Tuesday 2 August 2022

Synthomer plc
Interim results for the six months ended 30 June 2022

EBITDA significantly ahead of pre-pandemic levels with strong organic contribution

HIGHLIGHTS	**Underlying performance[1]**			**Statutory results (IFRS)**		
Half year ended 30 June	**2022**	**2021**	**Constant currency[2]**	**2022**	**2021**	**change**
	£m	£m	%	£m	£m	%
Revenue	1,334.4	1,230.0	8.6	1,334.4	1,230.0	8.5
Volumes (ktes)	846.1	908.9	(6.9)			
Performance Elastomers (PE)	41.8	224.0	(81.1)			
Functional Solutions (FS)	80.6	70.0	15.3			
Industrial Specialities (IS)	29.3	25.1	15.5			
Acrylate Monomers (AM)	14.3	14.0	1.4			
Adhesive Technologies (AT)	18.3	–	–			
Corporate	(11.2)	(10.4)	(6.7)			
EBITDA	**173.1**	**322.7**	(46.2)			
EBITDA % of revenue	*13.0%*	*26.2%*				
Depreciation	(41.1)	(34.1)	(19.9)			
Operating profit (EBIT)	**132.0**	**288.6**	**(54.1)**	**117.0**	**266.1**	**(56.0)**
Finance costs	(17.3)	(16.2)	(6.8)	(1.5)	(11.7)	87.2
Profit before tax	**114.7**	**272.4**	**(57.7)**	**115.5**	**254.4**	**(54.6)**
Free Cash Flow[3]	**(62.0)**	**89.5**	(169.3)			
EPS (p)	19.0	49.3	(61.5)	18.3	47.1	(61.1)

1. Underlying performance excludes Special Items, unless otherwise stated.
2. Constant currency revenue and profit measures retranslate current year results using the prior year's average exchange rates.
3. Free Cash Flow is defined as the movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations.

Group EBITDA £173.1 million (2021: £322.7 million) with all businesses delivering EBITDA growth apart from Performance Elastomers

- EBITDA significantly ahead of both 2020 (£100.2 million) and 2019 (£99.7 million)
- Organic growth delivers £25.6 million of additional EBITDA between H1 2019 and H1 2022
- H1 double digit EBITDA growth in Functional Solutions and Industrial Specialties
- Performance Elastomers lower following an exceptional prior year of peak demand for Nitrile Butadiene Rubber (NBR) related to the COVID pandemic
- Increased geographic and portfolio diversity through organic and inorganic growth

Free Cash Flow of -£62.0 million (2021: £89.5 million), £66.0 million Free Cash Flow generated before working capital movement

- Invested strong Free Cash Flow from previous years to establish Adhesive Technologies division following completion of the $1bn acquisition of Eastman's Adhesive Resins business in April 2022
- Investment in working capital from higher raw material costs and to mitigate supply chain disruption. Working capital optimisation programme in place will also address higher working capital ratio in acquired AT division
- Net debt at £992.8 million and leverage at 2.3 x EBITDA

Integration of Adhesive Technologies division on track

- Solid first quarter contributing £131.0 million to Group revenues
- Increased exposure to attractive, high-growth markets
- Expanded our global diversification and portfolio of speciality products

Diverse and differentiated business model

- Resilient business – inflation cost increases passed through; unit margins higher in Functional Solutions and Industrial Specialities
- Resilience underpinned by enhanced US position, broad end-market exposure and network agility
- Low energy intensity across global operations with extended energy management

Continued progress on our Vision 2030 ESG roadmap

- Ambitious, measurable goals aligned with UN SDGs, with emissions targets awaiting approval by the Science-based Targets Initiative (SBTi)
- Introduced internal carbon pricing across the group
- Increased female representation at Executive Committee level 2022: 30% (2021: 0%) and on our Board 2022: 40% (2021: 33%)

2022 interim dividend in line with policy

- Interim 2022 dividend of 4.0p (2021: 8.7p)

Michael Willome, Chief Executive, said:

"These results demonstrate the solid performance of the business compared to pre pandemic levels with EBITDA significantly ahead of 2020 and 2019 and good levels of organic profit growth. All parts of the business except NBR generated EBITDA growth against a strong H1 2021 comparator, demonstrating the strength and diversity of Synthomer's portfolio. Our performance reflects the benefits of recent acquisitions with Functional Solutions continuing to leverage its increased global reach and portfolio depth and Adhesive Technologies having a strong first quarter in our Group, in line with our expectations. We have successfully managed higher costs and have passed them through, helping to enhance our profitability.

Whilst NBR market conditions have yet to normalise following a period of exceptional COVID-19 related demand, we are focused on the tremendous opportunities available elsewhere in the Group. I am confident that the Group's enhanced scale, portfolio depth and geographic diversity will continue to underpin our resilience, supporting further progress in the second half and into 2023."

Outlook

Our solid, broad based first half results reflect growth across all areas of the business excluding NBR within Performance Elastomers. Global NBR glove industry stock levels remain high delaying a return to pre-pandemic NBR growth. Whilst we are very mindful of the challenging macroeconomic environment, we continue to expect our second half to deliver robust margins and benefit from a full 6 months contribution from Adhesive Technologies together with increased cost and revenue synergies in Functional Solutions. The Group's enhanced scale, geographic balance and end-market exposure underpins our resilience, supporting further progress in the second half and into 2023.

Further information:

Michael Willome, Chief Executive Officer	Tel: 01279 436211
Lily Liu, Chief Financial Officer	
Tim Hughes, President, Corporate Development	
Charles Armitstead, Teneo	Tel: 07703 330 269

The Company will host a meeting for analysts today at Farmers & Fletchers, 3 Cloth St, London EC1A 7DL at 0800 BST. The presentation will also be webcast at www.synthomer.com, please visit the Investor Relations homepage and click on the link provided to register.

CHIEF EXECUTIVE OFFICER'S REVIEW

A speciality solutions business with a resilient growth and innovation platform

These results demonstrate the strong performance of our business compared to pre-pandemic levels. In H1 2019, before the exceptional positive impact of the COVID-19 pandemic in our NBR business, we reported revenues of £762.7 million and EBITDA of £99.7 million. This year we have reported revenues of £1,334.4 million, and EBITDA of £173.1 million. This reflects how Synthomer has continued to build a diversified, differentiated and global speciality chemicals business, including through strategic acquisitions such as our acquisition of Eastman's Adhesive Resins business in April 2022 and our acquisition of OMNOVA in April 2020 which together contributed revenues of £468.9 million and EBITDA of £52.5 million at reported exchange rates. It also demonstrates our focus on a number of key areas: driving organic growth in attractive and focused end markets such as adhesives, coatings and construction, and health and protection; innovation; embedding sustainability into everything we do, not only because it is the right thing to do, but because it helps us serve our customers better; and maintaining our constant drive for business excellence, across an increasingly international and diversified group.

In H1, EBITDA for all our divisions was ahead of prior year except for Performance Elastomers which was impacted, as expected, by a far weaker Nitrile Butadiene Rubber (NBR) result following exceptional demand in 2021 due to the COVID-19 pandemic. This led to a year-on-year reduction in EBITDA for Performance Elastomers of 81.1%. Functional Solutions grew EBITDA by 15.3%, Industrial Specialities by 15.5%, and Acrylate Monomers by 1.4%. While we expect destocking of nitrile gloves to continue in the immediate future due to global industry stock levels remaining high, in the longer term NBR remains a strong growth market and we will continue to further expand our leadership position. The strong performance of our other divisions shows the value of our focus on innovating speciality solutions with our customers while simplifying our organisation and reducing the complexity of our portfolio, and will continue to be at the heart of our refreshed strategy for growth which will be announced in October 2022.

Our new Adhesive Technologies division has strengthened this focus, as well as adding high-quality people to our team. The process of integrating this division into the Group is well under way, and we are confident we can achieve the synergies outlined in our business plan while reinforcing our reach in highly-attractive end markets.

There have been headwinds in some markets, and we continue to monitor closely the macroeconomic situation and have clear plans in place for various potential scenarios. However, we have managed to maintain a consistent supply of raw materials, and our focus on speciality products strengthens our pricing power, enabling us to deliver resilient margins as raw material prices increase. Our global footprint – with approximately 25% of our revenues derived from North America, and 50% from Europe – further supports our resilience.

The Group has used its balance sheet to support organic and inorganic growth. Immediately post the acquisition of the Adhesive Technologies, net debt leverage was 2.3 x EBITDA. As we approach the second half of the year, in light with the macro-economic uncertainties, the Group initiated a net working capital reduction programme.

Strategy evolution to drive value creation

During the first half, extensive work has been done to evaluate Synthomer's strategy, including a detailed assessment of the strengths of its current portfolio and end-market exposure. Going forward, the Group will focus on being a specialty solutions platform for the Coatings and Construction, Adhesives and Health and Protection markets which is where it will seek to build on its track record and drive more meaningful organic growth in the coming years.

To help achieve that, Synthomer will ensure that every aspect of its strategy is end market orientated, focused on those three areas. To enhance that focus, the Group will also look to manage its portfolio more rigorously and ensure that capital is appropriately deployed to drive future growth and strengthen market positions.

Synthomer’s objective is to grow the specialty aspect of its portfolio, expanding on the strong progress in this area in the last two years.

The Group intends to introduce new financial and operational KPI’s to help drive and measure performance. A ‘Synthomer Excellence’ programme has been established to drive best practice from both a commercial as well as operational perspective.

Whilst Synthomer is an efficiently run business, further steps will be taken to find ways to streamline or simplify our organisational structure and footprint. And in conjunction with our Vision 2030 strategy, sustainability will become more and more important and a key value driver for future growth, underpinned by increasing regulation and the priorities of our customers. Alongside this will be Synthomer’s continued efforts to enhance diversity across the business, building on the good progress that has been made to date.

The company intends to host a Capital Markets Event in October to provide further details on all of these areas.

In line with our dividend policy an interim dividend of 4.0p is proposed (2021: 8.7p).

Progress on our Vision 2030 ESG roadmap strengthens our business

In 2021 we launched our Vision 2030 roadmap, which includes our commitment to net zero as well as expanding Synthomer’s longstanding work on safety, health and environment (SHE).

The Group has continued to evolve through our focus on business excellence in everything we do – including on environmental, social and governance (ESG) issues. Sustainability is an essential element of our approach to meeting the needs of customers and society as demonstrated by 43% of our new products delivering enhanced sustainability benefits with a commitment to raise this to 60% by 2030, likewise our commitment to net zero and to science-based targets. Whilst we remain committed to reducing the carbon footprint of our operations we are mindful of the challenge of the European energy crisis and our need to maintain our supply chains and ability to operate our plants. Safety remains a key focus, and we maintain our focus on continual improvement in our process and personal safety metrics in our expanded global operational network. Our culture within Synthomer is also evolving, and I am very pleased that we have been able to recruit a number of highly talented new members of the leadership team, who bring a global perspective and enormous experience in our industry. Important progress on our diversity and inclusion ambitions have been achieved, 30% of our executive leadership team and 40% of our Board are now women.

The diversity and differentiation of our products and our leadership positions in high-demand markets means that the Group is well positioned for consistent and sustainable growth. I would like to end by thanking everyone at Synthomer for their hard work and commitment in helping us achieve these strong results.

Outlook

Our solid, broad based first half results reflect growth across all areas of the business excluding NBR within Performance Elastomers. Global NBR glove industry stock levels remain high delaying a return to pre-pandemic NBR growth. Whilst we are very mindful of the challenging macroeconomic environment, we continue to expect our second half to deliver robust margins and benefit from a full 6 months contribution from Adhesive Technologies together with increased cost and revenue synergies in Functional Solutions. The Group’s enhanced scale, geographic balance and end-market exposure underpins our resilience, supporting further progress in the second half and into 2023.

BUSINESS REVIEW

DIVISIONAL REVIEW

Performance Elastomers

	H1 2022	H1 2021	**%**	**Constant currency[1] %**
Volumes (ktes)	**374.2**	473.5	(21.0)	
Revenue (£m)	**376.2**	551.4	(31.8)	(31.1)
EBITDA (£m)	**41.8**	224.0	(81.3)	(81.1)
Operating profit – Underlying performance (£m)	**28.3**	211.3	(86.6)	(86.3)
Operating profit – IFRS (£m)	**27.8**	209.4	(86.7)	

[1] Constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Safety

Performance Elastomers achieved a recordable case rate of 0 in H1 2022 with a rolling three-year case rate of 0.14. There were no process safety events in H1.

There were some notable safety milestones delivered in H1 2022, including zero accidents for the recently commissioned NBR reactor in Pasir Gudang, with more than 750,000 hours worked.

This strong performance reflects a consistent focus on SHE, and the division continues to ensure that all reporting disciplines and engagement activities remain robust, while safety remains a priority.

Performance

Around the world, the exceptional demand for NBR gloves during the COVID-19 pandemic resulted in a record performance last year. Current destocking has meant that demand has softened substantially, resulting in lower Nitrile volumes, revenues and EBITDA in H1 2022 compared to the exceptional performance of H1 2021. Performance Elastomers achieved overall volumes of 374ktes in H1 2022, a 21% reduction on H1 2021. As well as the reduction in Health and Protection demand, volumes in our overall Performance Materials business, which also includes Compounds and Foam, were down by 10%, against a strong comparative period. Paper and Carpet volumes were in line with prior year as profitability was enhanced following plant rationalisation.

The division delivered revenues of £376.2m in H1 2022, (£551.4m in H1 2021). We achieved EBITDA of £41.8m in H1 2022, with our Performance Materials business performing slightly ahead of H1 2021. Margins in Health and Protection were significantly down, reflecting market conditions driven by destocking of nitrile gloves, compared to the exceptional prior year.

Despite this temporary reduction in demand, we believe that underlying demand for nitrile gloves will continue to grow with broader applications in catering, entertainment, security and health-related industries. The business is thus well positioned to capture the long term growth.

Strategic deliverables

A high proportion of our new products have sustainability benefits, and we are seeing good progress from our world-leading nitrile glove R&D centre in Malaysia. Trials of our new SyNovus™ Plus product have continued through H1, involving trials on customer lines to demonstrate the product's potential energy and carbon savings for customers.

We commissioned our 'JOB6', 60ktes plant on time in Q1 2022, one of several measures that will give us additional capacity when the market returns to predicted growth levels. Although we, like our customers, have paused some investment in capacity – nonetheless we continue to look for opportunities to ensure we remain well-placed as demand recovers.

Functional Solutions

	H1 2022	H1 2021	**%**	**Constant currency[1] %**
Volumes (ktes)	**336.2**	346.3	(2.9)	
Revenue (£m)	**540.6**	444.4	21.6	21.8
EBITDA (£m)	**80.6**	70.0	15.1	15.3
Operating profit – Underlying performance (£m)	**67.5**	56.1	20.3	20.5
Operating profit – IFRS (£m)	**52.8**	42.4	24.5	

[1] Constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Safety

Functional Solutions achieved a recordable case rate of 0.46 v 0.36 target in H1 2022. This is higher than target, and we have specific Behavioural Safety Programmes in place to support the manufacturing sites involved, as part of transformation plans for the OMNOVA sites acquired in 2020.

Process safety continues to improve as implemented safety programmes mature. There were three process safety events recorded in H1, and safety will continue to be a priority in H2 2022.

Performance

Functional Solutions delivered a strong commercial performance in H1 2022, with higher revenues and EBITDA than the prior year despite increasing inflationary pressures and some softening in demand in the second quarter compared to a strong 2021 period.

Functional Solutions achieved overall volumes of 336ktes in H1 2022, a reduction of 3% from H1 2021. The reduction in Coatings volumes was primarily due to softening demand in Europe, COVID-19 lockdowns in Asia and our strategic reduction in tolled volumes in the US. COVID-19 impacts also resulted in a slight reduction in Adhesives volumes, offset by a strong performance in the US.

Our Fibre Bonding business (previously Textiles) experienced good growth in hygiene and in US construction-facing applications. The Construction business was similarly strong in the US, offset by flat volumes in Europe.

The division delivered revenues of £540.6m in H1 2022, a 22% increase on H1 2021. We achieved an EBITDA of £80.6m, a 15% increase on H1 2021. A small reduction in profitability in Coatings against a very strong comparative period was more than offset by increases in Construction, Fibre Bonding and Energy Solutions (the former Oil and Gas business combined with our binders for batteries business), with Adhesives remaining at 2021 levels.

The division was able to pass on significant increases in raw materials prices in all markets and regions, despite unit material costs reaching record levels in some cases. Our focus on more differentiated products and robust pricing management delivered EBITDA growth in all our major businesses, particularly in the US.

Strategic deliverables

Sustainability is a critical value driver for Functional Solutions, and more than half of its new products introduced in the last year have at least one defined sustainability benefit. Meanwhile we have division-wide programmes aimed at delivering energy efficiencies and, ultimately, decarbonisation. This includes delivering decarbonisation plans at site level. We also continue to focus on our Group-wide business excellence programme.

Industrial Specialities

	H1 2022	H1 2021	%	Constant currency[1] %
Volumes (ktes)	**59.0**	61.5	(4.1)	
Revenue (£m)	**236.1**	190.1	24.2	22.5
EBITDA (£m)	**29.3**	25.1	16.7	15.5
Operating profit – Underlying performance (£m)	**22.7**	18.2	24.7	23.6
Operating profit – IFRS (£m)	**18.0**	13.5	33.3	

[1] Constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Safety

Industrial Specialities achieved a recordable case rate of 0.14 in H1 2022, with two process safety events, demonstrating continued improvement in safety across the division and particularly at our surfaces plants (Laminates & Films and Coated Fabrics), which we acquired in 2020. The fourth and last of these sites graduated from our SHE 'supported site' status in Q1 FY22. The surfaces sites achieved top quartile performance by industry standards in H1 2022.

Performance

Industrial Specialities delivered a strong commercial performance in H1 2022, with higher revenues and EBITDA than the prior year despite increasing inflationary pressures and a slight softening in demand for some products in the second quarter compared to a strong 2021 comparative period.

This performance reflects our focus on pricing and margin management and the highly-specialised nature of our products.

Industrial Specialities achieved overall volumes of 59ktes in H1 2022, 4% below H1 2021, largely due to modestly lower Q2 demand in our Speciality Additives and Powder Coatings businesses.

The division achieved revenues of £236.1m in H1 2022, 23% up on H1 2021, and EBITDA of £29.3m in H1 2022, an increase of 16%.

Strategic deliverables

We continue to explore opportunities for business excellence, whether in the areas of sustainability, logistics, or operational efficiency. For example, at our Sant Albano site (Italy), we have reduced water extraction by 30% by reconfiguring our borehole management process, while during H1 2022, our Polybutadiene Lithene business successfully delivered a de-bottlenecking project at its Stallingborough plant (UK), which substantially increased capacity.

Acrylate Monomers

	H1 2022	H1 2021	**%**	**Constant currency[1] %**
Volumes (ktes)	**27.0**	27.6	(2.2)	
Revenue (£m)	**50.5**	44.1	14.5	14.3
EBITDA (£m)	**14.3**	14.0	2.1	1.4
Operating profit – Underlying performance (£m)	**13.8**	13.8	–	(0.7)
Operating profit – IFRS (£m)	**13.8**	13.8	–	

[1] Constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Safety
Acrylate Monomers achieved a recordable case rate of 0.19 in H1 2022. Two process safety events were recorded in H1. This continues the progress we have made on safety as part of our transformation of our single site at Sokolov in Czech Republic.

Performance
Acrylate Monomers delivered a robust performance slightly ahead of a record 2021. Overall volumes were 27ktes in H1 2022, a slight reduction in volumes compared to H1 2021 due to a change in product mix and planned maintenance outages on our lines. However, we achieved revenues of £50.5m in H1 2022, a 14% increase on H1 2021, as a result of a consistent focus on product portfolio. This, combined with strong margin management, which helped maintain strong unit margins, resulted in EBITDA of £14.3m for Acrylate Monomers in H1 2022, comparable to our H1 2021 EBITDA of £14.0m.

Adhesive Technologies

	H1 2022	H1 2021
Volumes (ktes)	**49.7**	–
Revenue (£m)	**131.0**	–
EBITDA (£m)	**18.3**	–
Operating profit – Underlying performance (£m)	**13.5**	–
Operating profit – IFRS (£m)	**4.0**	–

We created the new Adhesive Technologies division on 1 April 2022, following the completion of Synthomer's acquisition of Eastman's Adhesive Resins business.

Adhesive Technologies develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as packaging, hygiene and high-performance tyre additives. The new division adds an exciting new growth dimension to Synthomer in more specialised, more global and higher-growth segments.

Integration is now well under way, and proceeding to plan in its first three months. with the new division performing in line with management expectations. Adhesive Technologies has focused on good cost control, synergy opportunities and decisive early action in the area of rapid organisational design.

We are also sharply focused on product opportunities and specifically on products with sustainability benefits that help customers develop circular solutions. Areas of focus include green transportation and circular packaging.

In H2 2022 we will continue to integrate the new division, deliver further synergies, and further align the division with Synthomer's group strategy and processes.

SPECIAL ITEMS

	H1 2022 £m	H1 2021 £m
Amortisation of acquired intangibles	**(22.7)**	(18.2)
Restructuring and site closure costs	**(4.8)**	(3.8)
Acquisition costs and related gains	**(6.5)**	(0.3)
Sale of business	**0.3**	(0.2)
Regulatory fine	**18.7**	-
Total impact on operating profit	**(15.0)**	(22.5)
Fair value gain on unhedged interest rate derivatives	**15.8**	4.5
Total impact on profit before taxation	**0.8**	(18.0)
Taxation Special Items	**-**	6.4
Taxation on Special Items	**(4.6)**	2.4
Total impact on profit for the period	**(3.8)**	(9.2)

Amortisation of acquired intangibles increased in the period, reflecting the acquisition of Eastman's Adhesive Resins business on 1 April 2022.

Restructuring and site closure costs in 2022 comprise:

- A £1.3 million initial charge for the integration of Eastman's Adhesive Resins business;
- A £2.2 million charge for the closure of a small site in Malaysia and the consolidation of production to a larger scale facility; and
- A £1.3 million charge relating to the planning and implementation of a Group-wide strategic review.

Restructuring and site closure costs in 2021 comprised £3.1 million for integration of OMNOVA and £0.7 million in relation to the closure of our plant in Oulu (Finland).

Acquisition costs and related gains are for the acquisition of Eastman's Adhesive Resins business and comprise £7.0 million of costs, mainly professional adviser fees contingent on completion, and the £4.9 million impact of unwinding the fair value adjustment on acquisition of inventory. This was offset by a £5.4 million gain on the foreign exchange derivative entered into in October 2021 to hedge the acquisition price.

Sale of business relates to the sale of a joint venture distribution business acquired with the OMNOVA acquisition. The charge in 2021 related to a £0.2 million loss on the sale of Synthomer (Thailand) Limited.

During 2018, the European Commission (the Commission) initiated an investigation into practices relating to the purchase of Styrene monomer by companies, including Synthomer, operating in the European Economic Area. The Company has and continues to fully cooperate with the Commission during its investigation. Based on the information available and the Company´s updated assessment of the expected outcome of the investigation the existing provision of £57.2 million has been adjusted to £40.1 million. Synthomer expects any corresponding liability to become due in 2023.

In July 2018 the Group entered into swap arrangements to fix Euro interest rates on the full value of the then €440 million committed unsecured revolving credit facility. The fair value movement of the unhedged interest rate derivatives relates to the movement in the mark-to-market of the swap at 30 June 2022 in excess of the Group's current borrowings.

Taxation Special Items in 2021 related to the release of uncertain tax provisions for historical tax issues in France and Malaysia.

Taxation on Special Items is mainly deferred tax credits arising on the amortisation of acquired intangibles and restructuring and site closure costs.

CASH PERFORMANCE

	H1 2022 £m	H1 2021 £m
Opening net debt	**(114.2)**	(462.2)
Underlying operating profit (excluding joint ventures)	**131.4**	287.2
Movement in working capital	**(128.0)**	(159.4)
Depreciation of property, plant and equipment	**37.5**	32.2
Amortisation of other intangible assets	**3.6**	1.9
Share-based payments charge	**1.1**	1.2
Capital expenditure	**(33.2)**	(29.1)
Business cash flow	**12.4**	134.0
Net interest paid	**(13.9)**	(14.6)
Tax paid	**(49.3)**	(18.5)
Pension funding	**(11.5)**	(12.3)
Dividends received from joint ventures	**0.3**	0.9
Free Cash Flow	**(62.0)**	89.5
Cash impact of restructuring and site closure costs	**(10.4)**	(3.7)
Cash impact of acquisition costs	**2.1**	(0.3)
Proceeds on sale of business	**0.3**	0.6
Purchase of business	**(759.6)**	-
Repayment of principal portion of lease liabilities	**(4.7)**	(4.9)
Foreign exchange and other movements	**(44.3)**	26.5
Movement in net debt	**(878.6)**	107.7
Closing net debt	**(992.8)**	(354.5)

At 30 June 2022, our net debt grew to £992.8 million reflecting the additional borrowings drawn for the £759.6 million acquisition of Eastman's Adhesive Resins business in April 2022.

Underlying operating profit of £131.4 million was offset by a £128.0 million increase in working capital, reflecting the further increases in raw material prices, which is the key driver. A working capital optimisation programme has been initiated.

Depreciation and amortisation of other intangibles increased due to the Adhesive Technologies non-current assets acquired. Capital expenditure in the period was £33.2 million as we continued to invest in additional nitrile capacity in Pasir Gudang (Malaysia), our Pathway programme systems transformation project and regular recurring SHE and sustenance expenditure.

Interest paid decreased from £14.6 million to £13.9 million due to lower borrowing costs in 2022. Tax paid increased to £49.3 million reflecting higher payments on account as a result of the high profitability of the nitrile business in 2021 and settlement of a historical tax case.

Our debt is denominated in euros and dollars, both of which gained against sterling during H1 2022, leading to a foreign exchange loss in net debt; this compares with H1 2021, when sterling gained against all our principal overseas currencies.

The cash impact of Special Items was £8.3 million and the weakening of sterling over the period led to an adverse £44.3 million foreign exchange movement.

Financing and liquidity
We have committed unsecured borrowing facilities until July 2024, comprising a $260 million term loan, a €460 million revolving credit facility, and five-year €520 million 3.875% senior loan notes. A further $300 million term loan expiring in October 2024 was put in place as part of the financing of the acquisition of Eastman's Adhesive Resins business on 1 April 2022. These borrowing facilities of approximately £1,300 million are subject to one leverage ratio maintenance covenant. At 30 June 2022 our leverage ratio was 2.3x, well within our leverage ratio covenant of 3.5x for 30 June 2022 and 31 December 2022, and 3.25x thereafter. At 30 June 2022, our net borrowings were £992.8 million, and accordingly we had approximately £300 million of liquidity.

Retirement benefit plans
Our net pension liability decreased by £53.2 million to £69.2 million which includes an asset of £14.2 million for the UK scheme. This £53.2 million reduction largely comprised £11.5 million of cash contributions and actuarial gains of £46.8 million. This actuarial gain arose due to the £159.5 million impact of changes in discount rates which was offset by £110.8 million reduction in the return of plan assets.

Taxation
The Group's Underlying effective tax rate for H1 2022 was 22.5% (H1 2021: 23.1%; FY 2021: 22.5%), representing the best estimate of the annual effective corporate income tax rate we expect for the full year. We estimate the rate by applying the expected corporate income tax rate for each tax jurisdiction in which we operate. The effective tax rate is stable compared to the year ended 31 December 2021, although there is a different geographical profit mix.

The tax charge in Special items was £4.6 million (H1 2021: £8.8m tax credit; FY 2021: £20.6 million tax credit). This includes deferred tax credits of £4.2 million in relation to the amortisation of acquired intangibles, net of deferred tax debits of £8.8 million, which relate to the utilisation of US tax attributes brought on balance sheet on the acquisition of OMNOVA and UK deferred tax movements arising due to Special item income or prior year restructuring costs which were recognised in Special items.

Consolidated income statement
for the six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited)			Six months ended 30 June 2021 (unaudited)		
	Underlying performance £m	**Special Items £m**	**IFRS £m**	Underlying performance £m	Special Items £m	IFRS £m
Revenue	**1,334.4**	**-**	**1,334.4**	1,230.0	-	1,230.0
Company and subsidiaries operating profit before Special Items	**131.4**	**-**	**131.4**	287.2	-	287.2
Amortisation of acquired intangibles	**-**	**(22.7)**	**(22.7)**	-	(18.2)	(18.2)
Restructuring and site closure costs	**-**	**(4.8)**	**(4.8)**	-	(3.8)	(3.8)
Acquisition costs and related gains	**-**	**(6.5)**	**(6.5)**	-	(0.3)	(0.3)
Sale of business	**-**	**0.3**	**0.3**	-	(0.2)	(0.2)
Regulatory fine	**-**	**18.7**	**18.7**	-	-	-
Company and subsidiaries	**131.4**	**(15.0)**	**116.4**	287.2	(22.5)	264.7
Share of joint ventures	**0.6**	**-**	**0.6**	1.4	-	1.4
Operating profit/(loss)	**132.0**	**(15.0)**	**117.0**	288.6	(22.5)	266.1
Interest payable	**(16.1)**	**-**	**(16.1)**	(14.7)	-	(14.7)
Interest receivable	**0.3**	**-**	**0.3**	0.5	-	0.5
Fair value gain on unhedged interest rate derivatives	**-**	**15.8**	**15.8**	-	4.5	4.5
Net interest expense on defined benefit obligations	**(0.8)**	**-**	**(0.8)**	(1.2)	-	(1.2)
Interest element of lease payments	**(0.7)**	**-**	**(0.7)**	(0.8)	-	(0.8)
Finance costs	**(17.3)**	**15.8**	**(1.5)**	(16.2)	4.5	(11.7)
Profit/(loss) before taxation	**114.7**	**0.8**	**115.5**	272.4	(18.0)	254.4
Taxation	**(25.8)**	**(4.6)**	**(30.4)**	(62.9)	8.8	(54.1)
Profit/(loss) for the period	**88.9**	**(3.8)**	**85.1**	209.5	(9.2)	200.3
Profit/(loss) attributable to non-controlling interests	**0.3**	**(0.6)**	**(0.3)**	0.1	(0.1)	-
Profit/(loss) attributable to equity holders of the parent	**88.6**	**(3.2)**	**85.4**	209.4	(9.1)	200.3
	88.9	**(3.8)**	**85.1**	209.5	(9.2)	200.3
Earnings per share						
Basic	**19.0p**	**(0.7)p**	**18.3p**	49.3p	(2.2)p	47.1p
Diluted	**18.9p**	**(0.7)p**	**18.2p**	49.1p	(2.2)p	46.9p

Consolidated income statement
for the six months ended 30 June 2022 (continued)

	Year ended 31 December 2021 (audited)		
	Underlying performance £m	Special Items £m	IFRS £m
Revenue	2,329.5	-	2,329.5
Company and subsidiaries operating profit before Special Items	448.3	-	448.3
Amortisation of acquired intangibles	-	(36.2)	(36.2)
Restructuring and site closure costs	-	(29.7)	(29.7)
Acquisition costs and related gains	-	(11.9)	(11.9)
Sale of business	-	(7.4)	(7.4)
Regulatory fine	-	(57.2)	(57.2)
Company and subsidiaries	448.3	(142.4)	305.9
Share of joint ventures	2.6	-	2.6
Operating profit/(loss)	450.9	(142.4)	308.5
Interest payable	(27.9)	-	(27.9)
Interest receivable	1.0	-	1.0
Fair value gain on unhedged interest rate derivatives	-	6.2	6.2
Net interest expense on defined benefit obligations	(2.4)	-	(2.4)
Interest element of lease payments	(1.5)	-	(1.5)
Finance costs	(30.8)	6.2	(24.6)
Profit/(loss) before taxation	420.1	(136.2)	283.9
Taxation	(94.5)	20.6	(73.9)
Profit/(loss) for the year	325.6	(115.6)	210.0
Profit attributable to non-controlling interests	0.4	0.9	1.3
Profit/(loss) attributable to equity holders of the parent	325.2	(116.5)	208.7
	325.6	(115.6)	210.0
Earnings per share			
Basic	75.2p	(26.9)p	48.3p
Diluted	74.9p	(26.8)p	48.1p

Consolidated statement of comprehensive income
for the six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited)			Six months ended 30 June 2021 (unaudited)		
	Equity holders of the parent £m	**Non-controlling interests £m**	**Total £m**	Equity holders of the parent £m	Non-controlling interests £m	Total £m
Profit/(loss) for the period	**85.4**	**(0.3)**	**85.1**	200.3	-	200.3
Actuarial gains	**46.8**	**-**	**46.8**	41.6	-	41.6
Taxation relating to components of other comprehensive income	**(10.5)**	**-**	**(10.5)**	(1.9)	-	(1.9)
Total items that will not be reclassified to profit or loss	**36.3**	**-**	**36.3**	39.7	-	39.7
Exchange differences on translation of foreign operations	**68.0**	**0.8**	**68.8**	(13.1)	(0.5)	(13.6)
Fair value gain on hedged interest rate derivatives	**4.0**	**-**	**4.0**	-	-	-
Gains on net investment hedges taken to equity	**6.5**	**-**	**6.5**	3.0	-	3.0
Exchange differences recycled on sale of business	**-**	**-**	**-**	0.3	-	0.3
Total items that may be reclassified to profit or loss	**78.5**	**0.8**	**79.3**	(9.8)	(0.5)	(10.3)
Other comprehensive income/(expense) for the period	**114.8**	**0.8**	**115.6**	29.9	(0.5)	29.4
Total comprehensive income/(expense) for the period	**200.2**	**0.5**	**200.7**	230.2	(0.5)	229.7

	Year ended 31 December 2021 (audited)		
	Equity holders of the parent £m	Non-controlling interests £m	Total £m
Profit for the year	208.7	1.3	210.0
Actuarial gains	66.8	-	66.8
Tax relating to components of other comprehensive income	(11.8)	-	(11.8)
Total items that will not be reclassified to profit or loss	55.0	-	55.0
Exchange differences on translation of foreign operations	2.8	(0.2)	2.6
Exchange differences recycled on sale of business	0.3	-	0.3
Fair value gain on hedged interest derivatives	3.4	-	3.4
Gain on net investment hedge taken to equity	3.3	-	3.3
Total items that may be reclassified to profit or loss	9.8	(0.2)	9.6
Other comprehensive income/(expense) for the year	64.8	(0.2)	64.6
Total comprehensive income/(expense) for the year	273.5	1.1	274.6

Consolidated statement of changes in equity for the six months ended 30 June 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	**46.7**	**620.0**	**0.9**	**(32.1)**	**383.8**	**1,019.3**	**13.7**	**1,033.0**
Profit for the period	**-**	**-**	**-**	**-**	**85.4**	**85.4**	**(0.3)**	**85.1**
Other comprehensive income for the period	**-**	**-**	**-**	**78.5**	**36.3**	**114.8**	**0.8**	**115.6**
Total comprehensive income for the period	**-**	**-**	**-**	**78.5**	**121.7**	**200.2**	**0.5**	**200.7**
Share-based payments	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Dividends	**-**	**-**	**-**	**-**	**(99.5)**	**(99.5)**	**-**	**(99.5)**
At 30 June 2022 (unaudited)	**46.7**	**620.0**	**0.9**	**46.4**	**406.1**	**1,120.1**	**14.2**	**1,134.3**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2021	42.5	421.1	0.9	(41.9)	192.4	615.0	13.1	628.1
Profit for the period	-	-	-	-	200.3	200.3	-	200.3
Other comprehensive income/(expense) for the period	-	-	-	(9.8)	39.7	29.9	(0.5)	29.4
Total comprehensive income/(expense) for the period	-	-	-	(9.8)	240.0	230.2	(0.5)	229.7
Share-based payments	-	-	-	-	0.3	0.3	-	0.3
Dividends	-	-	-	-	(36.5)	(36.5)	-	(36.5)
At 30 June 2021 (unaudited)	42.5	421.1	0.9	(51.7)	396.2	809.0	12.6	821.6

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging and translation reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2021	42.5	421.1	0.9	(41.9)	192.4	615.0	13.1	628.1
Profit for the year	-	-	-	-	208.7	208.7	1.3	210.0
Other comprehensive income/(expense) for the year	-	-	-	9.8	55.0	64.8	(0.2)	64.6
Total comprehensive income for the year	-	-	-	9.8	263.7	273.5	1.1	274.6
Dividends	-	-	-	-	(73.5)	(73.5)	(0.5)	(74.0)
Issue of shares	4.2	198.9	-	-	-	203.1	-	203.1
Share-based payments	-	-	-	-	1.2	1.2	-	1.2
At 31 December 2021 (audited)	46.7	620.0	0.9	(32.1)	383.8	1,019.3	13.7	1,033.0

Consolidated balance sheet
as at 30 June 2022

	30 June 2022 (unaudited) £m	30 June 2021 (unaudited) £m	31 December 2021 (audited) £m
Non-current assets			
Goodwill	**662.1**	484.8	487.0
Acquired intangible assets	**560.1**	314.1	297.6
Other intangible assets	**54.1**	40.0	46.4
Property, plant and equipment	**763.9**	497.5	508.3
Deferred tax assets	**21.2**	32.3	29.2
Defined benefit asset	**14.2**	-	-
Investment in joint ventures	**7.9**	7.3	7.4
Total non-current assets	**2,083.5**	1,376.0	1,375.9
Current assets			
Inventories	**508.2**	218.2	253.7
Trade and other receivables	**548.0**	394.9	312.8
Cash and cash equivalents	**262.5**	284.7	505.3
Derivative financial instruments	**13.4**	-	3.2
Total current assets	**1,332.1**	897.8	1,075.0
Total assets	**3,415.6**	2,273.8	2,450.9
Current liabilities			
Borrowings	**(22.3)**	(15.3)	-
Trade and other payables	**(618.2)**	(372.9)	(414.2)
Lease liabilities	**(9.6)**	(10.1)	(8.8)
Current tax liabilities	**(24.0)**	(92.8)	(45.2)
Dividends payable	**(99.5)**	(36.5)	-
Provisions for other liabilities and charges	**(59.6)**	(17.8)	(85.2)
Derivative financial instruments	**-**	(15.4)	(10.1)
Total current liabilities	**(833.2)**	(560.8)	(563.5)
Non-current liabilities			
Borrowings	**(1,233.0)**	(623.9)	(619.5)
Trade and other payables	**(1.0)**	(2.2)	(2.3)
Lease liabilities	**(38.2)**	(39.8)	(34.7)
Deferred tax liabilities	**(74.3)**	(52.4)	(57.5)
Retirement benefit obligations	**(83.4)**	(163.4)	(122.4)
Provisions for other liabilities and charges	**(18.2)**	(9.7)	(18.0)
Total non-current liabilities	**(1,448.1)**	(891.4)	(854.4)
Total liabilities	**(2,281.3)**	(1,452.2)	(1,417.9)
Net assets	**1,134.3**	821.6	1,033.0
Equity			
Share capital	**46.7**	42.5	46.7
Share premium	**620.0**	421.1	620.0
Capital redemption reserve	**0.9**	0.9	0.9
Hedging and translation reserve	**46.4**	(51.7)	(32.1)
Retained earnings	**406.1**	396.2	383.8
Equity attributable to equity holders of the parent	**1,120.1**	809.0	1,019.3
Non-controlling interests	**14.2**	12.6	13.7
Total equity	**1,134.3**	821.6	1,033.0

Consolidated cash flow statement
for the six months ended 30 June 2022

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 2021 (unaudited)		Year ended 31 December 2021 (audited)	
	£m	**£m**	£m	£m	£m	£m
Operating						
Cash generated from operations		**25.8**		146.8		387.5
Interest received	**0.3**		0.5		1.0	
Interest paid	**(13.5)**		(14.3)		(27.1)	
Interest element of lease payments	**(0.7)**		(0.8)		(1.5)	
Net interest paid		**(13.9)**		(14.6)		(27.6)
Total tax paid		**(49.3)**		(18.5)		(86.4)
Net cash (outflow)/inflow from operating activities		**(37.4)**		113.7		273.5
Investing						
Dividends received from joint ventures		**0.3**		0.9		1.9
Purchase of property, plant and equipment and intangible assets		**(33.2)**		(29.1)		(82.2)
Purchase of business		**(759.6)**		-		-
Proceeds on sale of business		**0.3**		0.6		1.7
Net cash outflow from investing activities		**(792.2)**		(27.6)		(78.6)
Financing						
Dividends paid		**-**		-		(73.5)
Dividends paid to non-controlling interests		**-**		-		(0.5)
Proceeds on issue of shares		**-**		-		203.1
Purchase of employee trust shares		**(1.0)**		(0.9)		(0.9)
Repayment of principal portion of lease liabilities		**(4.7)**		(4.9)		(9.7)
Repayment of borrowings		**(13.2)**		-		-
Proceeds of borrowings		**564.9**		-		-
Net cash inflow/(outflow) from financing activities		**546.0**		(5.8)		118.5
(Decrease)/increase in cash and bank overdrafts during the period		**(283.6)**		80.3		313.4
Cash, cash equivalents and bank overdrafts at 1 January		**505.3**		191.3		191.3
Foreign exchange and other movements		**18.5**		(2.2)		0.6
Cash, cash equivalents and bank overdrafts at period end		**240.2**		269.4		505.3

Notes to the interim financial statements

1. Basis of preparation

Synthomer plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act. The Company is listed on the London Stock Exchange and the address of the registered office is Temple Fields, Harlow, Essex CM20 2BH.

These interim financial statements for the six month period ended 30 June 2022 have been prepared on the basis of the policies set out in the 2021 annual financial statements and in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and do not include all the notes normally included in annual financial statements. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors on 3 March 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Group's products and the cost and availability of natural gas in Europe. The Group's forecasts and projections take account of reasonably possible changes in trading performance and a severe but plausible downside scenario has been prepared, linked to our principal risks. This scenario does not threaten the Group's ability to operate within the level of its current facilities. No mitigating actions have been included for any of the scenarios and, should it need to, the Group could take action quickly to significantly reduce costs and cash outflows as demonstrated during the course of the COVID-19 pandemic in 2020.

As at 30 June 2022, the consolidated balance sheet reflects a net asset position of £1,134.3 million and the liquidity of the Group had headroom of more than £300 million of cash and committed facilities. The earliest maturity date of our facilities is July 2024. Debt leverage covenant limits for the term loans and revolving credit facility are set at a ratio of 3.5x at 30 June 2022 and 31 December 2022 and at 3.25x thereafter. At the half year, the net debt position was £992.8 million and our covenant ratio was 2.3x. Neither our forecast nor our severe but plausible downside scenario indicate a debt leverage covenant breach on any of the dates through to June 2023 and our liquidity requirements are met by our current financing facilities.

Having considered the outcome of these assessments, the Directors have, at the time of approving the interim report and financial statements, a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Goodwill and acquired intangible assets

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In the six months to 30 June 2022 no such indications were identified.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in the 2021 Annual Report. Estimates and underlying assumptions are reviewed on an ongoing basis and at 30 June 2022 there were no changes to existing estimates and assumptions and no new sources of estimation uncertainty were identified.

2. Accounting policies

The annual financial statements of Synthomer plc are prepared in accordance with UK-adopted IFRSs and applicable law. The same accounting policies and methods of computations are followed in these financial statements as in the most recent audited annual financial statements. Effective from 1 January 2022, no updates to IFRSs have been made that would affect the Group.

3. Special Items

IFRS and Underlying performance

The IFRS profit measures show the performance of the 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 Group's ongoing businesses. To provide additional clarity on the ongoing trading performance of the Group's businesses, management uses 'Underlying' performance as an alternative performance measure to plan for, control and assess the performance of the segments. Underlying performance differs from the IFRS measures as it excludes Special Items.

Special Items

Special Items are disclosed separately in order to provide a clearer indication of the Group's Underlying performance.

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 Group's financial statements are in compliance with IFRS but do not reflect the operating performance in the year, or both. An example of the latter is the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group considers that the exclusion of the amortisation charge on acquired intangibles from Underlying performance avoids the potential double counting of such costs and therefore excludes it as a Special Item from Underlying performance.

The definition of Special Items is shown in note 17 and has been consistently applied.

Special Items comprise:

	Six months ended 30 June 2022 (unaudited) £m	Six months ended 30 June 2021 (unaudited) £m	Year ended 31 December 2021 (audited) £m
Special Items			
Amortisation of acquired intangibles	**(22.7)**	(18.2)	(36.2)
Restructuring and site closure costs	**(4.8)**	(3.8)	(29.7)
Acquisition costs and related gains	**(6.5)**	(0.3)	(11.9)
Sale of business	**0.3**	(0.2)	(7.4)
Regulatory fine	**18.7**	-	(57.2)
Total impact on operating profit	**(15.0)**	(22.5)	(142.4)
Finance costs			
Fair value gain on unhedged interest rate derivatives	**15.8**	4.5	6.2
Total impact on profit before taxation	**0.8**	(18.0)	(136.2)
Taxation Special Items	**-**	6.4	8.8
Taxation on Special Items	**(4.6)**	2.4	11.8
Total impact on profit for the period	**(3.8)**	(9.2)	(115.6)

3. Special Items (continued)

The following items of income and expense were reported as Special Items and accordingly were excluded from Underlying performance:

Amortisation of acquired intangibles increased in the period, reflecting the acquisition of Eastman's Adhesive Resins business on 1 April 2022.

Restructuring and site closure costs in 2022 comprise:

- A £1.3 million initial charge for the integration of Eastman's Adhesive Resins business;
- A £2.2 million charge for the closure of a small site in Malaysia and the consolidation of production to a larger scale facility; and
- A £1.3 million charge relating to the planning and implementation of a Group-wide strategic review.

Restructuring and site closure costs in 2021 comprised £3.1 million for integration of OMNOVA and £0.7 million in relation to the closure of our plant in Oulu (Finland).

Acquisition costs and related gains are for the acquisition of Eastman's Adhesive Resins business and comprise £7.0 million of costs, mainly professional adviser fees contingent on completion, and the £4.9 million impact of unwinding the fair value adjustment on acquisition of inventory. This was offset by a £5.4 million gain on the foreign exchange derivative entered into in October 2021 to hedge the acquisition price.

Sale of business relates to the sale of a joint venture distribution business acquired with the OMNOVA acquisition. The charge in 2021 related to a £0.2 million loss on the sale of Synthomer (Thailand) Limited.

During 2018, the European Commission (the Commission) initiated an investigation into practices relating to the purchase of Styrene monomer by companies, including Synthomer, operating in the European Economic Area. The Company has and continues to fully cooperate with the Commission during its investigation. Based on the information available and the Company´s updated assessment of the expected outcome of the investigation the existing provision of £57.2 million has been adjusted to £40.1 million. Synthomer expects any corresponding liability to become due in 2023.

In July 2018 the Group entered into swap arrangements to fix Euro interest rates on the full value of the then €440 million committed unsecured revolving credit facility. The fair value movement of the unhedged interest rate derivatives relates to the movement in the mark-to-market of the swap at 30 June 2022 in excess of the Group's current borrowings.

Taxation Special Items in 2021 related to the release of uncertain tax provisions for historical tax issues in France and Malaysia.

Taxation on Special Items is mainly deferred tax credits arising on the amortisation of acquired intangibles and restructuring and site closure costs.

4. Segmental analysis

The Group's Executive Committee, chaired by the Chief Executive Officer, examines the Group's performance. The Group’s reportable segments are:

Performance Elastomers

Performance Elastomers is focused on healthcare, paper, carpet and foam markets through our water-based Nitrile Butadiene Rubber latex (NBR) and Styrene Butadiene Rubber latex (SBR) products and includes our performance materials and elastomeric modifiers businesses.

Functional Solutions

Functional Solutions is focused on coatings, construction, adhesives and technical textiles markets, through our water-based acrylic and vinylic-based dispersions products.

Industrial Specialities

Industrial Specialities is focused on speciality chemical additives and non-water-based chemistry for a broad range of applications from polymer additives, coated fabrics, and laminates and films, to emerging materials and technologies.

Acrylate Monomers

Acrylate Monomers is focused on the production of acrylate monomers which are sold to external customers in European markets as well as to our European Functional Solutions dispersions business.

Adhesive Technologies

Adhesive Technologies develops, manufactures and sells tackifying resins and additives for adhesive products, with a strong focus on attractive end markets such as packaging, hygiene and high performance tyre additives. This business was acquired from the Eastman Chemical Company on 1 April 2022.

The Group’s Executive Committee is the chief operating decision maker and primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. No information is provided to the Group’s Executive Committee at the segment level concerning interest income, interest expense, income tax or other material non-cash items.

No single customer accounts for more than 10% of the Group’s revenue.

A segmental analysis of Underlying performance and Special Items is shown below.

	Six months ended 30 June 2022 (unaudited)						
	Performance Elastomers £m	Functional Solutions £m	Industrial Specialities £m	Acrylate Monomers £m	Adhesive Technologies £m	Corporate £m	Total £m
Revenue							
Total revenue	**376.2**	**540.6**	**236.1**	**61.1**	**131.0**	**-**	**1,345.0**
Inter-segmental revenue	**-**	**-**	**-**	**(10.6)**	**-**	**-**	**(10.6)**
	376.2	**540.6**	**236.1**	**50.5**	**131.0**	**-**	**1,334.4**
EBITDA	**41.8**	**80.6**	**29.3**	**14.3**	**18.3**	**(11.2)**	**173.1**
Depreciation and amortisation	**(13.5)**	**(13.1)**	**(6.6)**	**(0.5)**	**(4.8)**	**(2.6)**	**(41.1)**
Operating profit/(loss) before Special Items	**28.3**	**67.5**	**22.7**	**13.8**	**13.5**	**(13.8)**	**132.0**
Special Items	**(0.5)**	**(14.7)**	**(4.7)**	**-**	**(9.5)**	**14.4**	**(15.0)**
Operating profit	**27.8**	**52.8**	**18.0**	**13.8**	**4.0**	**0.6**	**117.0**
Finance costs							**(1.5)**
Profit before taxation							**115.5**

Finance costs for the period included a £15.8 million gain in Special Items (six months ended 30 June 2021: a £4.5 million; year ended 31 December 2021: an £6.2 million) as set out in note 3.

4. Segmental analysis (continued)

	Six months ended 30 June 2021 (unaudited)					
	Performance Elastomers £m	Functional Solutions £m	Industrial Specialities £m	Acrylate Monomers £m	Corporate £m	Total £m
Revenue						
Total revenue	551.4	444.4	190.1	50.9	-	1,236.8
Inter-segmental revenue	-	-	-	(6.8)	-	(6.8)
	551.4	444.4	190.1	44.1	-	1,230.0
EBITDA	224.0	70.0	25.1	14.0	(10.4)	322.7
Depreciation and amortisation	(12.7)	(13.9)	(6.9)	(0.2)	(0.4)	(34.1)
Operating profit/(loss) before Special Items	211.3	56.1	18.2	13.8	(10.8)	288.6
Special Items	(1.9)	(13.7)	(4.7)	-	(2.2)	(22.5)
Operating profit/(loss)	209.4	42.4	13.5	13.8	(13.0)	266.1
Finance costs						(11.7)
Profit before taxation						254.4

	Year ended December 2021 (audited)					
	Performance Elastomers £m	Functional Solutions £m	Industrial Specialities £m	Acrylate Monomers £m	Corporate £m	Total £m
Revenue						
Total revenue	951.5	900.3	382.5	110.3	-	2,344.6
Inter-segmental revenue	-	-	-	(15.1)	-	(15.1)
	951.5	900.3	382.5	95.2	-	2,329.5
EBITDA	320.7	139.2	47.6	35.3	(20.6)	522.2
Depreciation and amortisation	(25.8)	(28.1)	(13.7)	(0.8)	(2.9)	(71.3)
Operating profit/(loss) before Special Items	294.9	111.1	33.9	34.5	(23.5)	450.9
Special Items	(8.0)	(41.3)	(14.1)	(5.2)	(73.8)	(142.4)
Operating profit/(loss)	286.9	69.8	19.8	29.3	(97.3)	308.5
Finance costs						(24.6)
Profit before taxation						283.9

5. Reconciliation of operating profit to cash generated from operations

	Six months ended 30 June 2022 (unaudited) £m	Six months ended 30 June 2021 (unaudited) £m	Year ended 31 December 2021 (audited) £m
Operating profit	**117.0**	266.1	308.5
Less: share of profit of joint ventures	**(0.6)**	(1.4)	(2.6)
	116.4	264.7	305.9
Adjustments for:			
Depreciation of property, plant and equipment	**33.1**	27.2	54.4
Depreciation of right of use assets	**4.4**	5.0	9.8
Amortisation of other intangibles	**3.6**	1.9	7.1
Share-based payments	**1.1**	1.2	2.1
Special Items	**15.0**	22.5	142.4
Cash impact of acquisition costs and related gains	**2.1**	(0.3)	(6.6)
Cash impact of restructuring and site closure costs	**(10.4)**	(3.7)	(17.8)
Pension funding in excess of service cost	**(11.5)**	(12.3)	(27.0)
Increase in inventories	**(71.0)**	(52.5)	(87.7)
Increase in trade and other receivables	**(151.1)**	(146.3)	(64.8)
Increase in trade and other payables	**94.1**	39.4	69.7
Cash generated from operations	**25.8**	146.8	387.5

6. Taxation

The Group's Underlying effective tax rate for H1 2022 was 22.5% (H1 2021: 23.1%; FY 2021: 22.5%), representing the best estimate of the annual effective corporate income tax rate we expect for the full year. We estimate the rate by applying the expected corporate income tax rate for each tax jurisdiction in which we operate. The effective tax rate is stable compared to the year ended 31 December 2021, although there is a different geographical profit mix.

The tax charge in Special items was £4.6m (H1 2021: £8.8m tax credit; FY 2021: £20.6m tax credit). This includes deferred tax credits of £4.2m in relation to the amortisation of acquired intangibles, net of deferred tax debits of £8.8m, which relate to the utilisation of US tax attributes brought on balance sheet on acquisition of OMNOVA and UK deferred tax movements arising due to Special item income or prior year restructuring costs which were recognised in Special items.

During 2021, the OECD published a framework for the introduction of a global minimum effective tax rate of 15%, applicable to large multinational groups. On 20 July 2022, HM Treasury released draft legislation to implement these 'Pillar 2' rules for accounting periods beginning on or after 31 December 2023. The Group is reviewing these draft rules to understand any potential impact.

7. Dividends

The interim dividend of 4.0 pence per ordinary share was approved by the Board on 1 August 2022 and will be paid on 4 November 2022 to members on the register at the close of business on 7 October 2022.

The final dividend of 21.3 pence per ordinary share in respect of 2021, which was approved by the AGM on 28 April 2022, was paid on 5 July 2022.

8. Earnings per share

		Six months ended 30 June 2022			Six months ended 30 June 2021		
		Underlying performance	**Special Items**	**IFRS**	Underlying performance	Special Items	Total
Earnings							
Profit/(loss) attributable to equity holders of the parent	**£m**	**88.6**	**(3.2)**	**85.4**	209.4	(9.1)	200.3
Number of shares							
Weighted average number of ordinary shares - basic	**'000**			**467,314**			424,832
Effect of dilutive potential ordinary shares	**'000**			**1,744**			1,981
Weighted average number of ordinary shares - diluted	**'000**			**469,058**			426,813
Earnings per share							
Basic earnings per share	**pence**	**19.0p**	**(0.7)p**	**18.3p**	49.3p	(2.2)p	47.1p
Diluted earnings per share	**pence**	**18.9p**	**(0.7)p**	**18.2p**	49.1p	(2.2)p	46.9p

		Year ended 31 December 2021		
		Underlying performance	Special Items	Total
Earnings				
Profit/(loss) attributable to equity holders of the parent	£m	325.2	(116.5)	208.7
Number of shares				
Weighted average number of ordinary shares - basic	'000			432,290
Effect of dilutive potential ordinary shares	'000			1,654
Weighted average number of ordinary shares - diluted	'000			433,944
Earnings per share				
Basic earnings per share	pence	75.2p	(26.9)p	48.3p
Diluted earnings per share	pence	74.9p	(26.8)p	48.1p

9. Financial instruments

Financial risk management
The Group's financial risk management policies are approved by the Board and provide written principles on the management of financial risk. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all the financial risk management information and disclosures required in annual financial statements. There have been no changes in these risks and the management thereof since 31 December 2021 and this note should be read in conjunction with note 22 to the 2021 Annual Report.

Fair value measurement
Certain of the Group's financial instruments are held at fair value. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

As prescribed by IFRS 13 'Fair Value Measurement', fair values are measured using a hierarchy with the following inputs:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – not level 1 but are observable for that asset or liability either directly or indirectly.
- Level 3 – not based on observable market data.

Interest rate swaps and foreign currency forwards and swaps are valued using discounted cash flow techniques. These techniques incorporate inputs such as foreign exchange rates and interest rates, which are used in a discounted cash flow calculation incorporating the instrument's term, notional amount and discount rate, and taking credit risk into account. As significant inputs to the valuation are observable in active markets, all of the Group's financial instruments are classified as level 2 financial instruments.

The fair value of forward foreign exchange contracts, interest rate swaps and currency swaps is estimated by discounting the future contractual cash flows using forward exchange rates, interest rates and prices at the balance sheet date.

There were no transfers of any financial instrument between the levels of the fair value hierarchy during the current or prior period.

There are no significant differences between the carrying value and fair value of either financial assets or financial liabilities with the exception of the following:

	30 June 2022		30 June 2021		31 December 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
	£m	**£m**	£m	£m	£m	£m
Borrowings	**(1,255.3)**	**(1,265.7)**	(639.2)	(649.0)	(619.5)	(629.4)

10. Analysis of net debt

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Bank overdrafts	**(22.3)**	(15.3)	-
Current liabilities	**(22.3)**	(15.3)	-
Bank loans	**(790.2)**	(184.6)	(187.9)
€520m 3.875% senior unsecured loan notes due 2025	**(442.8)**	(439.3)	(431.6)
Non-current liabilities	**(1,233.0)**	(623.9)	(619.5)
Total borrowings	**(1,255.3)**	(639.2)	(619.5)
Cash and cash equivalents	**262.5**	284.7	505.3
Net debt	**(992.8)**	(354.5)	(114.2)

Net debt is defined in the glossary of terms in note 17. Capitalised debt costs reflected in the table above, which have been recognised as a reduction in borrowings in the financial statements, amounted to £10.4 million at 30 June 2022 (30 June 2021: £9.8 million; 31 December 2021: £9.9 million).

	Six months ended 30 June 2022 (unaudited) £m	Six months ended 30 June 2021 (unaudited) £m	Year ended 31 December 2021 (audited) £m
Net cash inflow from operating activities	**(37.4)**	113.7	273.5
Add: dividends received from joint ventures	**0.3**	0.9	1.9
Add: proceeds on sale of business	**0.3**	0.6	1.7
Less: purchase of business	**(759.6)**	-	-
Less: net capital expenditure	**(33.2)**	(29.1)	(82.2)
Dividends paid	-	-	(73.5)
Dividends paid to non-controlling interests	-	-	(0.5)
Issue of shares	-	-	203.1
Purchase of employee trust shares	**(1.0)**	(0.9)	(0.9)
Repayment of principal portion of lease liabilities	**(4.7)**	(4.9)	(9.7)
Foreign exchange and other movements	**(43.3)**	27.4	34.6
(Increase)/decrease in net debt	**(878.6)**	107.7	348.0
Net debt at 1 January	**(114.2)**	(462.2)	(462.2)
Net debt at period end	**(992.8)**	(354.5)	(114.2)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows are classified in the Group's consolidated cash flow statement as cash flows from financing activities.

			Non-cash changes	
	1 January 2022 £m	**Financing cash (inflows)/ outflows £m**	**Exchange and other movements £m**	**30 June 2022 £m**
Borrowings (excluding bank overdraft)	**(619.5)**	**(551.7)**	**(61.8)**	**(1,233.0)**
Lease liabilities	**(43.5)**	**4.7**	**(9.0)**	**(47.8)**
	(663.0)	**(547.0)**	**(70.8)**	**(1,280.8)**

11. Defined benefit schemes

We have updated the value of the defined benefit plan assets to reflect their market value as at 30 June 2022. Actuarial gains or losses are recognised in the Consolidated Statement of Comprehensive Income in accordance with the Group's accounting policy. We have updated the liabilities to reflect the change in the discount rate and other assumptions.

The Group's net pension liability decreased by £53.2 million to £69.2 million, which includes an asset of £14.2 million for the UK scheme. This £53.2 million reduction largely comprised £11.5 million of cash contributions and actuarial gains of £46.8 million. This actuarial gain arose due to the £159.5 million impact of changes in discount rates which was offset by £110.8 million reduction in the return of plan assets.

12. Capital commitments

The capital expenditure authorised but not provided for in the interim financial statements as at 30 June 2022 was £19.0 million (30 June 2021: £20.1 million; 31 December 2021: £18.8 million).

13. Acquisition of Eastman's Adhesive Resins business

On 1 April 2022, we completed the acquisition of Eastman's Adhesive Resins business for a total consideration of £759.6 million.

The asset identification and fair value allocation processes are currently under review. Accordingly, at the date of this report it is only practicable to disclose the provisional fair values of the acquired assets, liabilities, contingent liabilities and goodwill. The final consideration figure is also subject to a customary completion accounts process.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	£m
Identifiable intangible assets	**247.4**
Property, plant and equipment	**234.4**
Other non-current assets	**11.5**
Inventory	**149.6**
Trade and other receivables	**94.6**
Trade and other payables	**(92.9)**
Lease liabilities	**(7.4)**
Other non-current liabilities	**(13.2)**
Provisional fair value of net assets acquired	**624.0**
Goodwill	**135.6**
Total consideration	**759.6**
Satisfied by:	
Cash	**759.6**
Total consideration transferred	**759.6**
Net cash outflow arising on acquisition:	
Cash consideration	**759.6**
Less: cash and cash equivalent balances acquired	**-**
	759.6

Due to the short period of time since acquisition, fair value adjustments are provisional and will be finalised within twelve months of the acquisition date.

The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the business which expands our global diversification, strengthening our growing position in North America and our portfolio of speciality products.

In the period from acquisition to 30 June 2020 the business contributed £131.0 million to the Group's revenue, £13.5 million to the Group's Underlying operating profit and a £4.0 million to the Group's IFRS operating profit.

If the acquisition had been completed on the first day of the financial year, the business would have contributed £250.6 million to the Group's revenue, £19.8 million to the Group's Underlying operating profit and £5.8 million to the Group's IFRS operating profit.

14. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note. Other than the relationships with defined benefit pension schemes as disclosed in note 26 of the 2021 Annual Report, there were no other related party transactions requiring disclosure.

Kuala Lumpur Kepong Berhad Group holds 22.63% of the Company's shares and is considered to be a related party.

15. Seasonality

Historically, there has been no visible fixed pattern to seasonality in H1 compared to H2 performance in the Group, but macroeconomic conditions remain uncertain. The Adhesive Technologies business was acquired on 1 April 2022, so the Group's H2 performance will include a full six months compared with three months in H1.

16. Risks and uncertainties

The Group faces a number of risks which, if they arise, could affect our ability to achieve our strategic objectives. As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the strategy. The Directors are responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

These principal risks are categorised into the following types:

- Strategic
- Operational
- Compliance
- Financial

These risks are detailed on pages 69 to 76 of the 2021 Annual Report which is available on our website at www.synthomer.com/investor-relations.

The Directors continuously monitor the Group's risk environment and have not identified any significant new or emerging risks or uncertainties which would have a material impact on the Group's performance in the remaining part of the year. However, with the continuation of the COVID-19 pandemic, there remains the potential for disruption to the production of our plants or those of our customers and/or suppliers.

Following Russia's invasion of Ukraine and the increasingly unpredictable supply of natural gas to Europe, we have elevated the likelihood of the following risk:

- Security of supply of raw materials, goods and services

We are very mindful of the challenging macroeconomic environment but maintain that our Annual Report statement reflects the risk that this has on the Group:

The markets we operate in are inherently volatile due to global macroeconomic and political uncertainty, and we expect this volatility to continue in 2022. Such volatility may affect our raw material and energy costs, volumes and margins, potentially adversely affecting the results of the Group.

We continue to mitigate these risks by following, at a minimum, any government mandated health and safety requirements at our sites, by ensuring that we have multiple sources of raw materials, and by maintaining a diverse customer base.

17. Glossary of terms

EBITDA	EBITDA is calculated as operating profit from continuing operations before depreciation, amortisation and Special Items.
Operating profit	Operating profit represents profit from continuing activities before finance costs and taxation.
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 Group's financial statements are in compliance with IFRS but do not reflect the operating performance in the year, or both. An example of the latter is the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group consider that the exclusion of the amortisation charge on acquired intangibles from underlying performance avoids the potential double counting of such costs and therefore exclude it as a Special Item from Underlying performance. The following are consistently disclosed separately as Special Items in order to provide a clearer indication of the Group's underlying performance: • Restructuring and site closure costs; • Sale of a business or significant asset; • Acquisition costs; • Amortisation of acquired intangible assets; • Impairment of non-current assets; • Fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied; • Items of income and expense that are considered material, either by their size and/or nature; • Tax impact of above items; and • Settlement of prior period tax issues.
Underlying performance	Underlying performance represents the statutory performance of the Group under IFRS, excluding Special Items.
Net debt	Cash and cash equivalents together with short- and long-term borrowings excluding leases.
Leverage	Net debt divided by EBITDA. The Group's financial covenants are calculated using the accounting standards adopted by the Group at 31 December 2018 and accordingly, the net debt and EBITDA, for this calculation, exclude the impact of IFRS 16.
Free Cash Flow	The movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations.
Ktes	Kilotonnes or 1,000 tonnes (metric).

Statement of Directors' responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by the DTR 4.2.7 R and DTR 4.2.8 R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the 2021 Annual Report.

The Directors of Synthomer plc are listed in the Synthomer plc annual report for 31 December 2021 with the exception of the following changes:

- Ian Tyler was appointed as a Non-Executive Director on 21 June 2022.
- Lily Liu was appointed as Chief Financial Officer and as a Director on 1 July 2022.
- Stephen Bennett stepped down as Chief Financial Officer and as a Director on 1 July 2022.

A list of current directors is maintained on the Synthomer plc website: www.synthomer.com.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information as provided on the Synthomer website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

On behalf of the Board of Directors

M Willome
Chief Executive Officer
2 August 2022

L Liu
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO SYNTHOMER PLC
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Synthomer plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Synthomer plc for the six month period ended 30 June 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, 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.

What we have reviewed
The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results for the six months ended 30 June 2022 of Synthomer plc have been 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.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results for the six months ended 30 June 2022 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT REVIEW REPORT TO SYNTHOMER PLC (continued)
Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results for the six months ended 30 June 2022, including the interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 August 2022