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If you have sold or otherwise transferred all of your existing ordinary shares in Synthomer plc (the “**Company**” or “**Synthomer**”, and, together with its subsidiary undertakings, the “**Synthomer Group**”), please send this Circular, together with the accompanying form of proxy (the “**Form of Proxy**”) (other than documents or forms personalised to you) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holdings of ordinary shares in Synthomer (the “**Shares**”) you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

This Circular does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase or subscribe for, any securities.



SYNTHOMER PLC

(Incorporated and registered in England and Wales with registered number 00098381)

Proposed sale of the Laminates, Films and Coated Fabrics Businesses and Notice of General Meeting

This Circular should be read as a whole. Your attention is drawn to the letter from your Chair which is set out on pages 9 to 17 of Part I (Chair’s Letter) of this document and which recommends you vote in favour of the Resolution to be proposed at the General Meeting referred to below. The Transaction will not take place unless the Resolution is passed at the General Meeting. Your attention is also drawn to the risk factors which are set out in Part II (Risk Factors) of this Circular.

Notice of the general meeting of Synthomer to be held at 11:00am on 11 January 2023 at the Company’s offices at 45 Pall Mall, London, SW1Y 5JG, United Kingdom (the “**General Meeting**”) is set out at the end of this document (the “**Notice of General Meeting**”).

A Form of Proxy for use at this General Meeting is enclosed. Whether or not you intend to be present at the General Meeting, 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 Computershare Investor Services PLC (the “**Registrar**”) at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom by no later than 11:00am on 9 January 2023 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned 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 no later than 11:00am on 9 January 2023 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you have any questions about this Circular, the General Meeting or the return of the Form of Proxy, please contact the Registrar between 8:30 am and 5:30 pm Monday to Friday (excluding public holidays) on 0370 707 1421 (from the United Kingdom), or +44 370 707 1421 (from outside the United Kingdom, international rates apply). Please note that calls may be monitored or recorded and the Registrar cannot provide financial, legal or tax advice on the merits of the Transaction.

Piper Sandler Ltd. (“**Piper Sandler**”) is authorised and regulated in the United Kingdom by the FCA. Piper Sandler is acting as financial adviser exclusively for the Company and no one else in connection with the Transaction and the matters set out in this Circular and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Piper Sandler or its affiliates, or for providing advice in relation to the Transaction or any other matters referred to in this Circular.

J.P. Morgan Securities PLC, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan**”), is authorized in the United Kingdom by the Prudential Regulation Authority (the “**PRA**”) and regulated in the United Kingdom by the FCA and PRA. J.P. Morgan is acting as sponsor exclusively for the Company and no one else in connection with the Transaction and the matters set out in this Circular and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan or its affiliates, or for providing advice in relation to the Transaction or any other matters referred to in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on each of Piper Sandler or J.P. Morgan by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of Piper Sandler, J.P. Morgan and any person affiliated with either of them assumes no responsibility whatsoever for and makes no representation or warranty express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf and nothing contained in this Circular is, or shall be, relied upon as a promise or representation in this respect whether as to the past, present or future, in connection with the Company, or the Transaction. Each of Piper Sandler, J.P. Morgan and their respective subsidiaries, branches and affiliates accordingly disclaims to the fullest extent permitted by law all and any duty, responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise be found to have in respect of this Circular or any such statement or otherwise.

This document is a circular relating to the Transaction which has been prepared in accordance with the Listing Rules solely for the purpose of assisting shareholders’ consideration of the Resolution. Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the Resolution is prohibited. The contents of this Circular are not to be construed as legal, financial or tax advice.

Persons into whose possession this Circular comes should inform themselves about, and observe, any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Circular and the Transaction. The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such requirements by any person.

This Circular is dated 16 December 2022.

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EXPECTED TIMETABLE

<u>Event</u>	<u>Time and Date</u>
Announcement of the Transaction	13 December 2022
Publication of this document and Notice of General Meeting	16 December 2022
Posting of this document and the Form of Proxy	19 December 2022
Latest time and date for receipt of Form of Proxy and CREST Proxy instructions	11:00am on 9 January 2023
Voting record date for General Meeting	6:00pm on 9 January 2023
General Meeting	11:00am on 11 January 2023
Expected date of Completion	Q1 2023
Long Stop date for Completion	13 December 2023

All references to time in this document and in the expected timetable above are to the time in London, United Kingdom, unless otherwise stated. Each of the times and dates in the table above are indicative only and may be subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders via a Regulatory Information Service.

IMPORTANT INFORMATION

1. Forward-looking statements

Certain statements contained in this Circular or incorporated by reference into it constitute, or may be deemed to constitute “forward-looking statements”. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Circular, including, without limitation, those regarding the Synthomer Group’s intentions, beliefs or current expectations concerning, among other things, their future financial condition and performance and results of operations; their strategy, plans, objectives, prospects, growth, goals and targets; future developments in the industry and markets in which the Synthomer Group participate or are seeking to participate; and anticipated regulatory changes in the industry and markets in which the Synthomer Group operate. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “project”, “should” or “will” or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Shareholders are cautioned that forward-looking statements are not guarantees of future performance and that the Synthomer Group’s and, following Completion, the Continuing Group’s actual financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, may differ materially from the impression created by the forward-looking statements contained in this Circular. In addition, even if their financial condition, results of operations, cash flows and distributions to shareholders and the development of their financing strategies, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements should, therefore, be construed in light of the foregoing risk factors and the other factors identified in Part II (*Risk Factors*) of this Circular. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are made as at the date of this Circular and are not intended to give any assurance as to future results. The Synthomer Group will update this Circular as required by applicable law, including the Listing Rules, UK MAR, as amended and supplemented, and the Disclosure Guidance and Transparency Rules, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You are advised to read this Circular and the information incorporated by reference into this Circular in their entirety, and, in particular, Part II (*Risk Factors*). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Circular and/or the information incorporated by reference into this Circular may or may not occur. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital.

2. Sources and presentation of financial information

2.1 Presentation of Synthomer Group financial information

Unless otherwise indicated, the historical financial information relating to the Synthomer Group included in this document has been extracted without material adjustment from the audited consolidated financial statements of the Synthomer Group for the years ended 31 December 2021 and 31 December 2020 and from the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.

Unless otherwise indicated, the historical financial information relating to the Synthomer Group for the year ended 31 December 2020 has been prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards (“EU IFRS”) adopted pursuant to Regulation (EU) No 1606/2002 as it applies in the European Union and the historical financial information relating to the Synthomer Group for the year ended 31 December 2021 has been prepared in accordance with the UK-adopted

International Accounting Standards (“**UK adopted IASs**”, together with EU IFRS, “**IFRS**”) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

2.2 Presentation of the Laminates, Films and Coated Fabrics Businesses financial information

Unless otherwise indicated, the historical financial information relating to the Laminates, Films and Coated Fabrics Businesses for the nine months ended 31 December 2020, as at and for the year ended 31 December 2021 and as at and for the six months ended 30 June 2022 included in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this document is unaudited and has been extracted without material adjustment from the underlying consolidation schedules and accounting records that underlie the Synthomer Group’s audited consolidated financial statements for each of the financial years ended 31 December 2021 and 31 December 2020, and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.

Unless otherwise indicated, the historical financial information relating to the Laminates, Films and Coated Fabrics Businesses has been prepared in accordance with IFRS and based on the accounting policies of the Synthomer Group, as adopted in the published consolidated financial statements for each of the financial periods presented.

3. Non-IFRS measures of performance

This document contains certain non-IFRS financial measures of the Synthomer Group’s and the Laminates, Films and Coated Fabrics Businesses’ financial performance that are not required by, or presented in accordance with, IFRS.

The non-IFRS measures contained in this document should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. In addition, the relevant non-IFRS measures presented in relation to the Synthomer Group and the Laminates, Films and Coated Fabrics Businesses may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such measures differently than the Synthomer Group or the Laminates, Films and Coated Fabrics Businesses.

Accordingly, undue reliance should not be placed on the non-IFRS measures contained in this document.

3.1 Underlying performance

The IFRS profit measures show the performance of the Synthomer Group as a whole and as such include all sources of income and expense, including both one-off items and those that do not relate to the Synthomer Group’s ongoing businesses. The Synthomer Group’s management uses ‘Underlying’ performance as an alternative performance measure to plan for, control and assess the performance of the Synthomer Group. The Directors believe that the Underlying performance measures provide additional clarity for the Synthomer Group’s investors and stakeholders and so it is the primary focus of the Synthomer Group’s narrative reporting.

Underlying performance differs from the statutory IFRS performance as it excludes the effect of Special Items.

Special Items are either irregular, and therefore including them in the assessment of a segment’s performance would lead to a distortion of trends, or are technical adjustments which ensure the Synthomer Group’s financial statements are in compliance with IFRS but do not reflect the operating performance of the segment in the year, or both.

The following items are consistently disclosed separately as special items (“**Special Items**”) in order to provide a clearer indication of the Synthomer Group’s Underlying performance:

- re-structuring 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 adjustment 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.

3.2 EBITDA

The Synthomer Group uses EBITDA as an alternative performance measure as it provides an indication of the level of cash being generated by the business from its trading activities in the period and defined as operating profit before depreciation, amortisation and Special Items. This is also the principal profit measure used for the financial covenants in the Synthomer Group's debt facilities.

In this document an EBITDA for the Laminates, Films and Coated Fabrics Businesses for the 12-month period ended 31 December 2021 of US\$33.2 million is used for the purposes of calculating the enterprise multiple set out in paragraph 1 of Part I (*Chair's Letter*).

A reconciliation of operating profit to EBITDA for the Laminates, Films and Coated Fabrics Businesses is set out in Note 3, Section 1 of Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*).

3.3 Net debt

Net debt is defined by the Synthomer Group as cash and cash equivalents together with current and non-current borrowings.

A reconciliation of total borrowings to net debt for the Synthomer Group is set out in Note 10 of the Synthomer Group's unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2022.

A reconciliation from the unaudited net debt of the Synthomer Group to the unaudited pro forma net debt of the Continuing Group as at 30 June 2022 is set out in Note 6 of the Unaudited pro forma statement of net assets of the Continuing Group as at 30 June 2022 in Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*),

4. Pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited financial information contained in Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document.

The Unaudited Pro Forma Financial Information is for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Synthomer Group or the Continuing Group.

The Unaudited Pro Forma Financial Information has been prepared on a basis consistent with the accounting policies adopted by the Synthomer Group in its unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 and in accordance with item 13.3.3R of the Listing Rules.

Future results of operations may differ materially from those presented in the Unaudited Pro Forma Financial Information due to various factors.

5. Rounding

Certain financial data and percentages have been rounded. As a result of such rounding, the totals of financial data presented in this document may vary slightly from the actual arithmetic totals of such data and percentages may not add up to 100%.

6. Currency

The Synthomer Group prepares its financial statements in pounds sterling. All references to "pounds", "pounds sterling", "sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

The historical financial information for the Laminates, Films and Coated Fabrics Businesses is prepared in US dollars. All references to “US dollars”, “US\$”, “\$” and “cents” are to the lawful currency of the United States.

An exchange rate as at 12 December 2022 of US\$1 to £0.8144 has been used, unless otherwise stated in this document.

An exchange rate as at 12 December 2022 of EUR€1 to £0.8586 has been used, unless otherwise stated in this document.

7. No profit forecast or estimates

No statement 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 for Synthomer or the Laminates, Films and Coated Fabrics Businesses as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings for Synthomer or the Laminates, Films and Coated Fabrics Businesses, as appropriate.

8. No incorporation of website information

The contents of Synthomer’s website or any hyperlinks accessible from this website do not form part of this document and investors should not rely on them.

9. Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part VII (*Definitions*).

10. No offer or solicitation

This document is not a prospectus and is not intended to, and does not constitute or form part of, any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors

Caroline Johnstone, *Chair*
Michael Willome, *Chief Executive Officer*
Lily Liu, *Chief Financial Officer*
The Hon. Alexander Catto, *Non-Executive Director*
Dato' Lee Hau Hian, *Non-Executive Director*
Ian Tyler, *Independent Non-Executive Director*
Brendan Connolly, *Senior Independent Director*
Holly A. Van Deursen, *Independent Non-Executive Director*
Roberto Gualdoni, *Independent Non-Executive Director*

Company Secretary

Anant Prakash

Registered office of the Company

Synthomer plc

Temple Fields
Harlow
Essex
CM20 2BH
United Kingdom

Head office of the Company

Synthomer plc

45 Pall Mall
London
SW1Y 5JG
United Kingdom

Sponsor

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Financial Adviser

Piper Sandler Limited

2 Gresham Street
6th Floor
London EC2V 7AD
United Kingdom

Legal advisers to the Company as to English law on the Transaction

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London
EC2A 2EG
United Kingdom

Legal advisers to the Company as to US law on the Transaction

Mayer Brown LLP

71 South Wacker Drive
Chicago
IL 60606
USA

Legal advisers to the Sponsor

Latham & Watkins (London) LLP

99 Bishopsgate
London
EC2M 3XF
United Kingdom

Independent Auditors and Reporting Accountant

PricewaterhouseCoopers LLP

1 Embankment Place
London
WC2N 6RH
United Kingdom

Registrar

Computershare Investor Services PLC

Edinburgh House
4 North St Andrew Street
Edinburgh
EH2 1HJ
United Kingdom

PART I
CHAIR'S LETTER



(Incorporated and registered in England and Wales with company number 00098381)

Registered Office:
Temple Fields
Harlow
Essex
CM20 2BH
United Kingdom
Tel: +44 (0) 1279 436211
www.Synthomer.com

Caroline Johnstone, *Chair*
Michael Willome, *Chief Executive Officer*
Lily Liu, *Chief Financial Officer*
The Hon. Alexander Catto, *Non-Executive Director*
Dato' Lee Hau Hian, *Non-Executive Director*
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Holly A. Van Deursen, *Independent Non-Executive Director*
Roberto Gualdoni, *Independent Non-Executive Director*

16 December 2022

To the Shareholders and, for information only, to persons with information rights

Dear Shareholder

**Proposed sale of the Laminates, Films and Coated Fabrics Businesses
and
Notice of General Meeting**

1. Introduction

On 13 December 2022, Synthomer announced that it had entered into an agreement to sell its Laminates, Films and Coated Fabrics Businesses to Surteco North America, Inc. (the "**Purchaser**") for a total enterprise value of approximately US\$255 million (£208 million), representing a multiple of approximately 8 times the EBITDA for the 12-month period ended 31 December 2021 (the "**Transaction**"). The net proceeds arising from the Transaction are expected to be approximately US\$245 million (£199 million) (the "**Net Proceeds**").

The principal terms of the Sale and Purchase Agreement are set out in paragraph 7 of this Part I (*Chair's Letter*) and in Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*) of this Circular.

On 12 October 2022, Synthomer announced an update to its strategy, setting out its plans to 'Focus, Strengthen and Grow' the business. As part of focusing the business, the Company intends to increase the weighting of specialty chemicals versus base chemicals in its portfolio, create a more balanced geographic exposure, streamline its operational footprint and apply more rigorous capital allocation across its businesses. During its strategic review, Synthomer identified a number of non-core businesses which have limited synergies with the rest of the Company's identified growth platforms and which are less attractive areas for the Company to deploy its capital. The Laminates, Films and Coated Fabrics Businesses were identified as non-core businesses as part of this strategic review.

The board of Directors of Synthomer (the "**Board**") believes the value to be achieved by the Transaction represents an attractive outcome for Shareholders. The Net Proceeds will be used to

repay certain indebtedness in order to strengthen Synthomer's balance sheet and support a reduction in leverage towards the Company's target range of 1 to 2 times net debt to EBITDA over the medium term. Further details on the use of proceeds are set out in paragraph 4 of this Part I (*Chair's Letter*).

Owing to its size, the Transaction constitutes a Class 1 transaction for the purposes of the Listing Rules, and therefore requires the approval of Shareholders. Accordingly, a General Meeting has been convened for 11:00am on 11 January 2023 at the Company's offices at 45 Pall Mall, London, SW1Y 5JG, United Kingdom to approve the Transaction. A notice convening the General Meeting, at which the Resolution will be proposed, is set out at the end of this document.

An explanation of the Resolution is set out in paragraph 12.2 below. In the event that the Resolution is not passed, the Transaction will not proceed.

The purpose of this letter is to give you further details of the Transaction, including the background to, and reasons for it, and to explain why the Board considers the Transaction to be in the best interests of Synthomer and Shareholders as a whole. The Board unanimously recommends that Shareholders vote in favour of the Resolution at the General Meeting, as the Directors intend to do in respect of their shareholdings in the Company, representing, in aggregate, approximately 1.31% of the Company's issued share capital as at the Latest Practicable Date.

Shareholders should read the whole of this document and not only rely on the information set out in this Part I (*Chair's Letter*). Shareholders will find definitions for capitalised terms used in this letter and the rest of this document in Part VII (*Definitions*) of this document.

2. Background to and reasons for the Transaction

On 12 October 2022, Synthomer outlined its strategy to reposition its business towards specialty chemicals. As outlined in that strategy, Synthomer plans to:

- (A) focus through portfolio rationalisation to reduce complexity, increase end-market orientation, expand its specialty solutions portfolio and maintain disciplined capital allocation;
- (B) strengthen with investment in innovation, leveraging sustainability, business excellence and returning leverage to target levels; and
- (C) grow from being a larger-scale to a more focused and stronger business in attractive end-markets.

As part of the new strategy, the Board outlined a new divisional structure aligned to attractive end-markets. This reorganisation has led to the creation of three new divisions: (i) Coatings and Construction Solutions, (ii) Adhesive Solutions and (iii) Health, Protection and Performance Materials.

The specialty growth platforms (the Coating and Construction Solutions and Adhesive Solutions divisions) benefit from robust growth dynamics, have strong and sustainable leadership positions and are significantly differentiated from their competitors. The Health and Protection platform benefits from the attractive growth dynamics of the underlying medical glove market but is inherently more cyclical.

Performance Materials are the non-core elements of Synthomer's portfolio and include legacy non-core businesses from the Performance Elastomer and Industrial Specialty divisions, including the Laminates, Films and Coated Fabrics Businesses.

The Laminates, Films and Coated Fabrics Businesses were acquired as part of the acquisition of OMNOVA Solutions Inc. ("**OMNOVA**") in 2020.

The Board unanimously believes that the Transaction is in the best interests of the Company, its Shareholders and its other stakeholders as a whole, for the following reasons:

- (A) the Transaction implies an EV/EBITDA multiple of approximately 8 times based on the EBITDA for the 12-month period ended 31 December 2021 for the Laminates, Films and Coated Fabrics Businesses, which compares favourably with the post-synergy acquisition multiple for OMNOVA of approximately 7 times;
- (B) the Transaction is in line with the Company's strategy to increase the specialty weighting of its portfolio through the disposal of identified non-core assets; and
- (C) the Net Proceeds will be used to repay certain indebtedness in order to strengthen the Group's balance sheet and support a reduction in leverage towards the Company's target range of 1 to 2

times net debt to EBITDA. On an unaudited pro forma basis, including assuming that the Transaction had taken place on 30 June 2022, the Continuing Group's net debt would have been £793.6 million.

3. Information on the Laminates, Films and Coated Fabrics Businesses

Synthomer's laminates and films business is a provider of functional and decorative surfaces in North America for residential, commercial and transportation end-markets. Products are used in kitchens and bathrooms, recreational vehicles, store fixtures and luxury vinyl tiles.

Synthomer's laminates business is one of the leading producers offering both polyvinyl chloride ("PVC") and paper laminates. The business has a large selection of customisable designs, deeply entrenched customer relationships and proprietary product technologies. The business has three manufacturing facilities in North America, with additional production capabilities in Thailand.

Synthomer's coated fabrics business is a provider of coated fabrics for premium applications across South-East Asian OEM automotive and motorcycle and North American commercial, marine and transport seating end-markets. The business has a modern manufacturing facility in Thailand and a distribution centre in North America.

In total, both businesses employ around 800 employees.

The financial performance of the Laminates, Films and Coated Fabrics Businesses for the nine months ended 31 December 2020, year ended 31 December 2021, and the six months ended 30 June 2022 is summarised below:

<u>US\$ million</u>	<u>Nine months ended 31 Dec 2020</u>	<u>Year ended 31 Dec 2021</u>	<u>Six months ended 30 June 2022</u>
Revenue	150.2	253.8	138.4
EBITDA	25.4	33.2	12.7
Operating profit—underlying performance	19.3	24.8	8.7

The financial information in this paragraph 3 has been extracted without material adjustment from the financial information contained in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this Circular. Shareholders should read this document as a whole and not rely solely on the summary financial information set out in this paragraph 3.

4. Use of Proceeds and Financial Effects of the Transaction on the Continuing Group

Use of Proceeds

The Net Proceeds arising from the Transaction are expected to be approximately US\$245 million (£199 million).

All of the Net Proceeds will be used to repay certain of the Group's financial indebtedness to reduce the Synthomer Group's net debt, in order to strengthen Synthomer's balance sheet and support a reduction in leverage towards the Company's target range of 1 to 2 times net debt to EBITDA over the medium term. The Synthomer Group's net debt as at 30 June 2022 was £992.8 million. On an unaudited pro forma basis, including assuming that the Transaction had taken place on 30 June 2022, the Continuing Group's net debt would have been £793.6 million as at 30 June 2022.

The Net Proceeds will be used to repay certain of the Synthomer Group's financial indebtedness, including repayment of some or all of: (i) the Term Facility (as defined in paragraph 5.1.5 of Part VI (*Additional Information*)); and/or (ii) the Syndicated Facilities (as defined in paragraph 5.1.8 of Part VI (*Additional Information*)).

Financial Effects of the Transaction on the Continuing Group

In FY21, the Laminates, Films and Coated Fabrics Businesses contributed EBITDA of US\$33.2 million and underlying operating profit of US\$24.8 million to Synthomer. In H122, the Laminates, Films and Coated Fabrics Businesses contributed EBITDA of US\$12.7 million and underlying operating profit of US\$8.7 million to Synthomer. Following Completion, the Continuing Group will no longer receive the

contribution that the Laminates, Films and Coated Fabrics Businesses make to the consolidated operating profit of the Synthomer Group.

The Laminates, Films and Coated Fabrics Businesses' total assets as at 31 December 2021 and 30 June 2022 were US\$123.5 million and US\$123.8 million respectively. The pro forma effects of the Transaction on the net assets of the Continuing Group are set out in Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this Circular.

The financial information in this paragraph 4 has been extracted without material adjustment from the financial information contained in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this Circular.

5. Information on the Continuing Group and future strategy

Following Completion, the Continuing Group will continue to pursue its new strategy to become a leading specialty solutions platform for the Coatings and Construction Solutions, Adhesive Solutions and Health and Protection market segments.

New divisional structure

The Board outlined a new divisional structure at Synthomer's capital markets day on 12 October 2022, aligned to end-markets. This reorganisation will lead to the creation of three new divisions: (i) Coatings and Construction Solutions, (ii) Adhesive Solutions and (iii) Health, Protection and Performance Materials.

The Specialty growth platforms (Coating and Construction Solutions and Adhesives Solutions) benefit from robust growth dynamics, have strong and sustainable leadership positions and are significantly differentiated from its competitors. Across these platforms, Synthomer will look to strengthen innovation and technological position, broaden offering around core products and enter attractive new specialty niches through disciplined capital allocation.

The Health and Protection platform benefits from the attractive growth dynamics of the underlying medical glove market but is inherently more cyclical. Synthomer will look to enhance this platform through organic means only.

Performance Materials are the non-core elements of Synthomer's portfolio and include legacy non-core businesses from the Performance Elastomer and Industrial Specialities divisions, which currently includes the Laminates, Films and Coated Fabrics Businesses.

Following Completion, the Continuing Group will consist of the Coatings and Construction Solutions, Adhesive Solutions, Health and Protection divisions and the remainder of the Performance Materials business.

The newly formed divisions will have a clear end-market focus:

- (A) *Coatings and Construction Solutions*: specialty coatings, construction, fibre bonding, energy, specialty additives.
- (B) *Adhesive Solutions*: tyres, hygiene, packaging, tapes & labels.
- (C) *Health and Protection*: additives for gloves, specialty paper coatings.

New strategy

The key priorities for Synthomer going forward are:

- (A) focus through portfolio rationalisation to reduce complexity, increase end-market orientation, expand its specialty solutions portfolio and maintain disciplined capital allocation;
- (B) strengthen with investment in innovation leveraging sustainability, business excellence and returning leverage to target levels; and
- (C) grow from being a larger-scale, more focused and stronger business in attractive end-markets.

Synthomer's medium term financial targets are as follows:

- (A) constant currency revenue growth: Mid-single-digit %;
- (B) EBITDA margin: 15%+;

- (C) Return on Invested Capital: Mid-teens %; and
- (D) innovation: 20% (new & patented product volumes launch in the prior five years).

The Continuing Group has a strong platform to benefit from end-markets with robust growth dynamics and strong sustainability tailwinds. The Directors believe the Group is well positioned to benefit from four global megatrends:

- (A) *Accelerating urbanisation*: migration from rural areas to cities, increase in infrastructure developments;
- (B) *Demographic and social change*: aging population, growing middle class in emerging markets, life quality improvements;
- (C) *Climate change and sustainability*: Increasing demand for lower carbon and circular products, more demanding weather conditions; and
- (D) *Shifting economic power*: Economic center of gravity shifting towards Asia.

6. Information on the Purchaser

The Purchaser is a subsidiary of Surteco Group SE, a Germany-based developer, designer, producer and marketer of surface materials based on paper and plastics. The shares of Surteco Group SE are listed on the Prime Standard of the Frankfurt Stock Exchange and are traded on the stock markets in Frankfurt, Stuttgart, Munich, Berlin, Düsseldorf, Hamburg and Hannover.

Surteco Group SE operates through three segments: Decoratives, Profiles and Technicals. Decoratives produce decor papers, finish foils and edgebandings. Profiles manufactures floor strips and skirtings, wall edging systems and technical extrusion (profiles). Technicals manufacture impregnated products, plastic based finish foils as well as edgebandings and finish foils with specific requirements.

Surteco Group SE markets products under the Surteco Döllken, Dakor and Kröning brands, among others.

7. Summary of the key terms of the Transaction

On 13 December 2022, the Seller, the Company, the Purchaser and the Purchaser Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Seller has agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell the Laminates, Films and Coated Fabrics Businesses to the Purchaser. The consideration payable by the Purchaser for the Laminates, Films and Coated Fabrics Businesses is approximately US\$255 million (£208 million), with US\$250 million (£204 million) payable in cash on the Completion Date, subject to customary adjustments and, US\$5 million (£4 million) payable in cash on the thirteen (13) month anniversary of the Completion Date.

As part of the Transaction, the Seller has given certain warranties, indemnities and covenants to the Purchaser and the Company has given certain covenants and undertakings to the Purchaser in relation to the Resolution and the General Meeting.

For more information on the Sale and Purchase Agreement, see Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*) of this Circular.

7.1 Conditions to the Transaction

The Transaction is conditional upon the satisfaction (or waiver, where applicable) of certain conditions prior to the Long Stop Date (the “**Conditions**”), including:

- (i) the receipt of any required consents or antitrust approvals and the expiration or termination of any applicable waiting periods (or extensions thereof) thereto;
- (ii) the consent to the Transaction of the Company’s lenders in respect of the Term Facility, the Syndicated Facilities and the UKEF Facilities, pursuant to the respective financing agreements having been obtained;
- (iii) the affirmative vote in favour of the Resolution by Shareholders representing a simple majority of the votes represented in person or by proxy at the General Meeting;

- (iv) registration of certain amendments to be made to a lease which forms part of the Transaction; and
- (v) other customary Conditions as set out in paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*).

7.2 Completion

Assuming satisfaction or waiver of all Conditions, Completion is expected to occur during Q1 2023. The expected timetable of principal events for the Transaction is set out on page 4. Any revision to this timetable will be promptly notified to Shareholders, by Synthomer, via a Regulatory Information Service.

Following Completion, Synthomer will announce via a Regulatory Information Service that the Transaction has taken effect.

8. Irrevocable undertaking

Kuala Lumpur Kepong Berhad (“**KLK**”), which holds 125,589,510 Shares, representing approximately 26.9% of the existing ordinary share capital of Synthomer as at the Latest Practicable Date, has irrevocably undertaken to vote in favour of the Resolution.

9. Current trading, trends and future prospects for the Continuing Group

At the end of September 2022, the Group reported that high inventory levels of medical gloves and reduced demand had created a prolonged period of destocking. This has continued to impact nitrile butadiene rubber (“**NBR**”) production volumes, delaying a return to pre-pandemic NBR growth. The Board’s outlook for Performance Elastomers is unchanged. It still expects this division to achieve modest profitability for the second half of the year and that the destocking impact is unlikely to abate before the end of 2023.

Synthomer also highlighted deteriorating macroeconomic conditions, leading to reduced demand in construction and coatings end-markets. Whilst this has impacted trading in Synthomer’s European business through the second half of 2022 as anticipated, this has also now extended to the Group’s operations outside Europe.

10. Current trading, trends and future prospects for the Laminates, Films and Coated Fabrics Businesses

In line with the Synthomer Group, the Laminates, Films and Coated Fabrics Businesses have seen deteriorating macroeconomic conditions which have led to reduced demand during the second half of 2022. The Laminates, Films and Coated Fabrics Businesses have performed in line with these macroeconomic conditions and have not seen any significant change relating to its market position, site operations or regulatory position. In the individual segments of the Laminates and Films business, we have seen destocking in the Kitchen and Bath end-market and some softer volumes in the Recreational Vehicles end-market which has impacted the trading results. The Coated Fabrics business, however, has performed robustly as the Thailand economy recovers from the impact of Covid and margins benefit from falling resin prices and normalising freight costs.

11. Working capital

Your attention is drawn to the working capital statement in paragraph 7 of Part VI (*Additional Information*) of this document. As set out in paragraph 7 of Part VI (*Additional Information*) of this document, the Company is of the opinion that, taking into account the Net Proceeds from the Transaction and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least twelve months following the date of publication of this Circular.

12. General Meeting and the Resolution

12.1 General Meeting

Owing to its size, the Transaction constitutes a Class 1 transaction for the purposes of the Listing Rules, and therefore requires the approval of Shareholders. Accordingly, a General Meeting has been convened for the purpose of approving the Transaction.

Set out on page 52 of this document is the Notice of General Meeting to be held at 45 Pall Mall, London, SW1Y 5JG, United Kingdom at 11:00am on 11 January 2023 at which the Resolution (summarised below) will be proposed. The full text of the Resolution is set out in the Notice of General Meeting.

The Resolution will be proposed as an ordinary resolution requiring a simple majority of votes cast in favour.

12.2 Resolution

The implementation of the Transaction is conditional upon, among other things, Shareholders' approval of the Resolution being obtained at the General Meeting.

Resolution

The Resolution proposes that the Transaction be approved and the Directors be authorised to make any such non-material amendments, waivers or extensions to the terms of the Transaction and/or the Sale and Purchase Agreement which they in their absolute discretion consider necessary, appropriate or desirable to implement the Transaction and to take all steps and to do all things which they consider necessary or desirable to implement the Transaction.

12.3 Actions to be taken

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, 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 Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by no later than 11:00am on 9 January 2023 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned 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 no later than 11:00am on 9 January 2023 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

Please refer to the Notice of General Meeting for guidance notes on the return of the Form of Proxy and other applicable voting documentation.

12.4 Further information

Your attention is drawn to the additional information set out in Part II (*Risk Factors*) and Part VI (*Additional Information*) of this document. You are advised to read the whole document and not merely rely on the key or summarised information in this letter.

13. Financial advice

Piper Sandler is acting as financial advisor to Synthomer in relation to the Transaction. In providing its financial advice to the Board, Piper Sandler has relied upon the Board's commercial assessment of the Transaction.

14. Importance of your vote

Your attention is drawn to the fact that the Transaction is conditional upon, among other things, the Resolution being passed at the General Meeting.

Shareholders are asked to vote in favour of the Resolution at the General Meeting in order for the Transaction to proceed. If the Resolution is not passed by Shareholders, the Transaction cannot complete and the Company will not receive the proceeds of the Transaction.

The Directors believe that the successful completion of the Transaction will strengthen the Synthomer Group's balance sheet, supporting a reduction in leverage towards the Company's target range of 1 to 2 times Net Debt to EBITDA over the medium term, and provide greater financial flexibility for the Synthomer Group to deliver its future strategy as described in paragraph 5 of Part I (*Chair's Letter*).

As set out in paragraph 5.1 of Part VI (*Additional Information*), each of the Term Facility, the Syndicated Facilities and the UKEF Facilities (the "**Synthomer Debt Facilities**") contain, among other things, a leverage covenant which is tested semi-annually in June and December of each year. Pursuant to the Term Loan Facility Amendment, the UKEF Facility Amendment and the 2019 Syndicated Facilities Amendment, Synthomer agreed increased leverage covenants for each of the Synthomer Debt Facilities, whereby the net borrowings of the Synthomer Group must not exceed (i) 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2022, (ii) 4.75 times the consolidated EBITDA of the Synthomer Group on 30 June 2023, (iii) 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2023 and (iv) 3.25 times the consolidated EBITDA of the Synthomer Group on each Calculation Date (as defined in the respective agreements) thereafter.

While the Synthomer Group was in compliance with its covenants as at the 30 June 2022 covenant testing date, with a leverage ratio of 2.30 times, the level of headroom has decreased significantly as a result of the declining EBITDA from the continued destocking of the Nitrile Butadiene Rubber (NBR) business and the wider European consumer-led decrease in demand in coatings and construction products as well as the payment of the 2021 final dividend of £100 million on 5 July 2022. If the Synthomer Group's EBITDA continues to decrease over the next twelve months, then in the event that the Transaction does not complete, and the Synthomer Group were unable to implement the mitigating actions described below, then the Synthomer Group's leverage may exceed the leverage covenant level of each of the Term Facility, the Syndicated Facilities and the UKEF Facilities at the 30 June 2023 covenant testing date.

If the Transaction does not successfully complete, as soon as reasonably possible after the Sale and Purchase Agreement lapses or is otherwise terminated as a result of one or more of the Conditions not being met, and prior to any covenant breach, the Company would attempt to negotiate with its existing lenders to secure a further amendment or a waiver to the leverage covenant, negotiate alternative refinancing proposals and/or seek alternative financing. The Directors believe it will be in the interests of the lenders to work with the Synthomer Group to agree an amendment or a waiver to the leverage covenant and accordingly, the Directors believe that they have a reasonable basis to be confident that, in the absence of the Transaction, the Synthomer Group could avoid default under its Synthomer Debt Facilities during the next 12 months. However, no such negotiation with its existing lenders to secure any further amendment or waiver to the leverage covenant, negotiate alternative refinancing and/or seek alternative financing has yet occurred and there can be no certainty that the lenders would agree any such further amendments, waivers and/or alternative refinancing.

In addition, if the Transaction does not complete, as soon as reasonably possible after the Sale and Purchase Agreement lapses or is otherwise terminated as a result of one or more of the Conditions not being met, and prior to any covenant breach, the Synthomer Group may also attempt to dispose of the Laminates, Films and Coated Fabrics Business to an alternative buyer, or alternatively sell additional assets or interests in assets on an accelerated timetable. However, no such steps have been taken by the Synthomer Group to sell additional assets or interest in assets and the Directors are not confident that any such sales could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully.

If the Transaction does not proceed and the Synthomer Group does not therefore receive the proceeds of the Transaction, then, as noted above, in the absence of the mitigating actions described above, the Synthomer Group may breach the leverage covenant, which is the same for each of the Term Facility, the Syndicated Facilities and the UKEF Facilities, whereby for the 30 June 2023 test date, the net borrowings of the Synthomer Group must not exceed 4.75 times the consolidated EBITDA of the Synthomer Group as at 30 June 2023. The Synthomer Group will assess compliance with this leverage covenant when the Synthomer Group finalises its interim results for the six months ended 30 June 2023, which is expected to take place in July or August 2023. For each of the Term

Facility, the Syndicated Facilities and the UKEF Facilities a breach of the leverage covenant would constitute an event of default under such facility and immediately entitle the majority of lenders of such facility to direct the agent under such agreement to cancel the facility and demand immediate repayment of all amounts due under the facility.

If the majority lenders for the Term Facility demanded immediate repayment of all amounts due under the facility, and the Term Facility was fully drawn at such time, the Synthomer Group would be required to repay up to approximately US\$300 million (approximately £244 million). If the majority lenders for the Syndicated Facilities demanded immediate repayment of all amounts due under the facility, and the Syndicated Facilities was fully drawn at such time, the Synthomer Group would be required to repay up to approximately £607 million. If the majority lenders for the UKEF Facilities demanded immediate repayment of all amounts due under the facility, and the UKEF Facilities was fully drawn at such time, the Synthomer Group would be required to repay up to approximately £434 million. As such, if the majority lenders of each of the Term Facility, the Syndicated Facilities and the UKEF Facilities demanded immediate repayment of all amounts due under the Term Facility, the Syndicated Facilities and the UKEF Facilities and if each of the Term Facility, the Syndicated Facilities and the UKEF Facilities were fully drawn at such time, the Synthomer Group would be required to repay up to approximately £1.3 billion.

In addition, a demand by the agent for repayment under any of the Term Facility, the Syndicated Facilities and the UKEF Facilities of an aggregate principal amount of at least £50 million (or 20% of the consolidated EBITDA of the Synthomer Group, if higher) following an event of default would in turn trigger the rights of the holders of the Notes to call an immediate event of default under the terms of the Indenture (as set out in paragraph 5.1.7 of Part VI (*Additional Information*)) and would require the Synthomer Group to immediately repay the €520 million (approximately £447 million) outstanding under the Notes. The amounts outstanding under the Term Facility, the Syndicated Facilities, the UKEF Facilities and the Notes amounted to approximately £1.3 billion in aggregate as at 30 November 2022. The Synthomer 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, in the absence of the mitigating actions set out above, the Synthomer Group may be required to appoint an administrator or become subject to other insolvency proceedings shortly after a covenant breach and subsequent event of default scenario as set out above. The measures to follow any appointment of an administrator and the timings of such measures would depend on the decisions of the administrator and could result in Shareholders losing all or a substantial portion of their investment.

If the Resolution is not approved, there can be no assurance that any alternatives would be capable of implementation in the time available and/or would ultimately be successful and Shareholders would be at risk of losing all or a substantial portion of their investment. Accordingly, the Directors believe that the successful completion of the Transaction is in the best interests of its Shareholders.

Therefore, it is very important that all Shareholders vote in favour of the Resolution so that, assuming the other conditions to the Transaction are satisfied, the Transaction may proceed.

15. Recommendation

The Board considers the Transaction and the Resolution to be in the best interests of Synthomer and Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution set out in the Notice of General Meeting.

The Directors of the Company intend to vote in favour of the Resolution in respect of their beneficial holdings and shares in respect of which they have an interest amounting to 6,143,402 Shares in aggregate, representing approximately 1.31% of the existing ordinary share capital of Synthomer in issue as at the Latest Practicable Date.

Yours faithfully

Caroline Johnstone
Chair

PART II RISK FACTORS

The Transaction may give rise to a number of risks which, if they occur, may have a material adverse effect on the business, financial condition, results of operations or prospects of the Synthomer Group and following Completion, the Continuing Group. Accordingly, the risk factors should be afforded careful consideration together with all the other information set out in, or incorporated by reference into, this Circular in deciding whether to approve the Resolution being put to the Shareholders at the General Meeting.

The risks which the Directors consider to be material as at the date of this Circular are set out in this Part II (Risk Factors). The risks described in this Part II (Risk Factors) are based on information known at the date of this Circular but may not be the only risks to which the Synthomer Group and, following Completion, the Continuing Group, are or might be exposed.

Additional risks and uncertainties, which are currently unknown to the Synthomer Group or that the Synthomer Group does not currently consider to be material, may adversely affect the business of the Synthomer Group and, following Completion, the Continuing Group and could have a material adverse effect on the business, financial condition, operating or financial results and future prospects of the Synthomer Group and, following Completion, the Continuing Group.

If any of the following risks were to materialise, the business, financial condition, operating or financial results and future prospects of the Synthomer Group and, following Completion, the Continuing Group could be materially adversely affected and the value of Shares could decline and Shareholders could lose all or part of their investment in those Shares.

Shareholders should read this document as a whole and not rely solely on the information set out in this Part II (Risk Factors).

1. Material risks relating to the Transaction

1.1 The Transaction may not proceed to Completion

Completion of the Transaction is subject to certain Conditions under the Sale and Purchase Agreement, including (i) the receipt of any required consents or antitrust approvals and the expiration or termination of any applicable waiting periods (or extensions thereof) thereto; (ii) the consent to the Transaction of the Company's lenders in respect of the Term Facility, the Syndicated Facilities and the UKEF Facilities, pursuant to the respective financing agreements having been obtained; (iii) registration of certain amendments to be made to a lease which forms part of the Transaction; and (iv) the affirmative vote in favour of the Resolution by Shareholders representing a simple majority of the votes represented in person or by proxy at the General Meeting.

There are certain termination rights under the Sale and Purchase Agreement that may be exercised by the Purchaser, including in circumstances where (i) the Resolution is not passed at the General Meeting; (ii) there is a board recommendation change prior to the General Meeting; or (iii) Completion does not occur by the Long Stop Date.

There is no guarantee that the Conditions will be satisfied and, as such, no certainty that the Transaction will proceed to Completion. If (i) the Conditions are not satisfied or waived (as applicable) prior to the Long Stop Date, including if the Resolution is not passed at the General Meeting prior to the Long Stop Date, (ii) the Sale and Purchase Agreement is terminated or (iii) the Transaction does not otherwise proceed to Completion, the Group will not receive the Net Proceeds from the Transaction. The Board intends to use the Net Proceeds to repay certain indebtedness in order to strengthen Synthomer's balance sheet and support a reduction in leverage towards the Company's target range of 1 to 2 times Net Debt to EBITDA over the medium term. If Synthomer does not receive the Net Proceeds from the Transaction, the Synthomer Group may not be able to reduce its financial indebtedness and achieve its target leverage and its credit worthiness may deteriorate, which as set out in paragraph 2.1 (*The Company may face risks associated with its funding position if Completion is delayed or the Transaction does not complete*) of this Part II (Risk Factors), could have a material adverse effect on the Synthomer Group's business, results of operations, financial condition and prospects.

1.2 The Transaction may have a disruptive impact

Any disruption to the Laminates, Films and Coated Fabrics Businesses as a result of the Transaction could impact the financial condition and prospects of the Laminates, Films and Coated Fabrics

Businesses (and, in turn, its potential future value to Synthomer), in particular if the Transaction does not proceed to Completion as set out in paragraph 1.1 (*The Transaction may not proceed to Completion*) of this Part II (*Risk Factors*).

Synthomer has and will have incurred material costs in connection with the Transaction. Completion of the Transaction will require significant work and resource expenditure among the senior management and employees of the Laminates, Films and Coated Fabrics Businesses and the wider Synthomer Group that could otherwise be spent productively operating the business in the ordinary course. The Company and the Laminates, Films and Coated Fabrics Businesses' management, employees, suppliers and customers may become distracted by the Transaction and any perceived uncertainty as regards to the future ownership of the Laminates, Films and Coated Fabrics Businesses and as a consequence may become reluctant to make long-term commitments to the Laminates, Films and Coated Fabrics Businesses or the Synthomer Group more widely. If suppliers or customers delay, defer or change commitment decisions, the revenue of the Company and the Laminates, Films and Coated Fabrics Businesses could be adversely impacted. If key management and employees of the Company and the Laminates, Films and Coated Fabrics Businesses decided to leave, the relevant business may encounter disruption to the operation of the business in the ordinary course as well as additional costs in recruiting and there is no guarantee they will identify appropriate replacements. Any of the foregoing may have an adverse impact on the Synthomer Group's and, following Completion, the Continuing Group's business, results of operations, financial condition and prospects.

1.3 Third party interference with the Transaction

Synthomer may receive unsolicited competing offers for the Laminates, Films and Coated Fabrics Businesses in the period prior to the date of the General Meeting. The Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale and Purchase Agreement) to amend or withdraw their recommendation in favour of the Resolution and the Transaction, postpone or cancel the General Meeting. Any such withdrawal of the Board's recommendation of the Resolution might delay or prevent Completion of the Transaction without necessarily resulting in completion of a more favourable transaction, which may adversely impact the Synthomer Group's and, if Completion occurs, the Continuing Group's, business, results of operations, financial condition and prospects.

In addition, as a listed company, Synthomer could be exposed to approaches from third parties seeking to instigate a public takeover of Synthomer and, prior to the General Meeting, the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale and Purchase Agreement) to withdraw their recommendation in favour of the Resolution and the Transaction, which may result in the Transaction not proceeding to Completion which may adversely impact the Synthomer Group's business, results of operations, financial condition and prospects.

2. Material risks relating to the Transaction not proceeding

2.1 The Company may face risks associated with its funding position if Completion is delayed or the Transaction does not complete

If Completion is delayed or the Transaction does not complete, the Synthomer Group will not receive the proceeds from the Transaction on a timely basis in the case of a delay or at all in the case of failure to complete and consequently may not be able to further reduce its net debt by using the proceeds.

While the Synthomer Group was in compliance with its covenants as at the 30 June 2022 covenant testing date, with a leverage ratio of 2.30 times, the level of headroom has decreased significantly as a result of the declining EBITDA from the continued destocking of the Nitrile Butadiene Rubber (NBR) business and the wider European consumer-led decrease in demand in coatings and construction products as well as the payment of the 2021 final dividend of £100 million on 5 July 2022. If the Synthomer Group's EBITDA continues to decrease over the next twelve months, then in the event that the Transaction does not complete, and the Synthomer Group were unable to implement the mitigating actions described below, then the Synthomer Group's leverage may exceed the leverage covenant level of each of the Term Facility, the Syndicated Facilities and the UKEF Facilities at the 30 June 2023 covenant testing date.

If the Transaction does not successfully complete, as soon as reasonably possible after the Sale and Purchase Agreement lapses or is otherwise terminated as a result of one or more of the Conditions not being met, and prior to any covenant breach, the Company would attempt to negotiate with its existing lenders to secure a further amendment or a waiver to the leverage covenant, negotiate

alternative refinancing proposals and/or seek alternative financing. The Directors believe it will be in the interests of the lenders to work with the Synthomer Group to agree an amendment or a waiver to the leverage covenant and accordingly, the Directors believe that they have a reasonable basis to be confident that, in the absence of the Transaction, the Synthomer Group could avoid default under its Synthomer Debt Facilities during the next 12 months. However, no such negotiation with its existing lenders to secure any further amendment or waiver to the leverage covenant, negotiate alternative refinancing and/or seek alternative financing has yet occurred and there can be no certainty that the lenders would agree any such further amendments, waivers and/or alternative refinancing.

In addition, if the Transaction does not complete, as soon as reasonably possible after the Sale and Purchase Agreement lapses or is otherwise terminated as a result of one or more of the Conditions not being met, and prior to any covenant breach, the Synthomer Group may also attempt to dispose of the Laminates, Films and Coated Fabrics Business to an alternative buyer, or alternatively sell additional assets or interests in assets on an accelerated timetable. However, no such steps have been taken by the Synthomer Group to sell additional assets or interest in assets and the Directors are not confident that any such sales could be negotiated in a timely manner or at an acceptable price or (even if agreed) that the sale would ultimately complete successfully.

If the Transaction does not proceed and the Synthomer Group does not therefore receive the proceeds of the Transaction, then, as noted above, in the absence of the mitigating actions described above, the Synthomer Group may breach the leverage covenant, which is the same for each of the Term Facility, the Syndicated Facilities and the UKEF Facilities, whereby for the 30 June 2023 test date, the net borrowings of the Synthomer Group must not exceed 4.75 times the consolidated EBITDA of the Synthomer Group as at 30 June 2023. The Synthomer Group will assess compliance with this leverage covenant when the Synthomer Group finalises its interim results for the six months ended 30 June 2023, which is expected to take place in July or August 2023. For each of the Term Facility, the Syndicated Facilities and the UKEF Facilities a breach of the leverage covenant would constitute an event of default under such facility and immediately entitle the majority of lenders of such facility to direct the agent under such agreement to cancel the facility and demand immediate repayment of all amounts due under the facility.

If the majority lenders for the Term Facility demanded immediate repayment of all amounts due under the facility, and the Term Facility was fully drawn at such time, the Synthomer Group would be required to repay up to approximately US\$300 million (approximately £244 million). If the majority lenders for the Syndicated Facilities demanded immediate repayment of all amounts due under the facility, and the Syndicated Facilities was fully drawn at such time, the Synthomer Group would be required to repay up to approximately £607 million. If the majority lenders for the UKEF Facilities demanded immediate repayment of all amounts due under the facility, and the UKEF Facilities was fully drawn at such time, the Synthomer Group would be required to repay up to approximately £434 million. As such, if the majority lenders of each of the Term Facility, the Syndicated Facilities and the UKEF Facilities demanded immediate repayment of all amounts due under the Term Facility, the Syndicated Facilities and the UKEF Facilities and if each of the Term Facility, the Syndicated Facilities and the UKEF Facilities were fully drawn at such time, the Synthomer Group would be required to repay up to approximately £1.3 billion.

In addition, a demand by the agent for repayment under any of the Term Facility, the Syndicated Facilities and the UKEF Facilities of an aggregate principal amount of at least £50 million (or 20% of the consolidated EBITDA of the Synthomer Group, if higher) following an event of default would in turn trigger the rights of the holders of the Notes to call an immediate event of default under the terms of the Indenture and would require the Synthomer Group to immediately repay the €520 million (approximately £447 million) outstanding under the Notes. The amounts outstanding under the Term Facility, the Syndicated Facilities, the UKEF Facilities and the Notes amounted to approximately £1.3 billion in aggregate as at 30 November 2022. The Synthomer 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, in the absence of the mitigating actions set out above, the Synthomer Group may be required to appoint an administrator or become subject to other insolvency proceedings shortly after a covenant breach and subsequent event of default scenario as set out above. The measures to follow any appointment of an administrator and the timings of such measures would depend on the decisions of the administrator and could result in Shareholders losing all or a substantial portion of their investment.

2.2 *There can be no assurance of a future sale of other transaction involving the Laminates, Films and Coated Fabrics Businesses if the Transaction does not proceed*

If the Transaction does not proceed, there can be no assurance that Synthomer would be able to dispose of the Laminates, Films and Coated Fabrics Businesses at a later date, at an improved or equivalent valuation, or to dispose of the Laminates, Films and Coated Fabrics Businesses at all. There is a risk that the value of the Laminates, Films and Coated Fabrics Businesses may erode over time if the Company is unable to invest the resources necessary to drive and to deliver the growth potential of the Laminates, Films and Coated Fabrics Businesses. Accordingly, there is no guarantee that the valuation under the Sale and Purchase Agreement would be available in any future attempted transaction involving the Laminates, Films and Coated Fabrics Businesses.

3. Material new risks relating to the Continuing Group as a result of the Transaction

3.1 *The Continuing Group will initially be less diversified and will be more dependent on the performance of the remaining business of the Continuing Group*

The Laminates, Films and Coated Fabrics Businesses constitute approximately half of the Group's activity in the Industrial Specialities segment. Following Completion, the Continuing Group will be less diversified operationally and will be more susceptible to adverse developments in the remaining performance elastomers, functional solutions (coatings, construction, adhesives) and acrylate monomers markets in which it operates. The Continuing Group will, following Completion, become more dependent on the financial performance of its business units in these remaining markets and will therefore become more exposed to the risks faced in them.

3.2 *The Continuing Group's income stream will be reduced*

Following Completion, the Continuing Group will no longer receive the contribution that the Laminates, Films and Coated Fabrics Businesses currently make to the consolidated trading profit of the Group. The Laminates, Films and Coated Fabrics Businesses accounted for 8.0% of the Group's revenue in the financial year ended 31 December 2021. As a result of the Transaction, the aggregate profits of the Continuing Group will be reduced until such time as the Continuing Group may grow profits from its continuing operations and/or may invest in or acquire additional profit generating assets. At this point in time there can be no certainty as to the timeframe to offset the reduction in aggregate profits, if any offset is achieved at all. Any material reduction in earnings could have an adverse effect on the financial condition of the Continuing Group and its results of operations.

3.3 *The Continuing Group may incur unexpected additional costs from separating the Laminates, Films and Coated Fabrics Businesses*

The process of separating the Laminates, Films and Coated Fabrics Businesses from the Continuing Group will involve the separation of a number of business systems and support services. At Completion of the Transaction, the Seller will enter into the Transition Services Agreement 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 while the separation is taking place: (i) nine months for IT-related services and (ii) six months for all other TSA services.

The Continuing Group could incur unexpected additional costs and/or adverse impacts on the functioning of its business as a result of its obligations under the proposed transition services arrangements, which could adversely affect its business, financial condition or results of operations. The Company's management will be required to allocate time and resources to these separation processes and to ensuring that the Continuing Group's obligations under the Transition Services Agreement are fulfilled. This may limit the management and financial resources available to the Continuing Group, potentially to the detriment of the Continuing Group's overall operational and financial performance.

4. Existing material risks relating to the Continuing Group which will be impacted by the Transaction

4.1 *The market price of the Shares may go down as well as up*

The value of an investment in Synthomer may go down as well as up. The price of the Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the markets and segments in which the Continuing Group operates as a whole, including, but not limited to: (i) actual or anticipated fluctuations in the financial or business

performance of the Continuing Group including as a result of changes to customer buying patterns, new technological developments, changes in end-customer markets, availability of raw materials and production dislocation, (ii) market fluctuations, and (iii) legislative or regulatory changes in the markets and segments in which the Continuing Group operates. The sentiment of the stock market regarding the Transaction may impact the market price of the Shares and, in particular, the market price of the Shares may go down if the Transaction does not proceed to Completion.

4.2 The future strategy of the Continuing Group may not be implemented successfully

Failure to complete the Transaction may have a negative impact on the Synthomer Group's ability to pursue its future strategy and create value for Shareholders. On 12 October 2022, Synthomer announced an update to its strategy, setting out its plans to 'Focus, Strengthen and Grow' the business. As part of focusing the business, the Company intends to increase the weighting of specialty chemicals versus base chemicals in its portfolio, create a more balanced geographic exposure, streamline its operational footprint and apply more rigorous capital allocation across its business. The implementation of the business strategy will be subject to certain risks and factors outside of the Board's control, including changes in the markets in which the Continuing Group currently operates. Furthermore, notwithstanding that the Board is rigorous in its approach to financial discipline, the Board may be unable to use the Net Proceeds of the Transaction as it intends and, in any event, the success and timing of any such uses will depend on a number of factors, including external market factors. It is therefore possible that the Synthomer Group's strategy may take longer to implement without the Net Proceeds from the Transaction and the corresponding decrease in leverage.

PART III

HISTORICAL FINANCIAL INFORMATION RELATING TO THE LAMINATES, FILMS AND COATED FABRICS BUSINESSES

The following unaudited historical financial information relating to the Laminates, Films and Coated Fabrics Businesses for the nine months ended 31 December 2020, as at and for the year ended 31 December 2021 and as at and for the six months ended 30 June 2022, being the periods pursuant to which the Synthomer Group has owned the Laminates, Films and Coated Fabrics Businesses which were acquired as part of the acquisition of OMNOVA on 1 April 2020, is unaudited and has been extracted without material adjustment from the underlying consolidation schedules and accounting records that underlie the Synthomer Group's audited consolidated financial statements for each of the financial years ended 31 December 2021 and 31 December 2020, and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.

Synthomer announced the acquisition of OMNOVA on 3 July 2019, with the acquisition completing on 1 April 2020. OMNOVA had two business divisions — the Specialty Solutions business (70% of revenues for the year ended 30 November 2019) and the Performance Materials business (37% of revenues for the year ended 30 November 2019). The Specialty Solutions segment had three businesses — the Laminates and Films business, the Oil & Gas business and the Specialty Coatings and Ingredients business. The Performance Materials business had three businesses — Performance Additives, Paper and Carpets, and Coated Fabrics. The Laminates, Films and Coated Fabrics Businesses were accounted for in both the Specialty Solutions business and the Performance Materials business. OMNOVA did not report income statements for the three businesses in either Specialty Solutions or Performance Materials on a disaggregated basis, and standalone financial records for the Laminates, Films and Coated Fabrics Businesses for the year ended 30 November 2019 and for the four months ended 31 March 2020 are not available and have therefore not been included as part of the historical financial information for the Laminates, Films and Coated Fabrics Businesses in this Circular.

The financial information in this Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) has been prepared using the accounting policies of the Synthomer Group, as adopted in the published consolidated financial statements for the relevant periods presented. The financial information reflects, therefore, the Laminates, Films and Coated Fabrics Businesses' contribution to the Synthomer Group during this period, applying the relevant accounting policies.

The financial information contained in this Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The consolidated statutory accounts of the Synthomer Group in respect of years ended 31 December 2021 and 31 December 2020 have been delivered to the UK Registrar of Companies.

PricewaterhouseCoopers LLP, as independent auditor, audited the Synthomer Group's annual consolidated financial statements as of and for each of the financial years ended 31 December 2021 and 31 December 2020, and reviewed the unaudited condensed consolidated interim financial statements of the Synthomer Group as of and for the six month periods ended 30 June 2022.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*).

1. Unaudited combined income statements of the Laminates, Films and Coated Fabrics Businesses for the nine months ended 31 December 2020, the year ended 31 December 2021 and the six months ended 30 June 2022

(US\$ millions)	Nine months ended 31 Dec 2020			Year ended 31 Dec 2021			Six months ended 30 June 2022		
	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS	Underlying performance	Special items	IFRS
Revenue	150.2	—	150.2	253.8	—	253.8	138.4	—	138.4
Operating profit before Special Items	19.3	—	19.3	24.8	—	24.8	8.7	—	8.7
Restructuring and site closure costs	—	(0.5)	(0.5)	—	—	—	—	(0.3)	(0.3)
Operating profit/(loss)	19.3	(0.5)	18.8	24.8	—	24.8	8.7	(0.3)	8.4
Net interest expense on defined benefit obligation ²	(0.7)	—	(0.7)	(0.6)	—	(0.6)	(0.1)	—	(0.1)
Interest element of lease payments	(0.1)	—	(0.1)	(0.1)	—	(0.1)	—	—	—
Finance costs	(0.8)	—	(0.8)	(0.7)	—	(0.7)	(0.1)	—	(0.1)
Profit/(loss) before taxation	18.5	(0.5)	18.0	24.1	—	24.1	8.6	(0.3)	8.3
Taxation ¹	(0.3)	0.1	(0.2)	(1.3)	—	(1.3)	—	—	—
Profit/(loss) for the year	18.2	(0.4)	17.8	22.8	—	22.8	8.6	(0.3)	8.3

Notes

- The unaudited combined income statements above only include taxation for the Thailand domiciled statutory entity of OMNOVA Engineered Surfaces (Thailand) Co. Ltd. The unaudited combined income statements do not include an allocation of taxation historically recognised in OMNOVA as it is not possible to provide a meaningful allocation of these items to the Laminates, Films and Coated Fabrics Businesses.
- The unaudited combined income statements above include net interest expense on defined benefit obligations for OMNOVA which has been allocated to the US Laminates, Films and Coated Fabrics Businesses on a headcount basis using the total net interest expense on defined benefit obligations recorded in OMNOVA.
- The following table sets out the reconciliation of operating profit to EBITDA for the Laminates, Films and Coated Fabrics Businesses for the periods presented. EBITDA is defined by the Synthomer Group as operating profit before depreciation, amortisation and Special Items.

(US\$ millions)	Nine months ended 31 Dec 2020	Year ended 31 Dec 2021	Six months ended 30 June 2022
Operating profit	18.8	24.8	8.4
Depreciation and amortisation	6.1	8.4	4.0
Special items	0.5	0.0	0.3
EBITDA	25.4	33.2	12.7

2. Unaudited combined statements of net assets of the Laminates, Films and Coated Fabrics Businesses as at 30 June 2022 and 31 December 2021

<u>(US\$ millions)</u>	<u>31 December 2021</u>	<u>30 June 2022</u>
Non-current assets		
Property, plant and equipment	43.4	41.9
Deferred tax assets ¹	<u>0.7</u>	<u>0.6</u>
Total non-current assets	44.1	42.5
Current assets		
Inventories	39.1	39.8
Trade and other receivables	27.0	28.1
Cash and cash equivalents ²	<u>13.3</u>	<u>13.4</u>
Total current assets	79.4	81.3
Total assets	123.5	123.8
Current liabilities		
Trade and other payables	(37.4)	(35.8)
Lease liabilities	(0.6)	(0.5)
Current tax liabilities ¹	(1.5)	(0.9)
Provisions for other liabilities and charges	(5.7)	(4.7)
Total current liabilities	(45.2)	(41.9)
Non-current liabilities		
Lease liabilities	(2.7)	(2.3)
Retirement benefit obligations ³	<u>(2.0)</u>	<u>(2.0)</u>
Total non-current liabilities	(4.7)	(4.3)
Total liabilities	(49.9)	(46.2)
Net assets	73.6	77.6

Notes

1. The unaudited combined statements of net assets above only include current tax and deferred taxation balances for the Thailand domiciled statutory entity of OMNOVA Engineered Surfaces (Thailand) Co. Ltd. The unaudited combined statements of net assets do not include an allocation of current and deferred taxation balances for OMNOVA as it is not possible to provide a meaningful allocation to the Laminates, Films and Coated Fabrics Businesses.
2. The unaudited combined statements of net assets above only include cash for the Thailand domiciled statutory entity of OMNOVA Engineered Surfaces (Thailand) Co. Ltd., as cash related to the US Laminates, Films and Coated Fabrics Businesses is being retained by the Continuing Group under the terms of the Sale and Purchase Agreement.
3. The unaudited combined statements of net assets above do not include retirement benefit obligations for OMNOVA as the retirement benefit obligations related to the US employees of the Laminates, Films and Coated Fabrics Businesses are being retained by the Continuing Group under the terms of the Sale and Purchase Agreement. The retirement benefit obligations for OMNOVA Engineered Surfaces (Thailand) Co. Ltd. are included as these will be transferred under the terms of the Sale and Purchase Agreement.

PART IV
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CONTINUING GROUP

Section A: Unaudited pro forma statement of net assets of the Continuing Group

The unaudited pro forma statement of net assets of the Continuing Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared on the basis of the notes set out below to illustrate the effect of the Transaction on the Synthomer Group as if it had taken place as at 30 June 2022.

The Unaudited Pro Forma Financial Information set out in this Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*) has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It therefore does not represent the Synthomer Group’s actual financial position or results or what the Continuing Group’s actual financial position would have been if the Transaction had been completed on the date indicated, nor does it purport to represent the results of operations for any future period or financial position at any future date.

The Unaudited Pro Forma Financial Information has been prepared on a basis consistent with the accounting policies adopted by the Company in preparing its unaudited condensed consolidated interim financial statements as of and for the six months ended 30 June 2022 and in accordance with item 13.3.3R of the Listing Rules.

Furthermore, the Unaudited Pro Forma Financial Information set out in this Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*) 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 Unaudited Pro Forma Financial Information contained in this Section A of this Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*).

PricewaterhouseCoopers LLP’s accountant’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*).

Unaudited pro forma statement of net assets of the Continuing Group as at 30 June 2022

	Pro forma adjustments				Unaudited Pro Forma Continuing Group
	Synthomer Group as at 30 June 2022	Laminates, Films and Coated Fabrics Businesses as at 30 June 2022	Transaction related adjustments	Net Proceeds	
<i>£ millions</i>	Note 1	Note 2	Note 3	Note 4	
Non-current assets					
Goodwill	662.1	—	(43.2)	—	618.9
Acquired Intangible assets	560.1	—	(46.7)	—	513.4
Other intangible assets	54.1	—	—	—	54.1
Property, plant and equipment	763.9	(34.4)	(22.5)	—	707.0
Deferred tax assets	21.2	(0.5)	—	—	20.7
Defined benefit asset	14.2	—	—	—	14.2
Investment in joint venture	7.9	—	—	—	7.9
Other receivables	—	—	—	4.1	4.1
Total non-current assets	2,083.5	(34.9)	(112.4)	4.1	1,940.3
Current assets					
Inventories	508.2	(32.7)	—	—	475.5
Trade and other receivables	548.0	(23.1)	—	—	524.9
Cash and cash equivalents	262.5	(11.0)	—	—	251.5
Derivative financial instruments	13.4	—	—	—	13.4
Total current assets	1,332.1	(66.8)	—	—	1,265.3
Total assets	3,415.6	(101.7)	(112.4)	4.1	3,205.6
Current liabilities					
Borrowings	(22.3)	—	—	—	(22.3)
Trade and other payables	(618.2)	29.4	—	—	(588.8)
Lease liabilities	(9.6)	0.4	—	—	(9.2)
Current tax liability	(24.0)	0.7	—	—	(23.3)
Dividends payable	(99.5)	—	—	—	(99.5)
Provisions for other liabilities and charges	(59.6)	3.9	—	—	(55.7)
Total current liabilities	(833.2)	34.4	—	—	(798.8)
Non-current liabilities					
Borrowings	(1,233.0)	—	—	210.2	(1,022.8)
Trade and other payables	(1.0)	—	—	—	(1.0)
Lease liabilities	(38.2)	1.9	—	—	(36.3)
Deferred tax liabilities	(74.3)	—	16.7	—	(57.6)
Retirement benefit obligations	(83.4)	1.6	—	—	(81.8)
Provisions for other liabilities and charges	(18.2)	—	—	—	(18.2)
Total non-current liabilities	(1,448.1)	3.5	16.7	210.2	(1,217.7)
Total liabilities	(2,281.3)	37.9	16.7	210.2	(2,016.5)
Net assets	1,134.3	(63.8)	(95.7)	214.3	1,189.1

Notes:

1. Synthomer Group's financial information as at 30 June 2022 has been extracted, without material adjustment from the Synthomer Group's unaudited condensed consolidated interim financial statements for the six month period ended 30 June 2022 prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and incorporated by reference in paragraph 11 of Part VI (*Additional Information*) of this document.
2. These adjustments remove the assets and liabilities of the Laminates, Films and Coated Fabrics Businesses as at 30 June 2022 reflecting the fact that, following the Transaction, the Synthomer Group will no longer consolidate the results of the Laminates, Films and Coated Fabrics Businesses.

The table below presents the conversion of the financial information of the Laminates, Films and Coated Fabrics Businesses as at 30 June 2022, which has been extracted, without material adjustment, from the historical financial

information relating to the Laminates, Films and Coated Fabrics Businesses set out in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this Circular, from US dollars to pounds sterling using the foreign exchange rate of £1.00=\$1.2179 as at 30 June 2022.

	As at 30 June 2022 \$ millions	As at 30 June 2022 converted into £ millions
Property, plant and equipment	(41.9)	(34.4)
Deferred tax assets	(0.6)	(0.5)
Total non-current assets	(42.5)	(34.9)
Current assets		
Inventories	(39.8)	(32.7)
Trade and other receivables	(28.1)	(23.1)
Cash and cash equivalents	(13.4)	(11.0)
Total current assets	(81.3)	(66.8)
Total assets	(123.8)	(101.7)
Current liabilities		
Trade and other payables	35.8	29.4
Lease liabilities	0.5	0.4
Current tax liability	0.9	0.7
Provisions for other liabilities and charges	4.7	3.9
Total current liabilities	41.9	34.4
Non-current liabilities		
Lease liabilities	2.3	1.9
Retirement benefit obligations	2.0	1.6
Total non-current liabilities	4.3	3.5
Total liabilities	46.2	37.9
Net assets	(77.6)	(63.8)

3. These adjustments include the items that are held at the Synthomer Group consolidated level but are attributable to the net assets of the Laminates, Films and Coated Fabrics Businesses.

These items include goodwill, intangible assets, property, plant and equipment and the related deferred tax liabilities which were recognised as fair value adjustments following the acquisition method of accounting when the Laminates, Films and Coated Fabrics Businesses were acquired as part of the acquisition of OMNOVA in 2020.

4. The adjustment of £210.2 million (US\$256.0 million) in relation to the non-current borrowings is based on the intended use of the proceeds to repay certain indebtedness and is calculated as follows (the amounts are translated from US dollars to pounds sterling using the foreign exchange rate of £1.00=\$1.2179 as at 30 June 2022):

- the estimated net proceeds of US\$239.8 million (£196.9 million) to be received from the Transaction, which comprises the gross consideration of US\$255.0 million (£209.4 million) less estimated transaction costs of US\$10.2 million (£8.4 million) less the deferred purchase payment of US\$5.0 million (£4.1 million) to be received from the buyer thirteen months after the transaction closing date (which is included as a pro forma adjustment to non-current Other receivable);
- a working capital adjustment of US\$7.6 million (£6.2 million) based on the target working capital of US\$24.6 million (£20.2 million) and the 30 June 2022 working capital position determined in accordance with the Sale and Purchase Agreement;
- the 30 June 2022 cash adjustment of US\$13.4 million (£11.0 million) related to the cash balance in OMNOVA Engineered Surfaces (Thailand) Co. Ltd as set out in the Sale and Purchase Agreement and derived from the historical financial information relating to the Laminates, Films and Coated Fabrics Businesses set out in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this Circular; and
- less the 30 June 2022 indebtedness of US\$(4.8) million (£3.9) million determined in accordance with the Sale and Purchase Agreement.

The above working capital, cash and indebtedness adjustments are based on the working capital, cash and indebtedness position of the Laminates, Films and Coated Fabrics Businesses as at 30 June 2022. The actual adjustments as of the transaction closing date may differ from these estimates.

5. In preparing the unaudited pro forma statement of net assets of the Continuing Group, no account has been taken of the trading results or financial position of the Synthomer Group or the Laminates, Films and Coated Fabrics Businesses since 30 June 2022.

6. The following table sets out the reconciliation from the unaudited net debt of the Synthomer Group to the unaudited pro forma net debt of the Continuing Group as at 30 June 2022:

The Synthomer Group net debt as at 30 June 2022 has been extracted without material adjustment from Note 10 of the unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2022. Net debt is defined by the Synthomer Group as cash and cash equivalents together with total borrowings.

<u>£ millions</u>	<u>Synthomer Group as at 30 June 2022</u>	<u>Pro forma adjustments</u>			<u>Unaudited Pro Forma of the Continuing Group as at 30 June 2022</u>
		<u>Laminates, Films and Coated Fabrics Businesses as at 30 June 2022</u>	<u>Transaction related adjustments</u>	<u>Net proceeds</u>	
Total borrowings ^(a)	(1,255.3)	—	—	210.2	(1,045.1)
Cash and cash equivalents	262.5	(11.0) ^(b)	—	—	251.5
Net debt	<u>(992.8)</u>	<u>(11.0)</u>	<u>—</u>	<u>210.2</u>	<u>(793.6)</u>

- a. Total borrowings include bank overdrafts and other current and non-current borrowings.
- b. Cash and cash equivalents above only include cash for the Thailand domiciled statutory entity of OMNOVA Engineered Surfaces (Thailand) Co. Ltd., as cash related to the US Laminates, Films and Coated Fabrics Businesses is being retained by the Continuing Group under the terms of the Sale and Purchase Agreement.

Section B: Accountant’s report on the Unaudited Pro Forma Financial Information of the Continuing Group



The directors (the “**Directors**”)
Synthomer plc
Temple Fields,
Harlow,
Essex, CM20 2BH
United Kingdom

J.P. Morgan Securities plc
25 Bank Street,
Canary Wharf,
London, E14 5JP
United Kingdom

16 December 2022

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 Section A of Part IV of the Company’s circular dated 16 December 2022 (“the **Circular**”).

This report is required by item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”) 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 item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules, 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.

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: PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
: T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk

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 and by the Solicitors Regulation Authority for regulated legal activities.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, 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 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

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 sale of the Laminates, Films and Coated Fabrics Businesses might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the condensed consolidated interim financial statements for the six month period ended 30 June 2022.

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.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART V

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE SALE AND PURCHASE AGREEMENT

1. Sale and Purchase Agreement

1.1 Introduction

On 13 December 2022, the Seller, the Company, the Purchaser, and the Purchaser Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell the Laminates, Films and Coated Fabrics Businesses to the Purchaser.

The Laminates, Films and Coated Fabrics Businesses comprise all of the equity interests of OMNOVA Engineered Surfaces (Thailand) Co. Ltd., a private limited company organized under the laws of Thailand (“**OMNOVA Thailand**”) and other assets used or held for use by the Seller and its affiliates in connection with the conduct of the Laminates, Films and Coated Fabrics Businesses including certain (a) personal property, (b) inventory, (c) information and records, (d) IT assets, (e) permits, (f) contracts, (g) intellectual property, (h) real property, (i) employee records, (j) accounts receivable and prepaid expenses, (k) rights in respect of non-compete, non-solicitation and confidentiality obligations, (l) third party claims, (m) prepayments, (n) other business assets, (o) insurance benefits and (p) goodwill.

In order for OMNOVA Thailand to be a disregarded entity for US federal tax purposes, the Seller has agreed that, prior to Completion, the Seller and certain of its affiliates will carry out an internal restructuring following which (i) a new UK incorporated entity (“**UK NewCo**”), an indirect subsidiary of the Seller, will hold all of the beneficial interests in OMNOVA Thailand, (ii) UK NewCo will hold legal title to 27,355,663 ordinary shares of OMNOVA Thailand, (iii) the Company will hold one ordinary share of OMNOVA Thailand as nominee for UK NewCo, and (iv) Synthomer Overseas Limited will hold one ordinary share of OMNOVA Thailand as nominee for UK NewCo. At Completion, the Seller shall cause UK NewCo, the Company and Synthomer Overseas Limited to transfer the legal and beneficial interests in OMNOVA Thailand to the Purchaser and its nominees.

1.2 Conditions Precedent to Completion

The obligations of the parties to the Sale and Purchase Agreement to complete the Transaction are subject to the satisfaction or waiver of certain conditions (the “**Conditions**”).

Such Conditions include:

- (i) the receipt of any required consents or antitrust approvals or the expiration or termination of any applicable waiting periods (or extensions thereof) under applicable antitrust laws;
- (ii) the affirmative vote in favour of the Resolution by Shareholders representing a simple majority of the votes represented in person or by proxy at the General Meeting;
- (iii) no governmental order having been adopted, promulgated or entered by any governmental authority which would prohibit Completion and that continues to be in effect;
- (iv) certain representations and warranties given by the Seller being true and correct as of the Completion Date (or such other date that the relevant representation or warranty speaks as of) except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to result in a material adverse effect on the Laminates, Films and Coated Fabrics Businesses, and certain fundamental representations and warranties given by the Seller being true and correct as of the Completion Date (or such other date that the relevant representation or warranty speaks as of) in all respects;
- (v) certain representations and warranties given by the Purchaser and the Purchaser Guarantor being true and correct in all material respects as of the Completion Date (or such other date that the relevant representation or warranty speaks as of), and certain fundamental representations and warranties given by the Purchaser and the Purchaser Guarantor being true and correct as of the Completion Date (or such other date that the relevant representation or warranty speaks as of) in all respects;
- (vi) compliance by each of the Seller, the Company and the Purchaser with their respective covenants and agreements set forth in the Sale and Purchase Agreement in all material respects;

- (vii) no material adverse effect in relation to the Laminates, Films and Coated Fabrics Businesses having occurred;
- (viii) the consent to the Transaction of the Company's lenders in respect of the Term Facility, the Syndicated Facilities and the UKEF Facilities, pursuant to the respective financing agreements having been obtained;
- (ix) registration of certain amendments to be made to a lease which forms part of the Transaction; and
- (x) delivery by each of the Seller and the Purchaser of certain Completion deliverables.

1.3 Consideration

The consideration for the sale of the Laminates, Films and Coated Fabrics Businesses will be the payment of the purchase price and the assumption of certain assumed obligations in connection with the Laminates, Films and Coated Fabrics Businesses.

The purchase price payable at Completion will be a cash amount equal to the sum of (a) US\$255 million, (b) plus or minus the amount by which the closing working capital is greater than or less than, respectively, the agreed upon working capital target amount (as applicable), (c) minus the estimated indebtedness, (d) plus the estimated cash, and (e) minus the Deferred Purchase Price of US\$5 million.

The purchase price paid at Completion will be determined based on estimated amounts for paragraphs (b) through (d) above, and will be subject to a customary post-Completion adjustment mechanism.

The Deferred Purchase Price will be payable in cash to the Seller on the thirteen (13) month anniversary of the Completion Date, and will accrue interest from the Completion Date through the date the Deferred Purchase Price is paid at a rate of 4.355% per annum.

1.4 Representations and Warranties

In the Sale and Purchase Agreement, the Seller made customary representations and warranties to the Purchaser for a transaction of this nature, including confirming the Seller's and the Company's authority to enter into the Sale and Purchase Agreement and the Seller's ability to complete the Transaction as well as customary business warranties in respect of the Laminates, Films and Coated Fabrics Businesses.

In the Sale and Purchase Agreement, the Purchaser and the Purchaser Guarantor made customary representations and warranties to the Seller including confirming the Purchaser's and the Purchaser Guarantor's authority to enter into the Sale and Purchase Agreement and the Purchaser's ability to complete the Transaction.

All of the representations and warranties given by the Seller under the Sale and Purchase Agreement terminate automatically with effect from Completion, and therefore provided Completion occurs, there will be no contractual recourse against the Seller in respect of the representations and warranties given under the Sale and Purchase Agreement. The Purchaser's sole recourse in respect of such representations and warranties will be pursuant to a buyer-side representation and warranty insurance policy to be obtained by the Purchaser.

1.5 Covenants

In the Sale and Purchase Agreement, the Seller and the Purchaser have agreed to certain covenants and undertakings, including the following.

1.5.1 Access to information

The Seller has agreed, during the period from the date of the Sale and Purchase Agreement until Completion, to provide the Purchaser and its representatives reasonable access to personnel, books and records and facilities of the Laminates, Films and Coated Fabrics Businesses, subject to customary limitations and conditions.

1.5.2 Conduct of business

The Seller has agreed, during the period from the date of the Sale and Purchase Agreement until Completion, to (and to cause its affiliates and OMNOVA Thailand to) (i) operate the Laminates, Films and Coated Fabrics Businesses in the ordinary course of business consistent in all material respects with past practice and (ii) not take certain actions in relation to OMNOVA Thailand or the Laminates, Films and Coated Fabrics Businesses, including but not limited to, amending constitutional documents, disposing of any material assets, approving capital expenditures in excess of US\$1,000,000 in the aggregate, materially increasing employee compensation and benefits, entering in or terminating or modifying in a manner materially adverse to the Laminates, Films and Coated Fabrics Businesses any material contract outside of the ordinary course, declaring or paying dividends or other distributions, waiving or abandoning any rights in or to any material business intellectual property, allowing any permits required for the conduct of the Laminates, Films and Coated Fabrics Businesses or the ownership of the purchased assets to expire or lapse, or making any change to the accounting methods, principles or practices used (except as required by IFRS, Thai GAAP or applicable law).

These restrictions are subject to certain customary exceptions including the prior written consent of the Purchaser.

1.5.3 Satisfaction of conditions; third party consents

Each of the Seller and the Purchaser has agreed to use its reasonable best efforts to satisfy the Conditions and obtain any required third party consents in connection with the Transaction.

In particular, each of the Seller and the Purchaser has agreed to make any required filing in connection with the HSR Act or any other applicable competition laws in order to obtain any required consents under applicable competition laws, and to cooperate with each other in relation to any such filings and consents. Each of the Seller and the Purchaser has agreed to use its reasonable best efforts to obtain all applicable governmental approvals for the Transaction, but this does not include any obligations to divest or hold separate assets if required by the applicable governmental authority.

In the event that a third party consent to assign a material contract is not obtained before Completion, then the Purchaser will be entitled to the benefits of the relevant material contract accruing after Completion to the extent that the Seller may provide such benefit without violating such material contract or applicable law and without incurring any material expense or otherwise taking any material actions (including hiring additional employees).

1.5.4 Non-competition; non-solicit; non-disclosure

The Seller has agreed to customary non-competition obligations in relation to directly or indirectly engaging in any business that manufactures, markets, sells or distributes the products or services that are substantially similar to or competitive with the in-scope products anywhere throughout North America or Asia for a period of two years (or such shorter period as is permitted by applicable law), subject to customary exceptions.

The Seller has agreed to a customary non-solicit in relation to certain transferred employees for a period of two years (or such shorter period as is permitted by applicable law), subject to customary exceptions.

Additionally, the Seller has agreed to customary non-disclosure obligations in relation to the use or disclosure of the Purchaser's confidential information for a period of two years, subject to customary exceptions.

1.5.5 Recommendations and no shop

The Company has agreed that the Board shall recommend that Shareholders vote in favour of the Resolution and not to fail to make, withdraw, qualify or modify in a manner adverse to the Purchaser, such recommendation. This obligation is subject to a customary carve-out whereby the Board may effect a recommendation change, if the Board determines in good faith, after consultation with its independent financial advisor and outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

The Company and the Seller have agreed to customary covenants that prevent either of them or their representatives from, directly or indirectly, soliciting, initiating, knowingly facilitating or encouraging any competing acquisition proposal in relation to the Laminates, Films and Coated Fabrics Businesses.

1.5.6 Purchaser's financing

The Purchaser and the Purchaser Guarantor have agreed to certain customary undertakings in relation to the Purchaser's financing for the Transaction, including (i) maintaining in effect the term loan facility agreement pursuant to which the lender to the Purchaser Guarantor will provide a loan to the Purchaser Guarantor (the "**Facilities Agreement**"), (ii) satisfying the conditions under the Facilities Agreement, (iii) complying with all of the borrowers' and guarantors' obligations under the Facilities Agreement; (iv) enforcing the Purchaser's or the Purchaser Guarantor's rights under the Facilities Agreement, (v) not taking certain actions in relation to the Facilities Agreement (including agreeing to amendments to the Facilities Agreement) without the consent of the Seller, and (vi) in the case of the Purchaser Guarantor, funding the proceeds of the financing to the Purchaser for purposes of funding the transactions contemplated by the Sale and Purchase Agreement.

1.6 Termination

The Sale and Purchase Agreement may be terminated prior to Completion:

- (i) by the mutual written consent of the Seller and the Purchaser;
- (ii) by either the Seller or the Purchaser if Completion has not occurred on or prior to the date that is twelve (12) months following the date of the Sale and Purchase Agreement (the "**Outside Date**"), provided that this termination right will not be available to any party whose failure to fulfil any obligation under the Sale and Purchase Agreement resulted in the failure of Completion to occur on or before the Outside Date;
- (iii) by either the Seller or the Purchaser, if an injunction shall have been entered by any governmental authority of a competent jurisdiction permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Sale and Purchase Agreement and such injunction shall have become final and non-appealable;
- (iv) by the Purchaser, if the Seller shall have breached any of its representations or warranties or failed to perform any of its covenants or other agreements contained in the Sale and Purchase Agreement, as a result of which any of the Conditions (other than those which are only conditions to the obligations of the Seller) cannot be satisfied, and such breach or failure to perform cannot be cured by the Outside Date;
- (v) by the Seller, if the Purchaser shall have breached any of its representations or warranties or failed to perform any of its covenants or other agreements contained in the Sale and Purchase Agreement, as a result of which any of the Conditions (other than those which are only conditions to the obligations of the Purchaser) cannot be satisfied, and such breach or failure to perform cannot be cured by the Outside Date;
- (vi) by either the Seller or the Purchaser if (i) the Board makes a recommendation change prior to the General Meeting; or (ii) the General Meeting (including any adjournments and postponements thereof) shall have concluded and the shareholder approval shall not have been obtained; and
- (vii) by the Seller if all the conditions to Completion have been satisfied or waived and the Purchaser fails to consummate the Completion (subject to a three (3) Business Day extension).

2. Guarantee

Concurrently with the entry into the Sale and Purchase Agreement, the Purchaser Guarantor has entered into a guarantee in favour of the Seller pursuant to which the Purchaser Guarantor is guaranteeing the payment and performance obligations of the Purchaser under the Sale and the Purchase Agreement.

The Purchaser Guarantor is also a party to the Sale and Purchase Agreement for the purpose of making certain representations and warranties and giving certain covenants to the Seller.

3. Transition Services Agreement

In connection with the transactions contemplated by the Sale and Purchase Agreement, the Seller and the Purchaser will enter into a transition services agreement, effective as of the Completion Date (the “**Transition Services Agreement**” or “**TSA**”), under which the Seller will provide to the Purchaser certain transition services related to the operation of the Laminates, Films and Coated Fabrics Businesses. Below is an outline of the key terms that will be included in the Transition Services Agreement.

- 3.1 **Service Scope.** The Seller will provide transition services in support of certain procurement, finance, IT, and facilities functions. These services include both ongoing provision of historically provided services and certain migration assistance.
- 3.2 **Performance Standard.** The Seller will perform the TSA services consistent with (i) the manner in which they are performed for the Laminates, Films and Coated Fabrics Businesses immediately prior to the Completion Date or (ii) the manner in which the Seller performs similar services for the Seller’s retained businesses after the Completion Date. The Seller may make certain changes to the services, including based on the historical practice or the practice for the Seller’s retained businesses.
- 3.3 **Service Duration.** The Seller will provide all TSA services other than the IT-related services for six months following the Completion Date. The IT-related services will be provided for nine months following the TSA effective date, subject to receipt of the applicable third-party consent. These service periods may not be extended except by mutual agreement of the Seller and the Purchaser.
- 3.4 **Termination.** The Purchaser can terminate TSA services early on a service-by-service basis as the Purchaser transitions the relevant activities to its own business, subject to certain specified restrictions. The Seller can terminate the TSA for the Purchaser’s non-payment of fees due under the TSA. Either party can terminate the TSA for the other party’s uncured material breach or in the event of insolvency.
- 3.5 **Service Fees.** The Purchaser will pay fixed service fees totalling US\$260,600 per month, as well as any third-party costs and out-of-pocket expenses incurred by the Seller. Additional services may be provided at US\$600 per person per day.
- 3.6 **Consent Fees.** The Purchaser will bear the cost of obtaining consent from vendors for use of contracts or licenses during the TSA period. If any applicable consent is not obtained, the Purchaser will bear the costs of a mutually agreed upon alternative arrangement (if any).
- 3.7 **Indemnities and Limitations of Liability.** The Purchaser has agreed to indemnify the Seller for losses arising in connection with the TSA, other than losses caused by the Seller’s gross negligence or wilful misconduct, in which case the Seller has agreed to indemnify the Purchaser. The Seller’s liability under the TSA is limited to direct damages and a total aggregate amount equal to three months’ service fees.

PART VI
ADDITIONAL INFORMATION

1. Responsibility statement

The Company and the Directors, whose names are set out in paragraph 3.1 (*Directors*) below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

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. On 13 October 1971, the Company merged with Yule, Catto & Co. Limited and changed its name to Yule, Catto & Co. Limited. On 25 November 1981 the Company was re-registered as a public limited company and on 4 December 2012, the Company changed its name to Synthomer plc.

The principal legislation under which the Company operates is the Companies Act.

The Company is domiciled in the United Kingdom with its registered office at Central Road, Temple Fields, Harlow, Essex, CM20 2BH, United Kingdom and its principal place of business at 45 Pall Mall, London, SW1Y 5JG, United Kingdom.

The telephone number of the Company's registered office is +44 (0)1279 436 211.

3. Directors

3.1 Directors

The Directors of the Company as at the date of this Circular and their respective roles are set out below:

<u>Name</u>	<u>Position</u>
Caroline Johnstone	Chair
Michael Willome	Chief Executive Officer
Lily Liu	Chief Financial Officer
The Hon. Alexander Catto	Non-Executive Director
Dato' Lee Hau Hian	Non-Executive Director
Ian Tyler	Independent Non-Executive Director
Brendan Connolly	Senior Independent Director
Holly A. Van Deursen	Independent Non-Executive Director
Roberto Gualdoni	Independent Non-Executive Director

3.2 Share interest

The Directors of the Company as at the Latest Practicable Date have the following interests in Shares (including beneficial interests and certain non-beneficial interests).

<u>Director</u>	<u>No.</u>	<u>% of total issued share capital</u>
Caroline Johnstone	47,931	0.0103
Michael Willome	100,000	0.0214
Lily Liu	12,000	0.0026
The Hon. Alexander Catto	5,409,586	1.1575
Dato' Lee Hau Hian	467,453	0.1000
Ian Tyler	0	0
Brendan Connolly	19,579	0.0042
Holly A. Van Deursen	20,000	0.0043
Roberto Gualdoni	66,853	0.0143

Taken together, the combined percentage interest of the Directors in the voting rights in respect of the issued ordinary share capital of Synthomer as at the Latest Practicable Date was approximately 1.31%.

3.3 Share awards

The Directors had the following options and awards relating to Shares under the Synthomer Share Schemes as at the Latest Practicable Date.

<u>Director</u>	<u>Plan</u>	<u>Date of grant</u>	<u>Exercise price (£)</u>	<u>No. shares subject to awards</u>	<u>Performance period end date</u>
Michael Willome . . .	Synthomer performance Share plan—nil cost options	8 November 2021	Nil	198,295	31/12/2023
Michael Willome . . .	Synthomer performance Share plan—nil cost options	10 March 2022	Nil	496,334	31/12/2024
Lily Liu	Synthomer performance Share plan—nil cost options	9 August 2022	Nil	339,611	31/12/2024

3.4 Directors' service contracts and letters of appointment

Save as disclosed below, there are no service agreements or letters of appointment in force between a director or proposed director of Synthomer or any of its subsidiaries and, save as disclosed below, no such agreement has been entered into or amended during the 6 months' preceding the date of this Circular. All the Directors retire and seek election or re-election at Annual General Meetings in accordance with the UK Corporate Governance Code.

3.4.1 Executive Directors

<u>Director</u>	<u>Date of appointment</u>	<u>Notice period by Company (months)</u>	<u>Notice period by Director (months)</u>
Michael Willome	1 November 2021	12 months	12 months
Lily Liu	1 July 2022	12 months	12 months

There is no unexpired term as each of the Executive Directors' contracts is on a rolling basis. Save in circumstances justifying summary termination the notice period for each of the above contracts is 12 months.

The Company may at the Remuneration Committee's discretion make a payment in lieu of notice equal to the salary, pension contributions and contractual benefits that would have been paid during the notice period. This payment may be made at the Remuneration Committee's discretion as a lump sum or monthly instalments and may be subject to mitigation if the director finds an alternative position during the notice period. The Executive Directors are also entitled to 25 working days' holiday plus public holidays per calendar year.

3.4.2 Non-Executive Directors

<u>Director</u>	<u>Date of appointment</u>	<u>Notice period by Company (months)</u>	<u>Notice period by Director (months)</u>
Caroline Johnstone	20 March 2015	—	—
The Hon. Alexander Catto	3 December 1981	—	—
Brendan Connolly	20 January 2014	—	—
Roberto Gualdoni	8 July 2021	—	—
Dato' Lee Hau Hian	22 December 1993	—	—
Holly A. Van Deursen	21 September 2018	—	—
Ian Tyler	21 June 2022	—	—

All Non-Executive Directors are appointed in writing. Letters of appointment do not include entitlement to participation in the Company's share option scheme or any other of its employee benefits, and do not currently have a notice period. The Non-Executive Directors are subject to annual re-election.

There is no right to compensation for loss of office if they are not re-elected or if the Company terminates the appointment because the Non-Executive Director has accepted a position with another company without prior Board approval and which the Board reasonably considers likely to give rise to a material conflict.

4. Major shareholders

As at the Latest Practicable Date, insofar as is known to the Company, the following persons had an interest which represented 3% or more of the voting share capital of the Company, and the amount of such persons' interests, is as follows:

<u>Name of Shareholder</u>	<u>Interests as at the Latest Practicable Date</u>	
	<u>No.</u>	<u>% of total issued share capital</u>
Kuala Lumpur Kepong Berhad Group	125,589,510	26.87
Greater Manchester Pension	23,410,509	5.01

Save as disclosed above, the Directors are not aware of any interest which will represent an interest in the Company's share capital or voting rights which is notifiable under the Disclosure Guidance and Transparency Rules following Completion occurring.

5. Material contracts

5.1 Continuing Group material contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Continuing Group is a party, for the two years immediately preceding the date of publication of this Circular and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Continuing Group which contains any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this Circular:

5.1.1 Sale and Purchase Agreement

Further details of the Sale and Purchase Agreement are set out under Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*) of this document.

5.1.2 Transition Services Agreement

Further details of the Transition Services Agreement are set out under Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*) of this document.

5.1.3 Sponsor's Agreement

The Company entered into a sponsor's agreement dated 16 December 2022 pursuant to which J.P. Morgan agreed to act as sponsor to the Company in connection with the Transaction and the Circular (the "**Sponsor's Agreement**"). Under the terms of the Sponsor's Agreement, the Company has agreed to provide J.P. Morgan with certain customary indemnities, undertakings and warranties. The indemnities provided by the Company indemnify J.P. Morgan and certain of its affiliates against claims made against them or losses incurred by them, subject to certain exceptions. The Sponsor's Agreement gives J.P. Morgan the right to terminate in certain circumstances, which is usual for a sponsor agreement of this kind.

5.1.4 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**").

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.

5.1.5 Term Facility and Term Facility Amendment

On 28 October 2021, Synthomer as original borrower and original guarantor and Synthomer (UK) Limited, Synthomer Trading Limited and Synthomer Holdings Limited as original guarantors entered into the Term Loan Facility Agreement with Barclays Bank PLC, Citi, HSBC and Santander as mandated lead arrangers and bookrunners, Barclays Bank PLC, Citibank, HSBC and Santander as original lenders and HSBC as agent. Under the Term Loan Facility Agreement, the Term Facility of US\$300 million was available for drawing by Synthomer as the original borrower. Each of the bookrunners named have arranged for the Term Facility to be syndicated to a number of financial institutions.

On 18 October 2022, Synthomer and HSBC as agent entered into the Term Facility Amendment. Under the Term Facility Amendment, changes were made to the margin and financial covenant in the Term Loan Facility Agreement, described in further detail below.

The Term Facility is unsecured but is otherwise guaranteed by the guarantors listed above and also Synthomer Sdn BHD, Synthomer Deutschland GmbH, Synthomer S.r.l., Synthomer Speciality Resins S.r.l. and OMNOVA, who all acceded as guarantors on 15 June 2022.

The Term Facility was available to be applied for the following purposes: (1) financing the consideration payable for the Adhesive Technologies Acquisition and (2) payment of fees, costs and expenses in connection with the Adhesive Technologies Acquisition.

The Term Facility matures on 28 October 2024. The Term Facility is no longer available for drawing.

The Term Loan Facility Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. In particular, the Term Loan Facility Agreement contains a restriction on certain disposals. As a result, the consent of the majority lenders must be obtained to the transactions contemplated by the Sale and Purchase Agreement (see paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*)).

The financial covenant under the Term Loan Facility Agreement, as amended by the Term Facility Amendment, is a leverage covenant, whereby the net borrowings of the Synthomer Group must not exceed 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2022, 4.75 times the consolidated EBITDA of the Synthomer Group on 30 June 2023, 4.00 times the consolidated

EBITDA of the Synthomer Group on 31 December 2023 and 3.25 times the consolidated EBITDA of the Synthomer Group on each Calculation Date (as defined in the Term Facility Agreement) thereafter. No more than once during the life of the Term Facility, following completion of an acquisition, Synthomer may elect to increase the maximum permitted leverage by 0.50 times the consolidated EBITDA of the Synthomer Group in respect of the two measurement periods ending immediately following completion of such acquisition.

The Term Facility may be prepaid without premium or penalty subject to a maximum of three voluntary prepayments per annum. The amount available under the Term Facility 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 Syndicated Facilities).

The interest rate charged on loans made under the Term Facility, as amended by the Term Facility Amendment, is equal to the aggregate of an appropriate benchmark rate and the applicable margin. The initial margin under the Term Facility is 1.10% per annum, with the margin ratcheting between 3.80% per annum and 1.00% per annum in accordance with the total leverage of the Synthomer Group.

Certain fees are payable to the finance parties in connection with the Term Facility, including upfront fees, an agency fee and an ongoing commitment fee. The Term Loan Facility Agreement is governed by the laws of England and Wales.

5.1.6 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 the UKEF Facility Agreement with HSBC as sole ECA 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. Under the UKEF Facility Agreement, the UKEF Facilities of EUR 287,500,000 and US\$230,000,000 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 the UKEF Facility Amendment. Under the UKEF Facility Amendment, changes were made to the financial covenant in the UKEF Loan Facility Agreement, described in further detail below.

The UKEF Facilities are unsecured but are otherwise guaranteed by the guarantors listed above and other additional guarantors required to accede following Completion.

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 Euro 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. As a result, the consent of the majority lenders must be obtained to the transactions contemplated by the Sale and Purchase Agreement (see paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*)).

The financial covenant under the UKEF Facility Agreement, as amended by the UKEF Facility Amendment is a leverage covenant, whereby the net borrowings of the Synthomer Group must not exceed 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2022, 4.75 times the consolidated EBITDA of the Synthomer Group on 30 June 2023, 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2023 and 3.25 times the consolidated EBITDA of the Synthomer 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 0.50 times the consolidated EBITDA of the Synthomer 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 Syndicated 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.

5.1.7 2020 Notes

On 25 June 2020, Synthomer issued and sold an initial aggregate principal amount of €520,000,000 of its 3½% senior notes due 2025 (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 Solutions Inc. and Synthomer Sdn Bhd as initial guarantors and Citibank, N.A., London Branch as trustee, paying agent, transfer agent and registrar.

The Notes were issued and sold in a private transaction exempt from the registration requirements of the Securities Act, to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A under the Securities Act and to non-US persons outside of the United States pursuant to Regulation S under the Securities Act. Accordingly, the Notes and the related guarantees are not registered under the 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 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 Syndicated 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, namely 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. As such, the consent of the holders of the Notes is not required for the Transaction.

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, defaults in payment 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. 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 and the Notes are governed by the laws of New York.

5.1.8 2019 Syndicated Facilities Agreement, Amendment and Restatement Agreement and 2019 Syndicated Facilities Amendment

On 3 July 2019, Synthomer as original borrower and original guarantor and Synthomer (UK) Limited, Synthomer Trading Limited and Synthomer Holdings Limited as original guarantors entered into the 2019 Syndicated Facilities Agreement with Barclays Bank PLC, Citi, HSBC and Santander as mandated lead arrangers and bookrunners, Barclays Bank PLC, Citibank, HSBC and Santander as original lenders and HSBC as agent. Under the 2019 Syndicated Facilities Agreement, a US\$260 million (approximately £212 million) term loan facility (the "**2019 Term Facility**") and a €460 million (approximately £395 million) multi-currency revolving credit (the "**2019 Revolving Facility**") and, together with the 2019 Term Facility, the "**Syndicated Facilities**") were available for drawing by Synthomer as the original borrower. Each of the bookrunners named above have arranged for the Syndicated Facilities to be syndicated to a number of financial institutions.

On 22 December 2021, Synthomer as original borrower and HSBC as agent entered into an amendment and restatement agreement (the "**Amendment and Restatement Agreement**"). Under the Amendment and Restatement Agreement, the terms of the 2019 Syndicated Facilities Agreement were amended to substitute certain risk-free rates for the London Interbank Offered Rate as the benchmark rate for the determination of interest payable in relation to the Syndicated Facilities.

On 18 October 2022, Synthomer as company and HSBC as agent entered into the 2019 Syndicated Facilities Amendment. Under the 2019 Syndicated Facilities Amendment, changes were made to the margin and financial covenant in the 2019 Syndicated Facilities Agreement, described in further detail below.

The Syndicated Facilities are unsecured but are otherwise guaranteed by the guarantors listed above and other additional guarantors required to accede following Completion.

The Syndicated Facilities mature on 3 July 2024. The 2019 Term Facility is no longer available for drawing. The 2019 Revolving Facility is available for drawing in euros, US dollars, sterling and other currencies (subject to certain conditions) and is available for drawing from the date of the 2019 Syndicated Facilities Agreement until the date falling one month prior to its maturity date.

The 2019 Syndicated Facilities Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. In particular, the 2019 Syndicated Facilities Agreement contains a restriction on certain disposals. As a result, the consent of the majority lenders must be obtained to the transactions

contemplated by the Sale and Purchase Agreement (see paragraph 1.2 of Part V (*Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement*)).

The financial covenant under the 2019 Syndicated Facilities Agreement is a leverage covenant, whereby the net borrowings of the Synthomer Group must not exceed 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2022, 4.75 times the consolidated EBITDA of the Synthomer Group on 30 June 2023, 4.00 times the consolidated EBITDA of the Synthomer Group on 31 December 2023 and 3.25 times the consolidated EBITDA of the Synthomer Group on each Calculation Date (as defined in the 2019 Syndicated Facilities Agreement) thereafter. No more than once during the life of the 2019 Syndicated Facilities Agreement, following completion of an acquisition, Synthomer may elect to increase the maximum permitted leverage by 0.50 times the consolidated EBITDA of the Synthomer Group in respect of the two measurement periods ending immediately following completion of such acquisition.

The Syndicated Facilities may be prepaid without premium or penalty but subject to breakage costs (if applicable). The amount available under the Syndicated 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 Syndicated Facilities).

The interest rate charged on loans made under the Syndicated Facilities, as amended by the 2019 Syndicated Facilities Amendment, is equal to the aggregate of an appropriate benchmark rate and the applicable margin. The initial margin under the 2019 Term Facility is 2.10% per annum, with the margin ratcheting between 3.80% per annum and 0.90% per annum in accordance with the total leverage of the Synthomer Group. The initial margin under the 2019 Revolving Facility is 1.90% per annum, with the margin ratcheting between 3.60% per annum and 0.70% per annum in accordance with the total leverage of the Synthomer Group.

Certain fees are payable to the finance parties in connection with the Syndicated Facilities, including participation and arrangement fees, utilisation fees, an agency fee and an ongoing commitment fee. The 2019 Syndicated Facilities Agreement is governed by the laws of England and Wales.

5.2 The Laminates, Films and Coated Fabrics Businesses' material contracts

No contracts have been entered into by the Laminates, Films and Coated Fabrics Businesses (other than contracts entered into in the ordinary course of business): (i) within two years immediately preceding the date of this Circular that are, or may be, material to the Laminates, Films and Coated Fabrics Businesses, or (ii) that contain provisions under which any member of the Laminates, Films and Coated Fabrics Businesses has an obligation or entitlement that is, or may be, material to the Laminates, Films and Coated Fabrics Businesses as at the date of this Circular.

6. Litigation

6.1 Continuing Group litigation

Save 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 12 months prior to the date of this Circular which may have, or have had in the recent past, significant effects on the Company and/or the Continuing Group's financial position or profitability.

6.1.1 European Commission investigation into the styrene monomer purchasing sector

As announced on 8 June 2018, the European Commission (the "**Commission**") initiated an investigation into practices relating to the purchase of styrene monomer by companies, including the Company, operating in the European Economic Area. On 29 November 2022, the Commission published its decision following its investigation. The decision has resulted in a fine of €43.0 million (£37.1 million) against the Company, modestly below the £40.1 million provision that the Company announced in its interim financial statements for the six months ended 30 June 2022. The fine is payable in 2023.

6.2 Laminates, Films and Coated Fabrics Businesses litigation

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 12 months prior to the date of

this Circular which may have, or have had in the recent past, significant effects on the Laminates, Films and Coated Fabrics Businesses' financial position or profitability.

7. Working capital

The Company is of the opinion that, taking into account the Net Proceeds from the Transaction and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least twelve months following the date of publication of this Circular.

8. Significant change

8.1 Continuing Group

Other than as set out below, there has been no significant change in the financial position or financial performance of the Continuing Group since 30 June 2022, being the date to which the last interim financial information on the Synthomer Group was published.

At the end of September 2022, Synthomer reported that high inventory levels of medical gloves and reduced demand had created a prolonged period of destocking. This has continued to impact NBR production volumes, delaying a return to pre-pandemic NBR growth. Synthomer reported on 29 September 2022 that, as a result of these factors, the Board now expects Full Year 2022 EBITDA for the Synthomer Group to be 10% to 15% below its previous expectations.

Synthomer also highlighted deteriorating macroeconomic conditions, leading to reduced demand in construction and coatings end-markets. Whilst this has impacted trading in Synthomer's European business through the second half of 2022 as anticipated, this has also now extended to the Group's operations outside Europe.

8.2 The Laminates, Films and Coated Fabrics Businesses

Other than as set out below, there has been no significant change in the financial position or financial performance of the Laminates, Films and Coated Fabrics Businesses since 30 June 2022, being the end of the last financial period for which interim financial information of the Laminates, Films and Coated Fabrics Businesses has been published in Part III (*Historical Financial Information relating to the Laminates, Films and Coated Fabrics*) of this Circular.

In line with the Synthomer Group, the Laminates, Films and Coated Fabrics Businesses have seen deteriorating macroeconomic conditions which have led to reduced demand during the second half of 2022. The Laminates, Films and Coated Fabrics Businesses have performed in line with these macroeconomic conditions. In the individual segments of the Laminates and Films business, the Synthomer Group has seen destocking in the Kitchen and Bath end-market and some softer volumes in the Recreational Vehicles end-market which has impacted the trading results. The Coated Fabrics business, however, has performed robustly as the Thailand economy recovers from the impact of Covid and margins benefit from falling resin prices and normalising freight costs.

9. Related party transactions

Save as disclosed in the information incorporated by reference into this Circular referred to below, the Company entered into no transactions with related parties during the years ended 31 December 2021, 2020 and 2019.

- 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 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 2019 which can be found on page 146 of the Synthomer Annual Report 2019.

For the period from and including 1 January 2022 to the Latest Practicable Date, save as set out below, there were no related party transactions entered into by the Company other than (i) the irrevocable undertaking provided by KLK in connection with the Transaction as set out in paragraph 8 of Part I (*Chair's Letter*); and (ii) remuneration payments made in the ordinary course pursuant to the disclosed employment agreements and the Company's remuneration policy.

10. Consents

PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its report on the Unaudited Pro Forma Financial Information of the Continuing Group in Section B of Part IV (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document in the form and context in which it appears.

J.P. Morgan has given and has not withdrawn its written consent to the inclusion in this document to its name in the form and context in which they are included.

Piper Sandler has given and has not withdrawn its written consent to the inclusion in this document to its name in the form and context in which they are included.

11. Information incorporated by reference

The following documents, which have been filed with or notified to the FCA and are available for inspection in accordance with paragraph 12 of this Part VI (*Additional Information*) of this document, contain information about the Synthomer Group which is relevant to this document:

- Synthomer's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022;
- Synthomer's audited consolidated financial statements for the year ended 31 December 2021, together with the independent auditor's report relating thereto;
- Synthomer's audited consolidated financial statements for the year ended 31 December 2020, together with the independent auditor's report relating thereto; and
- Synthomer's audited consolidated financial statements for the year ended 31 December 2019, together with the independent auditor's report relating thereto.

The table below sets out the sections of these documents which are incorporated by reference in, and form part of, this Circular, and only the parts of the documents identified in the table below are incorporated by reference in, and form part of, this document. The parts of the documents which are not incorporated by reference are either not relevant for the purposes of making a properly informed decision as to how to vote on the Resolution or are covered elsewhere in this document. Where the information described below itself incorporates further information by reference to another document, that further information is not intended to form part of this document for any purpose.

<u>Reference</u>	<u>Sections incorporated by reference</u>	<u>Page number(s)</u>
Interim Results	Unaudited condensed consolidated balance sheet as at 30 June 2022	17-29
Annual Report 2021	Note 29 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2021	170
Annual Report 2020	Note 30 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2020	163
Annual Report 2019	Note 29 of the notes to the audited consolidated financial statements for Synthomer for the year ended 31 December 2019	146

12. Documents available for inspection

Copies of the following documents will be available for inspection at the Company's offices at 45 Pall Mall, London, SW1Y 5JG during normal business hours on Monday to Friday each week (public holidays excepted) for the period from the date of this Circular up to the conclusion of the General Meeting:

- Memorandum of Association and the Articles of Association;
- PricewaterhouseCoopers LLP's accountant's report on the Unaudited Pro Forma Financial Information of the Continuing Group set out in Section B of Part IV (Unaudited Pro Forma Financial Information of the Continuing Group) of this document;
- the Company's interim financial information for the six months ended 30 June 2022;
- the Synthomer Annual Report 2021, Synthomer Annual Report 2020 and Synthomer Annual Report 2019;
- the consent letters referred to in Section 10 of this Part VI (Additional Information) of this document;
- the Sale and Purchase Agreement; and
- this document and the Form of Proxy.

The above documents (other than the Sale and Purchase Agreement) are also available on the Company's website at www.Synthomer.com for the period from the date of this Circular up to the conclusion of the General Meeting.

This Circular is dated 16 December 2022.

PART VII
DEFINITIONS

The following definitions shall apply throughout this document unless the context requires otherwise:

“2019 Syndicated Facilities Agreement”	a term loan and revolving facilities agreement entered into on 3 July 2019 between Synthomer, Synthomer (UK) Limited, Synthomer Trading Limited, Synthomer Holdings Limited, Barclays Bank PLC, Citi, HSBC and Santander, as amended by an amendment and restatement agreement dated 22 December 2021
“2019 Syndicated Facilities Amendment”	an amendment letter entered into on 18 October 2022 between Synthomer and HSBC, amending the terms of the 2019 Syndicated Facilities Agreement
“Adhesive Technologies Acquisition”	the acquisition by the Group of the adhesive resins business of Eastman Chemical Company which completed on 1 April 2022
“Annual General Meeting”	a general meeting of the holders of the Shares
“Annual Report 2021”	the Company’s annual report and accounts in respect of the year ended 31 December 2021
“Annual Report 2020”	the Company’s annual report and accounts in respect of the year ended 31 December 2020
“Annual Report 2019”	the Company’s annual report and accounts in respect of the year ended 31 December 2019
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Business Day”	any day other than a Saturday or Sunday or a day on which all banking institutions in New York or London are authorised or required by applicable law or other governmental action to close
“Chair”	the Chair of Synthomer, Caroline Johnstone
“Circular”	this circular to the Shareholders
“Commission”	the European Commission
“Companies Act”	UK Companies Act 2006, as amended, and the regulations made thereunder
“Company” or “Synthomer”	Synthomer plc, a company registered in England and Wales with registered number 00098381
“Completion”	Completion of the Transaction
“Completion Date”	the date upon which Completion occurs
“Conditions”	the conditions to the implementation of the Transaction which are set out in the Sale and Purchase Agreement
“Continuing Group”	the Synthomer Group excluding the Laminates, Films and Coated Fabrics Businesses after the Transaction has taken effect
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator
“Deferred Purchase Price”	a cash amount equal to US\$5 million
“Directors”	the directors of the Company whose names appear in paragraph 3.1 of Part VI (<i>Additional Information</i>) of this document

“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA
“EBITDA”	operating profit before depreciation, amortisation and Special Items
“EU”	the European Union
“EU IFRS”	International Financial Reporting Standards as adopted by the EU (as applied by the Synthomer Group for the financial reporting up to 31 December 2020)
“Euroclear”	Euroclear UK & International Limited, the operator of CREST
“Executive Directors”	Michael Willome and Lily Liu
“FCA”	the Financial Conduct Authority
“Form of proxy”	the personalised form of proxy accompanying this document for use by the Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the holders of Shares to, among other matters, approve the Transaction scheduled to take place at 11:00am on 11 January 2023
“HSR Act”	the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the rules and regulations promulgated thereunder
“IFRS”	EU IFRS and UK adopted IASs
“Interim Results”	the Company’s interim results in respect of the six months ended 30 June 2022
“J.P. Morgan”	J.P. Morgan Securities plc
“KLK”	Kuala Lumpur Kepong Berhad
“Laminates, Films and Coated Fabrics Businesses”	Synthomer’s laminates and performance films and coated fabrics businesses, more fully described in paragraph 1.1 of section 1 of Part V (<i>Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement</i>) of this document
“Latest Practicable Date”	15 December 2022 being the latest practicable date prior to publication of this Circular
“Listing Rules”	the listing rules made by the FCA pursuant to Part 6 of the FSMA
“Long Stop Date” or “Outside Date”	13 December 2023
“NBR”	as defined in paragraph 9 of Part I (<i>Chair’s Letter</i>) of this document
“Net Proceeds”	as defined in paragraph 1 of Part I (<i>Chair’s Letter</i>) of this document
“Nominated Person”	any person to whom the Notice of General Meeting is sent
“Non-Executive Directors”	Caroline Johnstone, The Hon. Alexander Catto, Brendan Connolly, Dato’ Lee Hau Hian, Roberto Gualdoni, Holly A. Van Deursen and Ian Tyler
“Notice of General Meeting”	the notice of the General Meeting of the Company
“Piper Sandler”	Piper Sandler Limited
“Pound sterling” or “£”	the lawful currency of the United Kingdom
“PRA”	the Prudential Regulation Authority
“Purchaser”	Surteco North America, Inc.
“Purchaser Guarantor”	Surteco Group SE

“Registrar”	Computershare Investor Services PLC
“Resolution”	the resolution to approve the Transaction, to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting
“Sale and Purchase Agreement”	the agreement between the Seller, the Company, the Purchaser and the Purchaser Guarantor entered into on 13 December 2022, pursuant to which the Seller has agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell the Laminates, Films and Coated Fabrics Businesses to the Purchaser
“Seller” or “OMNOVA”	OMNOVA Solutions Inc.
“Shareholders”	the holders of Shares
“Shares”	the ordinary shares with a nominal value of 10p each in the share capital of the Company
“Special Items”	as defined in paragraph 3.1 of the “Important Information” section of this document
“Sponsor”	J.P. Morgan
“Synthomer Debt Facilities”	as defined in paragraph 14 of Part I (<i>Chair’s Letter</i>) of this document
“Synthomer Group” or “Group”	Synthomer and its subsidiary undertakings (as defined in the Companies Act), from time to time
“Term Facility”	a US\$300 million term loan facility under the Term Loan Facility Agreement
“Term Facility Amendment”	an amendment letter entered into on 18 October 2022 between Synthomer and HSBC, amending the terms of the Term Loan Facility Agreement
“Term Loan Facility Agreement”	a term loan facility agreement entered into on 28 October 2021 between Synthomer, Synthomer (UK) Limited, Synthomer Trading Limited, Synthomer Holdings Limited, Barclays Bank PLC, Citi, HSBC and Santander
“Thai GAAP”	Thai Financial Reporting Standards for Non-Publicly Accountable Entities, as issued by the Federation of Accounting Professions
“Transaction”	the sale by Synthomer of the Laminates, Films and Coated Fabrics Businesses pursuant to the Sale and Purchase Agreement
“Transition Services Agreement” or “TSA”	the transition services agreement to be entered into between the Seller and the Purchaser, as further described in paragraph 3 of Part V (<i>Summary of the Principal Terms and Conditions of the Sale and Purchase Agreement</i>) of this document
“UKEF Facilities”	the EUR 287.5 million and US\$230 million term loan facilities under the UKEF Facility Agreement
“UKEF Facility Agreement”	a term loan facilities agreement entered into on 10 October 2022 between Synthomer, Synthomer (UK) Limited, Synthomer Trading Limited, Synthomer Holdings Limited, Citi, HSBC, Santander and Commerzbank
“UKEF Facility Amendment”	an amendment letter entered into on 6 December 2022 between Synthomer and HSBC, amending the terms of the UKEF Facility Agreement
“UK adopted IASs”	UK-adopted International Accounting Standards (as applied by the Synthomer Group for its financial reporting from 1 January 2021 onwards)

“UK MAR”	the UK version of the Market Abuse Regulation (Regulation (EU) 596/2014) and its delegated and implementing regulations, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
“Unaudited Pro Forma Financial Information”	the unaudited pro forma financial information in respect of the Continuing Group prepared to illustrate the effect of Transaction on the Synthomer Group
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

**PART VIII
NOTICE OF GENERAL MEETING**



(Incorporated and registered in England and Wales with company number 00098381)

Registered Office:
Temple Fields
Harlow
Essex
CM20 2BH
Tel: +44 (0) 1279 436211
www.Synthomer.com

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING of Synthomer plc (the “**Company**”) will be held at 11:00am on 11 January 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 resolution (the “**Resolution**”) as an ordinary resolution.

For the purposes of this Resolution, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the meaning ascribed to them in the Company’s Circular to Shareholders dated 16 December 2022, of which this notice convening the General Meeting forms part.

Resolution—Approval of the Transaction

THAT

the proposed sale by the Synthomer Group of the Laminates, Films and Coated Fabrics Businesses, substantially in the manner and on the terms and subject to the conditions of the Sale and Purchase Agreement (the “**Transaction**”), together with all other agreements and ancillary arrangements contemplated by the Sale and Purchase Agreement, be and are hereby approved and that the Directors of the Company (or any duly authorised committee thereof) be and are hereby authorised to make any such non-material amendments, variations, waivers or extensions to the terms of the Transaction or the Sale and Purchase Agreement which they in their absolute discretion consider necessary, appropriate or desirable and to take all such steps and to do all such things which they consider necessary, appropriate or desirable to implement, or in connection with, the Transaction, including, without limitation, the waiver of any conditions to Sale and Purchase Agreement.

By Order of the Board

Anant Prakash

Company Secretary
16 December 2022

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.

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 9 January 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. The Company's capital consists of 467,336,041 ordinary shares with 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.
14. A copy of this notice, and any other information required by Section 311A of the Companies Act, can be found at www.Synthomer.com.

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