Human Resources for ADAMA Agricultural Solutions Europe. Ms. Heezan has held senior human resources leadership roles at Fiberweb plc, a speciality global industrial and construction materials business listed in London, oil and gas company BG Group, global consumer packaging company REXAM plc and EnerTel/ Energis N.V., an independent data traffic and telecom services provider. She began her career at Andersen Consulting as a Change Management Consultant. Ms. Heezen holds a Master of Arts in Social and Organisational Psychology from the University of Leiden.

(D) Stephan Lynen (President—Adhesive Solutions)

Mr. Lynen has served as President—Adhesive Solutions since May 2023. Mr. Lynen was previously the Chief Financial Officer of Clariant, having previously led several of its businesses, including its Additives unit for almost approximately four years. With more than 25 years of leadership experience in the chemical sector, he has held positions in Switzerland, Turkey, Japan, Singapore, China, and Europe. Mr. Lynen holds a Diploma of Business Administration with majors in Organisation Management, Marketing, Psychology from the University of Cologne, Germany.

(E) Ana Perroni Laloe (President—Coatings & Construction Solutions and EMEA)

Ms. Perroni Laloe has served as President—Coatings & Construction Solutions and EMEA since the establishment of the division in January 2023. Prior to this role, Ms. Perroni Laloe had served as President—Functional Solutions and Europe since October 2022 and as President—Industrial Specialties (now split up amongst the other three business divisions) from February 2022. Ms. Perroni Laloe has more than 17 years' global sales and marketing experience, starting her career at Ciba Speciality Chemicals in Brazil, followed by international assignments in the UK and Switzerland. She was elected President of RadTech South America for two consecutive terms, where she led the introduction of UV curing technology in the region. Ms. Perroni Laloe holds a BSc in Chemical Engineering from Escola de Engenharia Mauá (IMT) in São Paulo.

(F) Rob Tupker (President—Health & Protection and Performance Materials and Asia)

Mr. Tupker has served as President—Health & Protection and Performance Materials and Asia since the establishment of the division in January 2023. He served as President—Functional Solutions & Europe prior to this, joining the Group in September 2018. Prior to joining the Group, he was involved in the global chemicals industry and has held senior positions with Unilever's and ICI's Flavour and Fragrance Division (now part of Givaudan), Sued Chemie (now part of Clariant) and Honeywell across Europe, Asia and North America. He has an MSc in Chemical Engineering from the Massachusetts Institute of Technology and an MBA from INSEAD.

(G) Marshall Moore (Chief Technology Officer and President, Americas)

Mr. Moore has served as Chief Technology Officer and President, Americas since April 2020. He joined the Group on the acquisition of OMNOVA where he served as Senior Vice President and Chief Technology Officer of OMNOVA Solutions Inc. from January 20, 2017. He joined OMNOVA in March 2015 as Vice President, Technology and Innovation Excellence for the Company's Performance Chemicals business. Prior to joining OMNOVA, Mr. Moore served in a range of leadership roles at Chemtura Corporation from July 2003. Previously, he served as Global Technology Director at GE

Specialty Chemicals, and Global Product Design Leader at GE Plastics. He studied Analytical Chemistry at The Ohio State University and received his Bachelor of Science degree in Chemistry from Marietta College.

7.3 Directorships and partnerships outside the Group

The details of those companies and partnerships outside the Group of which the Directors and Senior Managers are currently directors or partners, or have been directors or partners at any time during the five (5) years prior to the publication of this document, are as follows:

Name	Current directorships and partnerships	Previous directorships and partnership
Directors		
Caroline A Johnstone	Spirax-Sarco Engineering plc—Non-Executive Director and Chair of Colleague Engagement Committee, Trustee of Educational Trust Shepherd Building Group Limited—Non-Executive Director, Senior Independent Director, Chair of Audit Committee and Employee Engagement lead for the Board CA Johnstone Limited—Director University of Manchester—Member of Board of Governors and Chair of the Finance Committee	Reece Group Limited—Chair University of Leeds—Board Member
Michael Willome	Glaston Oyj (Nasdaq Helsinki)—Non-Executive Director Indutrade Group—Director	Conzzeta AG—Group Chief Executive Officer
Lily Liu	DCC plc—Non-Executive Director	Essentra plc—Chief Financial Officer Xaar plc—Chief Financial Officer
Ian Tyler	BMT Group Limited—Non-Executive Chair of Board and Nominations Committee Anglo American plc—Senior Independent Director Affinity Water Limited—Non-Executive Director	Vistry Group plc (formerly Bovis Homes Group)—Non-Executive Chair of the Board Amey UK Limited—Non-Executive Chair of the Board Cairn Energy plc—Non-Executive Chair of the Board BAE Systems Plc—Non-Executive Director AWE Management Ltd—Non-Executive Independent Director Chair
The Hon. Alexander Catto	Cairnsea Investments Limited—Director Schivas Estates Ltd—Director Easter Aberchalder Partnership—Non-Equity Partner	Cairnsea Finance Limited—Director Marketingfile Group Limited—Director Everything DM Limited—Director Liontrust Investment Management Limited—Director
Holly Van Deursen	Kimball Electronics Inc—Non-Executive Director Albermarle Corporation—Non-Executive Director Anson Industries—Non-Executive Director	Bemis Company—Non-Executive Director Capstone Turbine Corporation—Non-Executive Director Actuant Corporation—Non-Executive Director Petroleum Geo Services (OSE)—Non-Executive Director
Martina Flöel	Sasol Limited—Non-Executive Director	Neste Corporation—Supervisory Board member Carl Bechem GmbH—Supervisory Board member
Roberto Gualdoni	Clariant AG—Non-Executive Director American Aerogel Corporation—Director CABB Group GmbH—Chair of Board of Directors	SABIC—Director Carmeuse Group—Director Outokumpu Oyj—Director

Name	Current directorships and partnerships	Previous directorships and partnership
	Envalior GmbH—Chair of shareholders' committee	
Dato' Lee Hau Hian	KLKI Holdings Limited—Director Caruso Australia Ventures Pty Ltd—Non-Executive Director Caruso Epping Pty Ltd—Non-Executive Director Caruso Greenvale Pty Ltd—Non-Executive Director Farming Management Services Pty Ltd—Non-Executive Director Hay River Grazing Co Pty Ltd—Non-Executive Director KLK Farms Pty Ltd—Non-Executive Director Vivaldi Victoria Pty Ltd—Non-Executive Director BKB Overseas Investments Ltd—Non-Executive Director Cubic Crystal Corporation—Non-Executive Director Excessor Holdings Limited—Non-Executive Director KL-Kepong International Ltd—Non-Executive Director KLK Overseas Investments Ltd—Non-Executive Director Caruso Ventures Pte Ltd—Non-Executive Director Kinta Investments Pte Ltd—Non-Executive Director Belpo Capital Pte Ltd—Non-Executive Director Batu Kawan Berhad—Managing Director Kuala Lumpur Kepong Berhad—Director Chemical Company of Malaysia Berhad—Chairman See Sen Chemical Berhad—Chairman Tan Sri Lee Loy Seng Foundation—Trustee The Perak Chinese Maternity Association—President Yayasan De La Salle—Council Member Yayasan KLK—Trustee Arusha Enterprise Sdn Bhd—Non-Executive Director Caruso Enterprises Sdn Bhd—Non-Executive Director CCM Chemicals Sdn Bhd—Non-Executive Director Cengal Emas Sdn Bhd—Non-Executive Director Enternal Edge Sdn Bhd—Non-Executive Director High Quest Holdings Sdn Bhd—Non-Executive Director KL-Kepong Equity Holdings Sdn Bhd—Non-Executive Director Malay Rubber Plantations (M) Sdn Berhad—Non-Executive Director	Kuala Lumpur-Kepong Investments Limited—Non-Executive Director Menara KLK Sdn Bhd—Non-Executive Director

Name	Current directorships and partnerships	Previous directorships and partnership
	Malay-Sino Agro-Chemical Products Sdn Bhd—Non-Executive Director	
	Malay-Sino Chemical Industries Sendirian Berhad—Non-Executive Director	
	Ortona Enterprise Sdn Bhd—Non-Executive Director	
	Paragon Yield Sdn Bhd—Non-Executive Director	
	Pinji Botanics Sdn Bhd—Non-Executive Director	
	Synergy Motion Sdn Bhd—Non-Executive Director	
	Taiko Clay Chemicals Sdn Bhd—Non-Executive Director	
	Taiko Management Sdn Bhd—Non-Executive Director	
	Wan Hin Investments Sdn Berhad—Non-Executive Director	
	Wan Hin Plantations Sendirian Berhad—Non-Executive Director	
	Whitmore Holdings Sdn Bhd—Non-Executive Director	
Senior Managers		
Anant Prakash	City, University of London—Non-Executive Council Member	Ultra Electronics Group—General Counsel Europe and Asia Pacific, General Counsel and Company Secretary
Alice Heezen	—	Trinseo—Senior Vice President, Chief Human Resources Officer
Jan Chalmovsky	—	Conzzeta AG (now Bystronic AG)—Head of Strategy and M&A Embotech AG—Non-Executive Director
Ana Perroni Laloe	—	—
Rob Tupker	—	—
Marshall Moore	—	OMNOVA Solutions Inc—Chief Technology Officer and Senior Vice President of Operations
Stephan Lynen	—	Clariant AG—Chief Financial Officer

7.4 Conflicts of interest

Save for their capacities as persons legally and beneficially interested in Ordinary Shares, there are:

(A) no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties that they may also have; and

(B) no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected.

Each of the Directors has a statutory duty under the Companies Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles of Association and, as permitted by the Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/ or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles of Association.

7.5 Directors' and Senior Managers' confirmations

(A) Other than as set out below in (E), as at the date of this document, no Director or Senior Manager has during the last five (5) years:

(i) had any convictions in relation to fraudulent offences;

(ii) been associated with any bankruptcy, receivership, liquidation or companies put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;

(iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.

(B) No Director or Senior Manager was selected to act in such capacity pursuant to any arrangement or understanding with any shareholder, consumer, supplier or any other person having a business connection with the Group.

(C) There are no family relationships between any of the Directors and/or the Senior Managers.

(D) There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors or Senior Managers.

(E) The Hon. Alexander Catto was a non-executive director of Marketingfile Group Limited and its subsidiary, Everything DM Limited (formerly Marketingfile Ltd). Everything DM Ltd went into liquidation on 3 March 2019 and both Marketingfile Group Limited and Everything DM Ltd were dissolved on 6 July 2021 and 22 June 2021 respectively.

8. FRUSTRATING ACTIONS

The Company is subject to the UK Code on Takeovers and Mergers (the "**City Code**"). Other than as provided by the City Code and Chapter 3 of Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Ordinary Shares.

9. RELATED PARTY TRANSACTIONS

Save as disclosed in the information incorporated by reference into this document referred to below, the Company entered into no transactions with related parties during the years ended 31 December 2020, 2021 and 2022.

- Note 30 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2020 which can be found on page 163 of the Synthomer Annual Report 2020.
- Note 29 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2021 which can be found on page 170 of the Synthomer Annual Report 2021.
- Note 29 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2022 which can be found on page 198 of the Synthomer Annual Report 2022.

No member of the Group entered into any Related Party Transactions between 30 June 2023 and the Latest Practicable Date, other than the irrevocable undertakings which the Company entered into with KLK and each of the Directors in connection with the Rights Issue (as described at section 11.2 (*Irrevocable Undertakings*) below).

KLK is a related party of the Company for the purposes of the Listing Rules as it is a substantial shareholder of the Company which is entitled to exercise, or control the exercise of, 10% or more of the votes that are able to be cast at general meetings of the Company.

Pursuant to the KLK Undertakings and the Rights Issue, KLK has irrevocably committed to take up its entitlement pursuant to the Rights Issue in full and to vote in favour of the Resolutions. This will result

in KLK acquiring an aggregate of 37,676,850 New Ordinary Shares, representing approximately 26.9% of the New Ordinary Shares to be issued pursuant to the Rights Issue. This transaction is classified as a smaller related party transaction under LR11.1.10R(1) and is therefore disclosed in accordance with LR11.1.10R(2)(C).

10. MATERIAL CONTRACTS

The contracts listed below have been entered into by the Company or another member of the Group: (i) within the two years immediately preceding publication of this document which are material to the Company or any member of the Group, or (ii) at any time and contain any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company or any member of the Group as at the date of this document, in each case not including contracts entered into in the ordinary course of business.

10.1 Underwriting Agreement

On the date of this document, the Company and the Underwriters entered into the Underwriting Agreement pursuant to which the Company has appointed Goldman Sachs, JP Morgan and Morgan Stanley as joint global co-ordinators, and Citi and the Joint Global Co-ordinators as joint bookrunners in connection with the Rights Issue. It has been agreed pursuant to the Underwriting Agreement that the Joint Global Co-ordinators will exercise certain rights of the Underwriters noted in this document (including this description of the Underwriting Agreement) on behalf of all of the Underwriters.

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters have severally agreed to use reasonable endeavours to procure subscribers for the Non-KLK Rights Issue Shares which are not taken up by Qualifying Shareholders at the Rights Issue Price. If and to the extent that the Underwriters are unable to procure subscribers for such remaining Non-KLK Rights Issue Shares, the Underwriters have agreed to subscribe themselves (in the agreed proportion), on a several basis, the remaining Non-KLK Rights Issue Shares at the Rights Issue Price.

In consideration for their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated, the Underwriters will be paid an underwriting fee of 2.65% of the gross proceeds of the Rights Issue in respect of the Non-KLK Rights Issue Shares (plus VAT, if applicable), which shall be allocated to the Underwriters in their due proportions. The Company has also agreed, regardless of whether the Underwriters' obligations under the Underwriting Agreement become unconditional or the Underwriting Agreement is terminated, that the Company shall pay all costs, charges and expenses reasonably incurred in connection with, or incidental to, the Rights Issue, Admission and the arrangements contemplated by the Underwriting Agreement (subject to certain caps).

The Company has given certain customary representations, warranties and undertakings to the Underwriters, including a 180-day lock-up on issues of new shares from the date of settlement (save for permitted issuances in connection with the Rights Issue and existing employee share schemes). In addition, the Company has agreed to certain customary consultation and consent rights in favour of the Underwriters in respect of entry into certain commitments and the making of certain announcements which are material in the context of the Group or in in relation to the Rights Issue and/or Admission. The Company has also given certain customary indemnities to the Underwriters and to certain persons connected with them. The liabilities of the Company thereunder are unlimited as to time and amount.

The obligations of the Underwriters under the Underwriting Agreement are subject to certain customary conditions including, among others: (i) the passing of the Resolutions at the General Meeting; (ii) no breach of warranty contained in the Underwriting Agreement, unless such breach in the opinion of the Joint Global Co-ordinators is not materially adverse in the context of the Rights Issue, the underwriting of the New Ordinary Shares and/or Admission; and (iii) Admission occurring not later than 8:00 a.m. on the dealing day after the General Meeting or such later time and/or date as the Company and the Underwriters may agree.

If any of the conditions is not satisfied (unless, where permissible, extended or waived by the Underwriters in their absolute discretion), or becomes incapable of being satisfied, by the required time and date then, save for certain exceptions, the Underwriters' obligations under the Underwriting Agreement shall cease and terminate, without prejudice to any liability for any prior breach of the

Underwriting Agreement. The Underwriters' obligations under the Underwriting Agreement will become unconditional after Admission of the Nil Paid Rights has occurred.

In addition, the Underwriters acting jointly are entitled to terminate the Underwriting Agreement prior to Admission of the Nil Paid Rights if certain circumstances occur, including, among others, where, in the opinion of the Underwriters (acting jointly and in good faith), there has been a material adverse change or the occurrence of certain force majeure-style events which would in the good faith opinion of the Underwriters (acting jointly) make it impracticable or inadvisable to proceed with the Rights Issue or the underwriting of the New Ordinary Shares or which may materially prejudice the success of the Rights Issue. The Underwriters are not entitled to exercise any right of termination, and no right of termination applies once Admission of the Nil Paid Rights has occurred.

10.2 Irrevocable Undertakings

In connection with the Rights Issue, KLK has given irrevocable undertakings to take up its full entitlement pursuant to the Rights Issue and to vote in favour of the Resolutions at the General Meeting (the "**KLK Undertakings**"). This will result in KLK acquiring 37,676,850 New Ordinary Shares, representing approximately 26.9% of the New Ordinary Shares to be issued pursuant to the Rights Issue. KLK is being paid a commission of 1.0% of the aggregate value, at the Rights Issue Price, of the New Ordinary Shares KLK has irrevocably undertaken to take up pursuant to the Rights Issue.

In connection with the Rights Issue and the Directors have irrevocably undertaken to vote or procure that the registered holders vote in favour of the Resolutions in respect of their beneficial holdings and shares in respect of which they have an interest amounting to 5,195,748 Ordinary Shares in aggregate, representing approximately 1.1% of the existing ordinary share capital of the Company in issue as at the Latest Practicable Date. Each Director who holds Ordinary Shares has also irrevocably undertaken to take up in full or in part their rights to subscribe for New Ordinary Shares under the Rights Issue or to sell a sufficient number of their Nil Paid Rights during the nil paid dealing period to meet the costs of taking up the balance of their entitlements to New Ordinary Shares.

10.3 Financing Arrangements

(A) Receivables Financing

On 15 December 2022, Synthomer Deutschland GmbH as German originator and OMNOVA and Synthomer Adhesive Technologies LLC as US originators entered into Factoring Agreements with CommerzFactoring GmbH as purchaser. Under the Factoring Agreements, the purchaser made available non-recourse Factoring Facilities to the originators for a maximum aggregate amount of €200 million.

The Factoring Facilities are guaranteed by Synthomer for all originators and are secured by customary security including security over existing and future receivables, security over bank accounts in which debtor payments are received and security over the claims of originators under credit insurance policies.

The Factoring Facilities are available for a term of two years and the amounts paid as purchase price for the receivables are to be used primarily to satisfy obligations of the originators vis-à-vis their suppliers and for general corporate purposes.

Receivables are eligible for purchase by the purchaser if they meet certain customary criteria including, *inter alia*, the following: (1) they originate from the sale of products or provision of services in the ordinary course of the originators' business, (2) their payment term does not exceed a defined maximum, (3) they are not claims against a member of the Group or consumers, (4) the maximum amount of receivables against a particular debtor does not exceed a set percentage of all purchased and unpaid receivables, (5) they are assignable and not subject to third-party rights and (6) they are not affected by materially significant counterclaims. The originators will continue to perform accounts receivable accounting and dunning functions in relation to the receivables and will be required to provide credit insurance policies.

The Factoring Agreements contain customary information undertakings, audit and verification rights, disclosure rights, events of default and tax indemnities.

Certain fees are payable to the purchaser in connection with the Factoring Facilities including, in relation to the German originator, factoring commission on the nominal amount of purchased and non-purchased receivables, interest, debtor limit fees where credit insurance is provided by the purchaser, commitment fees for undrawn liquidity and structuring fees and, in relation to the US originators, factoring commission on the nominal amount of purchased receivables, debtor limit fees where credit insurance is provided by the purchaser and structuring fees. The Factoring Agreement relating to the German originator is governed by German law and the Factoring Agreements relating to the US originators are governed by New York law.

On 27 June 2023, Synthomer Trading Limited and Synthomer UK Limited, as UK originators, and Synthomer Middleburg BV as Dutch originator, also entered into factoring agreements with CommerzFactoring GmbH as purchaser, as part of the Factoring Facilities.

On 29 June 2023 the term of the Factoring Facilities was extended to 31 May 2025.

(B) UKEF Facility Agreement and UKEF Facility Amendment

On 10 October 2022, Synthomer as original borrower and original guarantor and Synthomer (UK) Limited, Synthomer Trading Limited and Synthomer Holdings Limited as original guarantors entered into a UK export finance ("**UKEF**") facilities agreement with HSBC as sole Export Credit Agency co-ordinator, Citi and HSBC as mandated lead arrangers and bookrunners, Citi as syndication co-ordinator, Citi, HSBC, Santander and Commerzbank as original lenders and HSBC as agent (the "**UKEF Facility Agreement**"). Under the UKEF Facility Agreement, the UKEF Facilities of €287.5 million and $230 million are available for drawing by Synthomer as the original borrower. Each of the bookrunners named above will arrange for the UKEF Facilities to be syndicated to a number of financial institutions.

On 6 December 2022, Synthomer as company and HSBC as agent entered into an amendment to the UKEF Facility Agreement (the "**UKEF Facility Amendment**"). Under the UKEF Facility Amendment, changes were made to the financial covenant in the UKEF Facility Agreement. On 20 March 2023, Synthomer as company and HSBC as agent entered into an additional amendment to the UKEF Facility Amendment (the "**Additional UKEF Facility Amendment**"). Under the Additional UKEF Facility Amendment, further changes were made to the financial covenant in the UKEF Facility Agreement. The consequences of these changes are described in further detail below.

The UKEF Facilities are unsecured but are otherwise guaranteed by the guarantors listed above and other additional guarantors who subsequently acceded.

The UKEF Facilities are available to be applied for general corporate purposes.

The UKEF Facilities mature on 10 October 2027. The UKEF Facilities are available for drawing in euros or US dollars from the date of the UKEF Facility Agreement until 10 October 2024.

The UKEF Facility Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. In particular, the UKEF Facility Agreement contains a restriction on certain disposals.

The financial covenant under the UKEF Facility Agreement, as amended by the UKEF Facility Amendment and the Additional UKEF Facility Amendment is a leverage covenant, whereby the net borrowings of the Group must not exceed 6x the consolidated EBITDA of the Group on 30 June 2023, 5x the consolidated EBITDA of the Group on 31 December 2023, 4.25x the consolidated EBITDA of the Group on 30 June 2024, 3.5x the consolidated EBITDA of the Group on 31 December 2024, 3.5x the consolidated EBITDA of the Group on 31 June 2025 and 3.25x the consolidated EBITDA of the Group on each Calculation Date (as defined in the UKEF Facility Agreement) thereafter. No more than once during the life of the UKEF Facilities, following completion of an acquisition, Synthomer may elect to increase the maximum permitted leverage by 0.5x the consolidated EBITDA of the Group in respect of the two measurement periods ending immediately following completion of such acquisition.

The UKEF Facilities may be prepaid without premium or penalty subject to a maximum of four voluntary prepayments per annum in respect of the USD Facility (as defined in the UKEF Facility Agreement). The amount available under the UKEF Facilities is subject to reduction in accordance with the mandatory prepayment provisions set out therein (including where a change of control of Synthomer occurs or where it becomes unlawful for any lender to perform its obligations under the UKEF Facilities).

The interest rate charged on loans made under the UKEF Facilities is equal to the aggregate of an appropriate benchmark rate and the applicable margin. The margin under the UKEF Facilities is 1.40% per annum for euro loans and 1.75% per annum for US dollar loans.

Certain fees are payable to the finance parties in connection with the UKEF Facilities, including structuring fees, an agency fee, an ongoing commitment fee and UKEF support fees. The UKEF Facility Agreement is governed by the laws of England and Wales.

As at 30 June 2023, the Group has drawn £428.1 million under the UKEF Facilities.

(C) 2020 Notes

On 25 June 2020, Synthomer issued and sold the Notes. The terms of the Notes are governed by an indenture, dated as of 25 June 2020 (the "**Indenture**"), among Synthomer as issuer, Synthomer (UK) Limited, Synthomer Trading Limited, Synthomer Holdings Limited, Synthomer Deutschland GmbH, Synthomer S.r.l., Synthomer Specialty Resins S.r.l., OMNOVA and Synthomer Sdn Bhd as initial guarantors and Citibank, N.A., London Branch as trustee, paying agent, transfer agent and registrar.

The Notes was issued and sold in a private transaction exempt from the registration requirements of the US Securities Act, to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A under the US Securities Act and to non-US persons outside of the United States pursuant to Regulation S under the US Securities Act. Accordingly, the Notes and the related guarantees are not registered under the US Securities Act and the Notes and the related guarantees may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act.

The Notes are senior unsecured obligations of the issuer and are guaranteed on a senior unsecured basis, jointly and severally, by certain of Synthomer's existing and future restricted subsidiaries that guarantee certain indebtedness under credit facilities (including the UKEF Facilities) and certain capital markets indebtedness of the issuer or any guarantor (subject to certain exceptions).

The Indenture governing the Notes contains a number of customary covenants that, among other things, limit or restrict the ability of the issuer and its restricted subsidiaries, subject to certain exceptions, to:

- incur or guarantee additional indebtedness;
- incur certain liens
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- enter into transactions with affiliates of the issuer and its restricted subsidiaries;
- enter into agreements that restrict the ability of the restricted subsidiaries to make dividends or other payments, or otherwise transfer assets, to the issuer or its restricted subsidiaries;
- designate restricted subsidiaries and unrestricted subsidiaries;
- merge or consolidate; and
- transfer or sell assets.

Certain of these covenants will not apply to the issuer and its restricted subsidiaries during any period in which the Notes are rated investment grade by two or more of Standard and Poor's Ratings Service, Fitch Ratings, Inc. or Moody's Investors Service, Inc. In addition, the Indenture governing the Notes permits asset sales which fulfil certain conditions, including asset sales where (i) the consideration is not less than fair market value of the assets (in the determination of Synthomer); and (ii) at least 75% of the consideration is in cash or cash equivalents. When the aggregate amount of net cash proceeds from asset sales not applied in accordance with the terms of the Indenture ("**Excess Proceeds**") exceeds the threshold set out therein, Synthomer is required to make an offer to holders to purchase the Notes at an offer price of 100% of their principal amount and may, at its option, offer to purchase certain indebtedness that is *pari passu* with the Notes at a price no greater than 100% of the principal amount (or accreted value, as applicable) of such indebtedness, in each case in an amount not to exceed the amount of the Excess Proceeds, plus accrued and unpaid interest, if any, thereon to the purchase date.

The Indenture provides for customary events of default (subject in certain cases to customary grace and cure periods), which include, among others, non-payment of principal or interest when due, breach of covenants or other agreements in the Indenture, acceleration of certain other indebtedness and certain events of bankruptcy or insolvency. Generally, if an event of default occurs, the trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and unpaid interest on all of the Notes to be immediately due and payable.

The Notes bear interest at a rate of 3.875% per annum. Interest on the Notes is payable semi-annually in cash in arrears on 1 January and 1 July of each year. The Notes mature on 1 July 2025.

From and after 1 July 2022, Synthomer may, at its option, redeem the Notes, in whole or in part, at the applicable redemption prices set forth in the Notes, together with accrued and unpaid interest and additional amounts, if any, thereon to the redemption date. On the occurrence of certain change of control events with respect to the issuer, Synthomer is required to make an offer to holders to purchase all or any part of the Notes at an offer price of 101% of their principal amount, plus accrued and unpaid interest and any additional amounts, if any, thereon to the purchase date.

The Indenture and the Notes are governed by the laws of the state of New York.

As at 30 June 2023, the Group had £446.9 million aggregate principal amount of Notes outstanding.

(D) Revolving Credit Facility

On 20 March 2023, Synthomer as original borrower and original guarantor and Synthomer (UK) Limited, Synthomer Trading Limited, Synthomer Holdings Limited as original guarantors entered into the Revolving Credit Facility with Citi, HSBC, Commerzbank, Goldman Sachs, Santander and JP Morgan as original lenders and HSBC as agent. On 5 September 2023, Synthomer entered into the RCF Amendment and Extension. Conditional upon the receipt by the Company the proceeds of the Rights Issue, the RCF Amendment and Extension will, amongst other matters, reduce the commitment under the facility size from $480 million to $400 million.

The Revolving Credit Facility is unsecured but is otherwise guaranteed by the guarantors listed above and other additional guarantors who subsequently acceded.

The Revolving Credit Facility matures on 31 May 2025 (which shall be extended to 31 July 2027 by virtue of the RCF Amendment and Extension should it become effective) and is available for drawing in euros, US dollars, pound sterling and other currencies (subject to certain conditions). It contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. In particular, the Revolving Credit Facility contains a restriction on certain acquisitions and disposals.

The financial covenant under the Revolving Credit Facility is identical to the covenant under the Additional UKEF Facility Amendment described in section 10.3(B) (*Financing Arrangements*) of this Part XIII (*Additional Information*).

The interest rate charged on loans made under the Revolving Credit Facility is equal to the aggregate of an appropriate benchmark rate and the applicable margin. The initial margin under the 2023 Revolving Credit Facility is 3.50% per annum, with the margin ratcheting between 1.90% and 4.50% per annum in accordance with the total leverage of the Group. Should it become effective, pursuant to the RCF Amendment and Extension, the initial margin applicable until 31 December 2023 will be adjusted to 4%, with the margin thereafter subject to a ratchet of between 2.25% and 3.5% per annum in accordance with the total leverage of the Group.

Certain fees are payable to the finance parties in connection with the Revolving Credit Facility, including participation and arrangement fees, utilisation fees, an agency fee and an ongoing commitment fee. The Revolving Credit Facility is governed by the laws of England and Wales.

As at 30 June 2023, the Group had drawn £130 million under the Revolving Credit Facility.

11. REGULATORY DISCLOSURES

Below is a summary of the information disclosed in accordance with the Company's obligations under MAR over the last 12 months which is relevant as at the date of this document.

(A) On 18 July 2023, the Company gave a post-close update regarding trading for the six months ended 30 June 2023. The Company announced revenue of £1,100 million, expected

underlying EBITDA in the range of £72 to £74 million and net debt of approximately £795 million, broadly consistent with the Board's expectations described in the announcement of full year 2022 results at the end of March.

(B) On 12 July 2023, the Company announced that it had appointed Martina Flöel as a Non-Executive Director, who would join the Board and become a member of the Audit, Remuneration and Nomination Committees with effect from 1 September 2023.

(C) On 16 May 2023, the Company gave a trading update ahead of the 2023 Annual General Meeting, which was held on the same day. The Company announced that trading during the first four months of 2023 has been broadly consistent with the Board's expectations, reflecting the continued challenging macroeconomic conditions described in the announcement of full year 2022 results at the end of March.

(D) On 12 April 2023, the Company announced its annual results for the twelve-month period ended 31 December 2022. This contained the Synthomer 2022 Annual Results, along with a notice of 2023 Annual General Meeting.

(E) On 28 March 2023, the Company announced its preliminary result for the year ended 31 December 2022. This contained a summary of its financial and operating performance. The Company announced that its overall performance in 2022 had been strong with total group revenue of £2,585.1 million and total group EBITDA of £265.1 million including discontinued operations, amidst year-long nitrile latex destocking and deteriorating macroeconomic conditions during the second half of the year.

(F) On 21 March 2023, the Company announced it had signed a new $480 million committed revolving credit facility maturing 31 May 2025. The Company stated that a further update would be made when it reports Full Year 2022 results on Tuesday 28 March 2023.

(G) On 28 February 2023, the Company announced that it had completed the sale of its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc. which was approved by Synthomer shareholders on 11 January 2023. The Company explained that the net cash proceeds would be used to reduce the Group's debt.

(H) On 31 January 2023, the Company gave a post-close update following the end of its financial year on 31 December 2022. The Company announced that its full year 2022 revenue of £2,600 million, expected underlying EBITDA in the range of £262-268 million and net debt of just over £1,000 million as at 31 December 2022.

(I) On 13 December 2022, the Company announced that it had agreed to the sale of its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc. for a total enterprise value of approximately $255 million (£208 million).

(J) On 30 November 2022, the Company announced that it had appointed Anant Prakash as Chief Counsel and Company Secretary. Anant would join Synthomer on 1 December 2022, succeeding Richard Atkinson who would retire at the end of February 2023 following a handover period. The Company also announced that Cynthia Dubin had resigned as Non-Executive Director and Chair of Audit Committee as at 29 November 2022. Ian Tyler, who joined the Board as a Non-Executive Director in June 2022 would succeed Cynthia as Chair of Audit Committee. Brendan Connolly, Senior Independent Director, would retire from the Board in April 2023 after nine years' service. At that point, Ian Tyler would also succeed him as Senior Independent Director. Holly Van Deursen, who had been a Non-Executive Director and member of the Remuneration Committee since September 2018, would succeed Brendan as Chair of the Remuneration Committee.

(K) On 29 November 2022, the Company announced that the European Commission had made a decision following its investigation into styrene monomer purchasing practices between 2012 and 2018. Synthomer first disclosed this investigation to the market in June 2018 and had since completed a detailed review of its compliance and procurement functions. The Company stated that the decision had resulted in a fine of €43 million (£37.1 million), which was initially payable in 2023 (but was subsequently deferred until the first quarter of 2024), modestly below the £40.1 million provision that Synthomer announced at its interim results in August 2022.

(L) On 20 October 2022, the Company announced that it had agreed with its banking syndicate a covenant relaxation that would provide the Company with increased headroom through to the end of 2023. The Company explained that the covenant relaxation process would help generate cash savings. The Company also confirmed that it had significantly improved its financing structure having signed a five-year, £450 million facility with UK Export Finance on terms that are similar to the Company's existing revolving credit facility.

(M) On 12 October 2022, the Company announced the hosting of an Investor Seminar to provide an update on its strategy and give greater insight into its recently acquired Adhesive Technologies division. The Company also set out its medium-term financial targets including constant currency growth of mid-single digit percent and EBITDA margin of over 15%. The Company announced that it had suspended dividend payments until the end of 2023, including the payment that would be due in November, in order to return leverage towards its target range of 1-2x.

(N) On 29 September 2022, the Company made a trading update on current trading and its outlook for full year 2022. The Company announced that the Board anticipated modest profitability in Performance Elastomers for the second half of the year, as de-stocking of medical gloves had continued.

12. LITIGATION

Other than as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

(A) On 24 May 2023, the EPA and Pennsylvania Department of Environmental Protection ("**PADEP**") filed a complaint and concurrently lodged the Consent Decree with the United States District Court for the District of Pennsylvania, Western District, in a lawsuit captioned as *United States, et. al. v. Eastman Chemical Resins, Inc., et. al., Civil Action No. 2:23—cv—00867—MJH*. On 1 June 2023, the Consent Decree was published for public comment. The public comment period has closed with no comments. On 24 July 2023, the Consent Decree was approved and signed by the Court. The complaint alleges historic contamination and compliance violations at the Jefferson Hills Site, which the Group had been aware of when the Jefferson Hills Site was acquired as part of the Eastman Acquisition, and consequently Eastman and Synthomer negotiated and agreed to certain protective indemnities. The Consent Decree resolves the allegations in the complaint. The Group also engaged and continues to engage with regulators to understand concerns and enforcement dynamics, with the aim of building trust and a good foundational relationship with the EPA and PADEP. Despite protective measures, as at 31 December 2022 and 30 June 2023, the Group provisioned $8 million for the Jefferson Hill Environmental Liabilities over a ten-year period. At this juncture, it is not possible to estimate with accuracy the quantum of costs associated with implementing remedial measures to comply with the terms of the Consent Decree.

(B) As announced on 8 June 2018, the European Commission initiated an investigation into styrene monomer purchasing practices of a number of companies, including Synthomer, operating in the EEA. The Company fully cooperated with the European Commission throughout its investigation. On 29 November 2022, the European Commission published its decision which resulted in a fine of €43 million. The Group had a related provision of €43 million (£38 million as at 31 December 2022 and £37 million as at 30 June 2023) with the final amount now payable in the first quarter of 2024 being €44.3 million.

13. WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Rights Issue (being approximately £261 million, after deduction of estimated commissions, fees and expenses), the working capital available to the Group is sufficient for its present requirements (that is, for at least 12 months following the date of this document).

14. NO SIGNIFICANT CHANGE

There has been no significant change in the financial position or financial performance of the Group in the period since 30 June 2023 to the date of publication of this document.

15. EXPENSES

The total costs and expenses payable by the Company in connection with the Rights Issue (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to approximately £15 million (excluding VAT).

16. AUDITOR

The independent auditor of the Company since 2012 has been PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

17. CONSENTS

(A) Each of the Underwriters has given and not withdrawn their consent to the inclusion in this document of their name in the form and in the context in which they appear.

(B) PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this document of the report set out in Part B of Part XI (*Unaudited Pro Forma Financial Information*) and has authorised the contents of its report for the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules . As the Shares have not been and will not be registered under the US Securities Act, PricewaterhouseCoopers LLP has not filed and will not file a consent under the US Securities Act.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected on the Company's website at https://www.synthomer.com for a period of twelve (12) months from the date of publication of this document:

(A) the Articles of Association;

(B) the documents incorporated by reference into this document, as listed in Part XIV (*Documents Incorporated by Reference*);

(C) the consent letters referred to in section 17 (*Consents*) of this Part XIII (*Additional Information*); and

(D) a copy of this document.

For the purposes of Rule 3.2 of the Prospectus Regulation Rules, this document will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the Company's registered office, being Temple Fields, Harlow, Essex, CM20 2BH, United Kingdom. In addition, the document will be published in electronic form and be available on the Company's website at https://www.synthomer.com.

PART XIV
DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or by implication, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information is stated within this document as specifically being incorporated by reference or where the document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

1. INFORMATION INCORPORATED BY REFERENCE FROM THE COMPANY'S 2023 HALF YEAR RESULTS

The following pages are incorporated by reference from the Company's 2023 Half Year Results:

Document information incorporated by reference	Pages
Consolidated income statement	13–14
Consolidated statement of comprehensive income	15
Consolidated statement of changes in equity	16
Consolidated balance sheet	17
Consolidated cash flow statement	18
Notes to the consolidated financial statements	19–30

The 2023 Half Year Results can be accessed at: www.synthomer.com/investor-relations

2. INFORMATION INCORPORATED BY REFERENCE FROM THE COMPANY'S 2022 ANNUAL REPORT AND ACCOUNTS

The following pages are incorporated by reference from the Company's 2022 Annual Report and Accounts:

Document information incorporated by reference	Pages
Independent Auditor's report	154–160
Consolidated income statement	161
Consolidated statement of comprehensive income	162
Consolidated statement of changes in equity	162
Consolidated balance sheet	163
Consolidated cash flow statement	164
Notes to the consolidated financial statements	165–202

The 2022 Annual Report and Accounts can be accessed at: www.synthomer.com/investor-relations

3. INFORMATION INCORPORATED BY REFERENCE FROM THE COMPANY'S 2021 ANNUAL REPORT AND ACCOUNTS

The following pages are incorporated by reference from the Company's 2021 Annual Report and Accounts:

Document information incorporated by reference	Pages
Independent Auditor's report	131–136
Consolidated income statement	137
Consolidated statement of comprehensive income	138
Consolidated statement of changes in equity	138
Consolidated balance sheet	139
Consolidated cash flow statement	140
Notes to the consolidated financial statements	141–172

The 2021 Annual Report and Accounts can be accessed at: www.synthomer.com/investor-relations

4. INFORMATION INCORPORATED BY REFERENCE FROM THE COMPANY'S 2020 ANNUAL REPORT AND ACCOUNTS

Document information incorporated by reference	Pages
Independent Auditor's Report	122–128
Consolidated income statement	129
Consolidated statement of comprehensive income	130
Consolidated statement of changes in equity	130
Consolidated balance sheet	131
Consolidated cash flow statement	132
Notes to the consolidated financial statements	133–165

"**2019 Revolving Credit Facility**"	means the €460 million multicurrency revolving credit facility provided to Synthomer under the 2019 Syndicated Facilities Agreement, which was repaid and cancelled on 24 March 2023;
"**2019 Term Loan**"	means the $260 million committed unsecured term loan with respect to Synthomer and which was repaid in full and cancelled;
"**2020 Annual Financial Statements**"	means the audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2020, including the notes thereon;
"**2021 Annual Financial Statements**"	means the audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2021, including the notes thereon;
"**2021 Term Loan**"	means the $300 million committed unsecured term loan with respect to Synthomer and which was repaid in full and cancelled;
"**2022 Annual Financial Statements**"	means the audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2022, including the notes thereon;
"**2023 Annual General Meeting**"	means the annual general meeting of the Company held on 16 May 2023;
"**2023 Half Year Results**"	means the unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2023 (including the unaudited comparative financial information as at and for the six months ended 30 June 2022);
"**Adhesive Resins Business**"	means the adhesive resins business of Eastman Chemical Company which was acquired by Synthomer as part of the Eastman Acquisition;
"**Admission**"	means admission of the New Ordinary Shares (nil paid or fully paid, as the case may be) to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
"**Admission of the Nil Paid Rights**"	means admission of the Nil Paid Rights to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
"**APOs**"	means amorphous polyolefins;
"**Articles of Association**"	means the articles of association of the Company from time to time;
"**BASF Pischelsdorf**"	means the manufacturing facility in Pischelsdorf, Austria, acquired by Synthomer in January 2018 from BASF SE and subsidiaries;
"**Board**"	means the board of directors of the Company from time to time;
"**Business Day**"	means any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
"**Capital Reorganisation**"	means the Sub-division and the Share Consolidation;
"**Capital Reorganisation Record Date**"	means 6:00 p.m. on 25 September 2023;
"**CAGR**"	means compounded annual growth rate;
"**Cashless Take-up**"	means the sale of such number of Nil Paid Rights as will generate sufficient sale proceeds to enable the direct or indirect holder thereof to take up all of their remaining Nil Paid Rights (or entitlements thereto);

"**CCSS**"	means the CREST Courier and Sorting Service established by Euroclear UK to facilitate, amongst other things, the deposit and withdrawal of securities has the meaning given to it in the CREST Manual;
"**certificated**" or "**in certificated form**"	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
"**Chair**"	means the chair of the Company;
"**Citi**"	means Citigroup Global Markets Limited;
"**Closing Price**"	means the closing, middle market quotation in pounds sterling of an Existing Ordinary Share, as published in the Daily Official List;
"**CLP**"	has the meaning ascribed to it in section 3.2 of Part I (*Risk Factors*);
"**Companies Act**"	means the Companies Act 2006 of England and Wales, as amended, modified or re-enacted from time to time;
"**Company**" or "**Synthomer**"	Synthomer plc, a public limited company incorporated in England and Wales with registered number 00098381;
"**Computershare**"	means Computershare Investor Services PLC;
"**Consent Decree**"	means the consent order made by the EPA with respect to the Jefferson Hills Environmental Liabilities, published for comment on 1 June 2023;
"**Consolidated Closing Price**"	means the Closing Price multiplied by the Consolidation Ratio on the Latest Practicable Date;
"**Consolidated Ordinary Share**"	means one ordinary share of 1 pence resulting from the Share Consolidation;
"**Consolidation Ratio**"	means the ratio of 1 Consolidated Ordinary Share in substitution for every 20 Intermediate Shares;
"COVID-19"	means the infectious disease caused by severe acute respiratory syndrome SARS-CoV-2, the resulting pandemic and related public health events;
"**CREST**"	means the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
"**CREST Manual**"	means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended);
"**CREST member**"	means a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
"**CREST Regulations**"	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"**CREST Shareholders**"	means Shareholders holding Ordinary Shares in uncertificated form;
"**CREST sponsor**"	means a CREST participant admitted to CREST as a CREST sponsor;
"**CREST sponsored member**"	means a CREST member admitted to CREST as a sponsored member;
"**Daily Official List**"	means the daily official list of the London Stock Exchange;
"**Deferred Shares**"	means the deferred shares of 9.95 pence each in the share capital of Synthomer resulting from the Sub-division;

"**Directors**"	means the directors of the Company as at the date of this document, and "**Director**" means any one of them;
"**Disclosure Guidance and Transparency Rules**"	means the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
"Eastman"	means the Eastman Chemical Company;
"Eastman Acquisition"	means the acquisition by Synthomer of the Adhesive Resins Business on 1 April 2022;
"**EBITDA**"	has the meaning ascribed to it in section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*);
"**EcoVadis**"	means EcoVadis Inc., a company that provides business sustainability ratings;
"**EEA**"	means the European Economic Area first established by the agreement signed at Oporto on 2 May 1992;
"**EPA**"	has the meaning ascribed to it in section 3.1) of Part I (*Risk Factors*);
"**ESG**"	means environmental, social and governance;
"**EU**" or "**European Union**"	means the European Union first established by the treaty made at Maastricht on 7 February 1992;
"**Euroclear UK**"	means Euroclear UK & International Limited, the operator of CREST;
"**EUWA**"	means the European Union (Withdrawal) Act 2018, as amended;
"**Excluded Shareholders**"	means, subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in, or otherwise resident or located in, any Excluded Territory;
"**Excluded Territories**"	means Australia, Canada, Hong Kong, Singapore, the United Arab Emirates and the United States (subject to certain limited exceptions), and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation, and "**Excluded Territory**" means any one of them;
"**Executive Committee**"	means a committee of the board of directors comprised of Synthomer's Executive Directors and the Senior Managers;
"**Executive Directors**"	means the executive directors of the Company as at the date of this document and "**Executive Director**" means any one of them;
"**Existing Holding**"	means a Qualifying Shareholder's holding of Ordinary Shares on the Record Date;
"**Existing Ordinary Shares**"	means, the existing Ordinary Shares in issue immediately preceding the Rights Issue;
"**Ex-Rights Date**"	means the date on which Ordinary Shares are marked "ex-rights", which is expected to occur at 8:00 a.m. on 28 September 2023;
"**Factoring Agreements**"	means the factoring agreement entered into between Synthomer Deutschland GmbH as German originator and OMNOVA and Synthomer Adhesive Technologies LLC as US originators on 15 December 2022;
"**Factoring Facilities**"	means the non-recourse factoring facilities for a maximum aggregate amount of €200 million made available by the purchaser to the originators under the Factoring Agreements;
"**FCA**"	means the Financial Conduct Authority;
"**FCA Handbook**"	means the FCA's Handbook of Rules and Guidance, as amended from time to time;

"**FCPA**"	means the US Foreign Corrupt Practices Act;
"**FinSA**"	means the Swiss Financial Services Act;
"**Form of Proxy**"	means the form of proxy for use at the General Meeting which accompanies this document;
"**Fully Paid Rights**"	means rights to acquire New Ordinary Shares, fully paid;
"**FSMA**"	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time;
"**GDP+**"	means in line with, or slightly above, GDP growth rates;
"**General Meeting**"	means the general meeting of the Company to be convened pursuant to the notice set out in this document (including any adjournment thereof);
"**Group**"	means the Company and each of its direct and indirect subsidiaries from time to time (where "subsidiary" shall have the meaning ascribed to it in the Companies Act);
"Historical Financial Information"	means the historical financial information of the Group referred to in Part IX (*Historical Financial Information*);
"**HMRC**"	means HM Revenue and Customs;
"**IFRS**"	means the UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act as applicable to companies reporting under those standards as at and for each of the financial years ended 31 December 2022 and 31 December 2021 and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union as at and for the year ended 31 December 2020;
"**Intermediate Shares**"	means the ordinary shares of 0.05 pence each in the capital of Synthomer resulting from the Sub-division;
"**ISIN**"	means International Securities Identification Number;
"**Jefferson Hills Site**"	means the resins disposal site located in Jefferson Hills Borough, Allegheny County, Pennsylvania;
"**Jefferson Hills Environmental Liabilities**"	has the meaning ascribed to it in section 3.1 of Part I (*Risk Factors*);
"**Joint Bookrunners**"	means Goldman Sachs International, J.P. Morgan Cazenove, Morgan Stanley & Co. International plc and Citigroup Global Markets Limited;
"**Joint Global Co-ordinators**"	means Goldman Sachs International, J.P. Morgan Cazenove and Morgan Stanley & Co. International plc;
"**KLK**"	means the Kuala Lumpur Kepong Berhad Group;
"**KLK Rights Issue Shares**"	means the New Ordinary Shares KLK has agreed to take up pursuant to the Rights Issue;
"**KLK Undertakings**"	has the meaning ascribed to it in section 10.2 (*Irrevocable Undertakings*) of Part XIII (*Additional Information*);
"**Laminates, Films and Coated Fabrics Businesses**"	means the legacy non-core businesses from the Group's Performance Elastomer and Industrial Speciality divisions which were sold to Surteco North America, Inc. on 28 February 2023;
"**Latest Practicable Date**"	means 6 September 2023, being the latest practicable date prior to publication of this document;

"**Listing Rules**" or "**LR**"	means the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
"**London Stock Exchange**"	means London Stock Exchange Group plc or its successor(s);
"**LTM**"	means last 12 months;
"**Malaysian ringgit", "ringgit" or "MYR**"	means the currency of Malaysia;
"**MAR**"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, in the form retained in the English law and as amended from time to time;
"**Member State**"	means a member state of the EEA;
"**Money Laundering Regulations**"	means the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time;
"**MSCI**"	means Morgan Stanley Capital International;
"**NBR**" or "**Nitrile**"	means nitrile butadiene rubber;
"**New Ordinary Shares**"	means the Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
"**Nil Paid Rights**"	means rights to subscribe for New Ordinary Shares, nil paid;
"**Non-Executive Directors**"	means the non-executive directors of the Company as at the date of this document and "**Non-Executive Director**" means any one of them;
"**Non-KLK Rights Issue Shares**"	means the New Ordinary Shares apart from the KLK Rights Issue Shares;
"**Notes**"	means the 3⅞% senior notes due 2025 issued and sold by Synthomer on 25 June 2020 for an initial aggregate principal amount of €520 million;
"**Notice**"	means the notice of the General Meeting contained in this document;
"**Official List**"	means the official list maintained by the FCA pursuant to FSMA;
"**OMNOVA**"	means OMNOVA Solutions Inc., which was previously registered as an independent public limited company and was registered as a private company and designated as an indirect subsidiary of the Company on 1 April 2020;
"**Ordinary Shares**"	means the ordinary shares of 10 pence each in the share capital of the Company prior to the Sub-division and Share Consolidation and ordinary shares of 1 pence each in the capital of the Company following the Share Consolidation;
"**Overseas Shareholders**"	means Shareholders with registered addresses outside the United Kingdom or who are incorporated in, registered in, or otherwise resident or located in, countries outside the United Kingdom;
"**PAC**"	means the Hexion Performance Adhesives and Coatings business that was acquired by the Issuer in June 2016;
"**Permitted US Shareholders"**	means Qualifying Shareholders resident in the United States permitted by the Company to participate in the Rights Issue (which for these purposes, where a Qualifying Shareholder holds as nominee, may be either the Qualifying Shareholder or the person for whom it is acting, directly or indirectly, as nominee);
"**PMR**"	means pure monomer resin;

"**PR Regulation**"	means the Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation as regards the format, content, scrutiny, and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 as it forms part of retained EU law as defined by the EUWA;
"**PRA**" or "**Prudential Regulation Authority**"	means the Prudential Regulation Authority of the United Kingdom;
"**premiums**"	means any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage fees and commissions and related irrecoverable VAT);
"**Prospectus Regulation**"	means the Prospectus Regulation (EU) 2017/1129, as amended from time to time;
"**Prospectus Regulation Rules**"	means the Prospectus Regulation Rules of the FCA made under section 73A of FSMA;
"Provisional Allotment Letter"	means a provisional allotment letter to be issued in connection with the Rights Issue;
"**PSA**"	means pressure sensitive adhesives;
"**PSP**" or "**Share Plans**"	means the Synthomer Performance Share Plan (as amended);
"**QIB**"	a "qualified institutional buyer" within the meaning of Rule 144A under the US Securities Act;
"**QIB Representation Letter**"	the letter executed by a QIB and delivered to the Company, certifying that, among other things: (a) it is a QIB and (b) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with applicable securities laws;
"**Qualifying CREST Shareholders**"	means Qualifying Shareholders holding Ordinary Shares in uncertificated form;
"Qualifying Non-CREST Shareholders"	means Qualifying Shareholders holding Ordinary Shares in certificated form;
"**Qualifying Shareholders**"	means holders of Existing Ordinary Shares on the register of members of the Company at the Record Date;
"**R&D**"	means research and development;
"**RCF Amendment and Extension**"	means the amendment agreement dated 5 September 2023 with the RCF Lenders to amend certain terms of the Revolving Credit Facility, subject to and conditional upon the Rights Issue;
"**RCF Lenders**"	means Citi, HSBC, Commerzbank, Goldman Sachs, Santander and JP Morgan;
"**REACH**"	has the meaning ascribed to it in section 3.2 of Part I (*Risk Factors*);
"**Receiving Agent**"	means Computershare Investor Services PLC;
"**Record Date**"	means the date specified in the Expected Timetable of Principal Events on which a Shareholder must hold Ordinary Shares to be a Qualifying Shareholder;
"**Regulation S**"	means Regulation S under the US Securities Act;
"**Regulatory Information Service**"	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
"**Registrar**"	means Computershare Investor Services PLC;

"**Related Party Transaction**"	has the meaning ascribed to it in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002;
"**Resolutions**"	means each of the resolutions to be proposed at the General Meeting (and as further described in section 7 of Part V (*Letter from the Chair of Synthomer plc*));
"**Revolving Credit Facility**"	means the $480 million committed revolving credit facility which was refinanced on 20 March 2023, as amended on 5 September 2023;
"**Rights Issue**"	means the offer by way of rights to Qualifying Shareholders to subscribe for New Ordinary Shares, on the terms and conditions set out in this document;
"**Rights Issue Price**"	means 197 pence per New Ordinary Share;
"**Risk Factors**"	means risk factors set out in Part I (*Risk Factors*) of this document;
"**Rule 144A**"	means Rule 144A under the US Securities Act;
"**SBR**"	means styrene butadiene rubber;
"**SBTi**"	means Science Based Targets initiative;
"**SDRT**"	means stamp duty reserve tax;
"**SEC**"	means the United States Securities and Exchange Commission;
"**SEDOL**"	means Stock Exchange Daily Official List;
"**Share Consolidation**"	means the proposed consolidation of 20 Intermediate Shares into one Consolidated Ordinary Share as described in section 5 of Part V (*Letter from the Chair of Synthomer plc*);
"**Shareholder Helpline**"	means the telephone helpline for Shareholders, on 0370 707 1421 (from inside the United Kingdom);
"**Shareholders**"	means the holder(s) of Ordinary Shares from time to time and "**Shareholder**" means any one of them;
"**SHE**"	means safety, health and environment;
"**Special Dealing Service**"	means the service operated by Computershare that can be used to dispose Nil Paid Rights by individual certificated Shareholders aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Computershare in writing);
"**Special Items**"	has the meaning ascribed to it in section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*);
"**Speciality Additives**"	means the business formerly known as Perstorp Oxo Belgium AB, acquired by the Company in March 2017;
"**Sponsor**"	means JP Morgan Securities plc;
"**stock account**"	means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
"**Sub-division**"	means the proposed sub-division of the Existing Ordinary Shares into Intermediate Shares of 0.05 pence nominal value each and Deferred Shares of 9.95 pence nominal value each as described in section 5 of Part V (*Letter from the Chair of Synthomer plc*);
"**Target Market Assessment**"	has the meaning ascribed to it in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook;
"**TSCA**"	means the Toxic Substances Control Act of 1976;
"uncertificated" or "in uncertificated form"	refers to a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in

	CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"**UK Product Governance Requirements**"	means the product requirements as set out in Chapter 3 of the FCA Handbook Product Intervention and Product Government Sourcebook;
"**UK REACH**"	has the meaning ascribed to it in section 3.2 of Part I (*Risk Factors*);
"**UKEF**"	means UK Export Finance;
"**UKEF Facilities**"	means the €287.5 million unsecured export facilities as amended on 20 March 2023 and the $230 million unsecured export facilities as amended on 20 March 2023;
"**Underlying performance**"	has the meaning ascribed to it in section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*);
"**Underwriters**"	means Goldman Sachs International, J.P. Morgan Cazenove, Morgan Stanley & Co. International plc and Citigroup Global Markets Limited;
"**Underwriting Agreement**"	means the underwriting agreement dated 7 September 2023 between the Company, the Sponsor and the other Underwriters in relation to the Rights Issue, further details of which can be found in section 10 (*Material Contracts*) of Part XIII (*Additional Information*) of this document;
"**United Kingdom**" or "**UK**"	means the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**UK Prospectus Regulation**"	means the Prospectus Regulation as it forms part of the domestic law of the United Kingdom by virtue of EUWA, as amended;
"**US Securities Act**"	means the US Securities Act of 1933, as amended;
"**Working Capital Statement**"	means the working capital statement in section 13 (*Working Capital*) of Part XIII (*Additional Information*) of this document;
"**VAT**"	means value added tax;
"**VP**"	means vinyl pyridine;
"**VOC**"	means volatile organic compounds; and
"**Yule Catto**"	means Yule Catto & Co. Limited.

NOTICE OF GENERAL MEETING

Synthomer plc

(Incorporated in England and Wales with registered number 00098381)

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING of Synthomer plc (the "**Company**") will be held at 12:30 p.m. on 25 September 2023 at the Company's offices at 45 Pall Mall, London, SW1Y 5JG, United Kingdom to consider and, if thought fit, to pass the following resolutions which will be proposed, in the case of resolution 1, 3 and 4 as an ordinary resolution and in the case of resolution 2 and 5 as a special resolution.

Rights Issue

Resolution 1—Authority to allot shares

As an Ordinary Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed, and subject to and conditional upon admission to the premium listing segment of the Official List and to trading on the London Stock Exchange plc's main market for listed securities, respectively, of the new ordinary shares of 1 pence each to be issued by the Company in connection with the issue by way of rights of up to 140,200,818 new ordinary shares at a price of 197 pence per new ordinary share to qualifying shareholders on the register of members of the Company at close of business on 26 September 2023 (the "**Rights Issue**") and in addition to the existing authority conferred on the directors of the Company (the "**Directors**") by Article 5 of the Company's articles of association and the resolutions passed by shareholders of the Company at the annual general meeting of the Company held on Tuesday 16 May 2023, the Directors be generally and unconditionally authorised, pursuant to and in accordance with section 551 of the Companies Act 2006, to:

i. exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,402,100.00 pursuant to or in connection with the Rights Issue, such authority to expire at the conclusion of the next annual general meeting of the Company; and

ii. make an offer or agreement in connection with the Rights Issue which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority, and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

Resolution 2—Authority to disapply pre-emption rights

As a Special Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed, the Directors be authorised to allot equity securities (as defined in section 560 of the Companies Act) of the Company pursuant to the authority conferred by resolution 1 or cash as if section 561 of that Act did not apply to any such allotment, such authority to be limited to the allotment of equity securities pursuant to the authority conferred by resolution 1 up to an aggregate nominal amount of £1,402,100.00, such authority (unless previously renewed, varied or revoked by the Company in general meeting) to apply until the conclusion of the next annual general meeting of the Company, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted after the authority given by this resolution has expired.

Capital Reorganisation

Resolution 3—Sub-division

As an Ordinary Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed, each of the ordinary shares of 10 pence each in the capital of the Company in issue at the close of business on 25 September 2023 or such other time and date as the directors of the Company may in their sole discretion determine (the "**Record Date**") be sub-divided and re-classified into: (1) 1 ordinary share of

0.05 pence in the capital of the Company, each carrying the same rights and obligations as the existing ordinary shares of 10 pence in the capital of the Company (save as to nominal value) (each an ''**Intermediate Share''**); and (2) one deferred share of 9.95 pence in the capital of the Company, such shares carrying the rights and obligations and being subject to the restrictions set out in the articles of association of the Company as amended by Resolution 4 below (each a "**Deferred Share**"), and the holders of the ordinary shares hereby approve such sub-division and re-classification for all purposes, including to the extent they constitute the amendment of the rights attaching to the ordinary shares (the "**Sub-division**").

Resolution 4—Share Consolidation

As an Ordinary Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed, and immediately following the Sub-division becoming effective: (a) all the Intermediate Shares be consolidated into new ordinary shares of 1 pence each in the capital of the Company (the "**Consolidated Ordinary Shares**"), each Consolidated Ordinary Share having the same rights as an Intermediate Share (save as to the nominal value) (the "**Consolidation**"); and (b) the directors of the Company (or a duly authorised committee of the directors of the Company) be and are hereby authorised to take all such steps as they consider to be necessary or desirable in connection with, or to implement, the above; and to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the above as they may in their absolute discretion think fit, provided that, where such Consolidation results in any shareholder being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a Consolidated Ordinary Share to which other shareholders of the Company may be entitled; and that the directors of the Company be and are hereby authorised in accordance with Article 7 of the Company's articles of association to deal with such fractions as they shall decide, including to place (or appoint any other person to place), on behalf of all the relevant shareholders, all the Consolidated Ordinary Shares representing such fractions at the best price reasonably obtainable and to distribute the net proceeds of the placing in due proportion among the relevant shareholders entitled thereto (save that amounts of less than £5.00 will not be paid to such shareholders and such amounts will instead be retained by the Company); and any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant shareholders and to do all acts and things the directors of the Company consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares (including requiring any Consolidated Ordinary Shares held in uncertificated form to be converted into certificated form and transferred as aforesaid).

Resolution 5—Amendment to the Company's articles of association

As a Special Resolution

THAT subject to all other Resolutions in this Notice of General Meeting being duly passed and the Sub-division (as defined in Resolution 2 above) becoming effective, the articles of association of the Company be amended by the insertion of new Articles 125 to 132 as follows:

"**DEFERRED SHARE RIGHTS**

125. The Deferred Shares of 9.95 pence each (the "**Deferred Shares**") shall rank *pari passu* with each other but otherwise shall have the rights and be subject to the limitations and restrictions set out in Articles 126 to 132 as well as such further rights, limitations and restrictions (not being inconsistent with those set out in Articles 126 to 132) as may be determined by the Directors:

Income

126. The holders of the Deferred Shares shall not be entitled to participate in the profits of the Company (save as provided in Article 127) and shall not be entitled to any further or other right of participation in the assets of the Company.

Capital

127. The holders of the Deferred Shares shall not have any right to participate in any distribution of the Company's assets on a winding up or other distribution except that, after the return of the nominal amount paid up on all Ordinary Shares and the distribution of £500,000,000,000, there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares.

Voting and General Meetings

128. The holders of the Deferred Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting or to attend, speak or vote at any general meeting.

Limitations

129. No Deferred Share shall: (1) be transferable at any time other than with the prior written consent of the Directors and the Directors shall have the right to refuse to register any transfer undertaken without their prior written consent; or (2) entitle its holder to receive a share certificate in respect of such shareholding, save as required by law.

Transfer and Purchase

130. The Company may at its option and is irrevocably authorised at any time after the creation of the Deferred Shares to authorise and instruct the secretary of the Company (or any other person appointed for the purpose by the Directors) as agent for the holders of the Deferred Shares and, without obtaining the consent of such holders, to: (1) transfer all of the Deferred Shares to the secretary of the Company for aggregate nil consideration and to execute all documentation that such person may consider is necessary or desirable in connection with such transfer; and/or (2) transfer all of the Deferred Shares to the Company for an aggregate payment of £0.01 in respect of the total number of Deferred Shares being transferred or purchased and to execute all documentation that such person may consider is necessary or desirable in connection with such purchase of the Deferred Shares, in each case without obtaining the sanction of the holder or holders thereof.

Rights attaching to Deferred Shares

131. The rights attached to the Deferred Shares shall not be, or deemed to be, varied or abrogated by: (1) the creation or issue of any new shares ranking in priority to or pari passu with or subsequent to such shares; (2) any amendment or variation of the rights of any other class of shares of the Company; (3) the Company reducing its share capital or share premium; or (4) the redemption, surrender, purchase or cancellation of any share, whether a Deferred Share or otherwise, nor by the passing by the members of the Company (or any class of them) of any resolution, whether in connection with any of the foregoing or for any other purpose, and accordingly no consent thereto by the holders of the Deferred Shares, or any of them, shall be required.

Cancellation

132. The Company shall have the irrevocable authority to cancel any Deferred Share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such Deferred Share."

By order of the Board

Anant Prakash

Temple Fields
Harlow
Essex
CM20 2BH
United Kingdom

Registered in England and Wales No. 00098381

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Registrar's helpline on +44 (0) 370 707 1421.

2. To be valid any Form of Proxy or other instrument appointing a proxy must be received by the Registrar by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or at the electronic address provided in the Form of Proxy, in each case no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

3. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 6:00pm on 21 September 2023 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 6 September 2023 (being the last practicable business day prior to the publication of this Notice), the Company's issued share capital consists of 467,336,041 ordinary shares of 10 pence each, carrying voting rights.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for the receipt of proxy appointments specified in Note 2. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any

particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. Please note that the meeting is being held specifically to seek approval in relation to the Capital Reorganisation and the Rights Issue, so questions should relate only to the business of the meeting rather than the general business of the Company. If you have questions relating to the mechanics of the Rights Issue or the meeting, you should contact the Registrar in the first instance using the details set out in note 15 below.

14. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.synthomer.com.

15. Except as provided above, shareholders who have general queries about the General Meeting should call the Registrar's helpline on +44 (0370) 707 1421. The helpline is available from 8:30 a.m. to 5:30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the helpline will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice. No other methods of communication will be accepted.

Toppan Merrill, London
23-24593-1