Tuesday 12 March 2024

Synthomer plc
Preliminary Results for the year ended 31 December 2023
A challenging year, but decisive actions taken for longer-term growth

Year ended 31 December	2023	Restated 2022	Change	Constant currency[1]
	£m	£m	%	%
Continuing operations[2]				
Revenue	**1,970.9**	2,332.3	(15.5)	(15.6)
Coatings & Construction Solutions (CCS)	**100.1**	120.8	(17.1)	(17.3)
Adhesive Solutions (AS)[3]	**31.2**	67.2	(53.6)	(54.3)
Health & Protection and Performance Materials (HPPM)	**31.0**	86.5	(64.2)	(61.3)
Corporate	**(20.2)**	(20.7)		
EBITDA[4]	**142.1**	253.8	(44.0)	(43.3)
EBITDA margin (%)	**7.2%**	10.9%		
Underlying[5] operating profit (EBIT)	**37.7**	169.5	(77.8)	(77.1)
Statutory operating (loss)/profit (EBIT)	**(35.4)**	(13.5)		
Results from continuing and discontinued operations[2]				
Underlying[5] (loss)/profit before tax	**(27.2)**	123.7		
Statutory (loss) before tax	**(106.8)**	(34.2)		
Underlying[5] EPS* (p)	**(35.1)**	152.0		
Basic EPS* (p)	**(78.5)**	(51.2)		
Free Cash Flow[6]	**85.7**	69.2	+23.8	
Net debt[7]	**499.7**	1,024.9	(51.2)	

* 2023 EPS reflects weighted average number of consolidated shares in issue during the year of 85.4m (latest number of shares following the October 2023 rights issue is 163.6m). 2022 adjusted for 20 to 1 share consolidation and rights issue adjustment factor of 2.715.

- Challenging market environment, with prolonged demand weakness exacerbated by destocking
  - Revenue reduction driven by 9.9% reduction in volume and pass through of lower raw material input prices
- Strategy is working, with greater margin resilience from specialty businesses which are now the majority of revenue
  - Further strategic divestment processes underway
- Significant management actions taken during 2023 to increase focus, reduce cost and complexity
  - Site footprint reduced to 36 (from 43 in October 2022), with further rationalisation underway
  - Adhesive Solutions supply chain and reliability issues improving, but more to do in 2024
  - £18m of cost savings delivered
  - EBITDA margins in all divisions improved in H2 vs H1 2023
- Free Cash Flow increased to £85.7m (2022: £69.2m), with 97% conversion of EBITDA into Operating Cash Flow[8]
- Net debt halved through rights issue, divestment proceeds and cash generation
- Next stage of business excellence programme launched in 2024, focused on procurement and production cost
  - Targeting £30-40m in additional annualised cost reductions in 2024-2025
- Prudent covenant relaxation and strong liquidity provide space for further deleveraging over time
  - Covenant relaxation agreed with bank lenders and UK Export Finance in March 2024
  - Committed liquidity in excess of £450m as at 8 March 2024
- Current trading and 2024 outlook
  - Trading since the start of 2024 has been cautiously encouraging, supported by short-term restocking by customers, though evidence of broad-based demand recovery remains limited
  - Cost reduction actions will be partially offset by wage inflation and normalisation of bonus accrual
  - Expect some earnings progress and modest Free Cash Flow, even absent macroeconomic improvement

Commenting, Synthomer CEO Michael Willome said:
"Despite a challenging year, we have taken decisive actions to position the business well for the future. We remain focused on enhancing our strong positions in key end-markets, optimising our portfolio and cost position, and

demonstrating the cash generative nature of our business. In the medium term, we remain confident that Synthomer's earnings power is more than double recent levels, through a combination of our near-term self-help actions, end market recovery and delivery of our speciality solutions strategy."

The Company will host a meeting for analysts and investors at 9:00am GMT today at the Royal Society of Chemistry, Burlington House, Piccadilly, London W1J 0BA. The meeting will also be webcast at via our website at www.synthomer.com or on https://brrmedia.news/SYNT_FY23. This will be available for playback after the event.

Further information:
Investors: Faisal Tabbah, Vice President Investor Relations Tel: +44 (0) 1279 775 306
Media: Charles Armitstead, Teneo Tel: +44 (0) 7703 330 269

Notes

1. Constant currency revenue and profit measures retranslate current year results using the prior year's average exchange rates.
2. Laminates, Films and Coated Fabrics and North America Paper and Carpet, which together contributed revenue of £50.3m and EBITDA of £(3.0)m in 2023 (2022: £252.8m and £11.3m respectively), are classed as discontinued operations throughout this announcement.
3. 2022 included a nine month contribution from the adhesive resins acquisition which completed in April 2022.
4. Operating profit before depreciation, amortisation and Special Items.
5. Underlying performance excludes Special Items unless otherwise stated.
6. 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.
7. Cash and cash equivalents together with short and long-term borrowings.
8. Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure.

Legal Entity Identifier (LEI): 213800EHT3TI1KPQQJ56. Classification as per DTR 6 Annex 1R: 1.1.

Synthomer plc is a leading supplier of high-performance, highly specialised polymers and ingredients that play vital roles in key sectors such as coatings, construction, adhesives, and health and protection – growing markets that serve billions of end users worldwide. Headquartered in London, UK and listed there since 1971, we employ c.4,200 employees across our 4 innovation centres of excellence more than 30 manufacturing sites across Europe, North America and Asia. With more than 6,000 blue-chip customers and £2.0bn in continuing revenue in 2023, our business is built around three divisions, serving customers in attractive end markets where demand is driven by global megatrends including urbanisation, demographic change, climate change and sustainability, and shifting economic power. In Coatings & Construction Solutions, our specialist polymers enhance the sustainability and performance of a wide range of coatings and construction products. We serve customers in applications including architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions. In Adhesive Solutions our products help our customers bond, modify and compatibilise surfaces and components for applications including tapes and labels, packaging, hygiene, tyres and plastic modification, improving permeability, strength, elasticity, damping, dispersion and grip. In Health & Protection and Performance Materials we are a world-leading supplier of water-based polymers for medical gloves, and a major European manufacturer of high-performance binders, foams and other products serving customers in a range of end markets. Our purpose is creating innovative and sustainable solutions for the benefit of customers and society. Around 20% of our sales volumes are from new and patent protected products. At our innovation centres of excellence in the UK, Germany, Malaysia and Ohio, USA we collaborate closely with our customers to develop new products and enhance existing ones tailored to their needs, with an increasing range of sustainability benefits. Our 2030 decarbonisation targets have been approved by the Science Based Targets initiative as being in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement, and since 2021 we have held the London Stock Exchange Green Economy Mark, which recognises green technology businesses making a significant contribution to a more sustainable, low-carbon economy. Find us at www.synthomer.com or search for Synthomer on LinkedIn.

CHIEF EXECUTIVE OFFICER'S REVIEW

In one of the most difficult trading environments for the chemicals industry in decades, the resilient performance of our speciality businesses has reinforced our confidence that the strategy of focusing on our most differentiated, speciality products for attractive end markets gives us strong foundations for growth when demand recovers.

Delivering on our specialisation strategy

When we completed our strategy review in 2022, we set our direction firmly towards greater specialisation in the belief that speciality products with defined end-market benefits would be the greatest drivers of growth in the medium to long term.

A year on, our industry is still in a prolonged period of suppressed demand, which has been difficult for everyone at Synthomer and for all our stakeholders. While this has meant that volumes remained subdued this year and margins lower, we have improved our financial resilience and began to deliver on our specialisation strategy.

Speciality businesses demonstrate greatest resilience

Given headwinds which included consumer demand weakness, supply chain disruption, global price competition and continued destocking in some base chemical markets, our business has delivered resilient results, with continuing Group EBITDA of £142.1m (2022: £253.8m) from revenues of £1,970.9m (2022: £2,332.3m).

The speciality businesses within our portfolio have been the strongest performers in terms of margin and volume recovery, with Coatings & Construction Solutions (CCS) in particular standing out, having delivered an improved EBITDA margin of 12.3% (2022: 12.1%) despite year-on-year volume declines of nearly 15%. Already our most speciality-focused division, CCS is beginning to demonstrate the potential of a more strategic focus on end customers coupled with outstanding execution; capabilities we are working to deliver throughout the Group.

In the Adhesive Solutions (AS) division, our speciality products (c.55% of divisional revenues) were similarly robust, reflecting their greater differentiation for customers. However, our more base chemical products were exposed to increased global competition in a lower demand environment. This, alongside disruptions in supply chain and production, resulted in a disappointing financial performance in 2023. Despite these challenges, I am confident that we have the right team in place, led by Stephan Lynen who joined Synthomer as President of the division in May 2023, and are executing a robust plan to deliver a significant improvement in performance over time as reliability and efficiency improves and end markets recover.

Meanwhile, nitrile butadiene latex (NBR) volumes in our Heath & Protection and Performance Materials (HPPM) division started to recover towards the end of the year as the post-pandemic overcapacity began to reduce, underpinned by the long-term hygiene megatrend. In our Performance Materials portfolio, which includes a number of businesses assessed as non-core to the wider Group strategy, volumes stabilised in the second half compared to the first. As a base chemicals division, HPPM is focused on customer intimacy and cost, capacity utilisation, efficiency and sourcing excellence, and improved divisional EBITDA margin by 90bps in H2 versus H1 2023.

Encouraging cash delivery

At year-end, net debt reduction was ahead of our expectations, and benefited from strong cash delivery in the final quarter. Despite the substantial contraction in business activity compared with prior year, in 2023 we were able to increase Free Cash Flow to £85.7m (2022: £69.2m). Important contributors to Free Cash Flow included £18.0m in cost reductions, £45.7m in lower inventories driven by both structural changes in approach and lower raw materials prices, and some other benefits. Our CFO Lily Liu sets out more about our work in this area in the Financial review.

Alongside our operational focus on cash, the balance sheet has also been strengthened with the proceeds of our strategic divestment programme and the rights issue. We are grateful for the confidence shown by shareholders in supporting our £276m rights issue completed in October 2023.

Overall, since the start of 2023, we have reduced net debt by half to £499.7m (2022: £1,024.9m). The challenging market conditions required significant focus in this area in the year, and we were able to deliver.

Focusing the business to be ready when demand returns

We have also been able to make significant progress across other aspects of our strategy, laying the foundations for rapid growth when end market demand recovers.

We have increased the speciality weighting of our portfolio to c.55% of revenue, and a higher proportion of EBITDA currently. We have increased our access to markets in the USA and Asia, improving our geographical and customer reach. We continue to invest in our organic growth capability, including our focus on value selling and the expansion of our customer innovation capacity in China. And we have simplified our business, streamlining our manufacturing footprint from 43 sites when the strategy was launched in October 2022 to 36 with another closure underway, through divestments or rationalisation, with plans to go further.

While conditions remain challenging and leverage elevated, our capital allocation decisions have naturally been focused on preserving cash, but we have been able to make a few disciplined, carefully selected growth investments which we believe will serve us well from a cost perspective or in certain high-growth niches.

A key element of our strategy is portfolio management. Our main focus is on furthering our non-core divestment programme, but alongside this we are actively considering a number of low-capital growth opportunities, such as potential partnerships. We are also identifying potential accretive bolt-on acquisition opportunities in strategically attractive end markets and geographies for the future, when our financial circumstances allow.

Innovation and sustainability – at the heart of our future growth

Innovation and sustainability support every pillar of Synthomer's strategy and are key to value creation in the long term. Serving our customers' own sustainability ambitions through innovative products with demonstrable sustainability benefits is an important opportunity for organic growth. Equally, applying a sustainability and innovation lens to our portfolio management and operational improvements helps drive both our commercial success and our purpose of creating specialist solutions for the benefit of customers and society.

We are embedding a sustainability mindset across Synthomer, underpinned by our Vision 2030 sustainability roadmap. This supports our response to both the opportunities and the challenges we face in this area. For example, we are building our innovation pipeline to support sustainable product development, with 64% of new products this year launched with defined sustainability benefits. In July 2023, our near-term greenhouse gas (GHG) emissions reduction targets were approved by the Science Based Targets initiative (SBTi), and more recently our CDP Climate score was upgraded from B to A-, which puts us in the top quartile of chemicals companies under coverage.

Our work on diversity, equity and inclusion is also strengthening the business, enabling greater diversity of thought while helping us recruit and retain talented people. We have more to do, but we are seeing progress on gender diversity in particular – this year, women held 30% of senior management roles, compared to just 9% in 2019.

We are also making our business safer, with both of our key lagging safety indicators improving significantly year-on-year – though we still have more to do, in particular to complete the process of bringing our more recently acquired sites up to the top quartile levels of safety performance achieved elsewhere in the Group in 2023.

Focused, strengthened, and ready for growth

In summary, the market environment has been extraordinarily challenging for our sector this year, resulting in financial results that are far from where we would like them to be. However, it has also been a year of clear progress towards the longer term ambitions of our strategy – progress we will continue in 2024.

Outlook

Trading since the start of 2024 has been cautiously encouraging, supported in part by short-term restocking by our customers. We do not yet have evidence of a broad-based upswing in underlying end-market demand, but parts of our business are beginning to build an improving volume trend.

In 2024, the Group will continue to focus on delivering our speciality solutions strategy, including portfolio management, alongside our ongoing activities to generate robust cash flow and successfully navigate through current uncertainties in our markets. Reducing leverage further towards our 1-2x medium-term target range remains a key priority.

In addition to further progress with our previously announced actions to reduce cost and complexity and to improve site reliability, we have commenced procurement and production cost optimisation programmes which are expected to deliver £30-40m in additional savings in 2024 and 2025. These actions will be partially offset by some increases in operating costs, mainly due to wage inflation and normalisation of bonus accrual. As a result, we expect to make some earnings progress and be at least modestly Free Cash Flow positive in 2024, even if macroeconomic demand conditions do not improve.

We remain confident that Synthomer's medium-term earnings power is more than double recent levels, through a combination of our near-term actions, end market volume recovery and strategic delivery.

Michael Willome
Chief Executive Officer
12 March 2024

FINANCIAL REVIEW – CHIEF FINANCIAL OFFICER'S INTRODUCTION

I am pleased that our net debt has been more than halved through decisive management action and the support of our shareholders during the year. It goes without saying that a strong balance sheet is critical to our resilience during times of subdued market activity – as well as the foundation for our future success when our markets return to growth.

Strengthening our financial position for the future

In the face of ongoing suppressed demand in many of our markets which has significantly affected our financial results compared with prior year, we have nonetheless continued to deliver on strengthening our balance sheet and improving our working capital position. We have also demonstrated good performance in particular from the speciality businesses in our portfolio, reinforcing our view that we have the strategy, structure and people in place to emerge stronger from the current operating environment and positioned for future success.

Preserving cash and reducing net debt

We ended the year with net debt of £499.7m compared to £1,024.9m at the end of 2022, reflecting a number of decisive actions over the year to preserve cash and reduce debt while ensuring we continued to focus on the shift to increased specialisation that lies at the heart of Synthomer's strategy.

Every division and function played a part, with a Group-wide cost reductions and cash management programmes that converted 97% of EBITDA into Operating Cash Flow. We significantly reduced inventory levels particularly in the adhesive resins business we acquired in 2022, with further opportunities in 2024, and benefitted from a £27.9m increase in use of our receivables financing facility. We have also sharpened the focus of our innovation and capital expenditure plans across the Group, in accordance with our differentiated steering strategic pillar.

The divestment of our Laminates, Films and Coated Fabrics businesses, announced in 2022 and completed in February 2023, brought £208m in net cash proceeds this year while supporting our ongoing drive to increase the speciality weighting of the Group. This non-core portfolio rationalisation programme continues, with further divestment processes currently underway. We have also streamlined our operations, with divestments and site rationalisations reducing our sites from 43 in October 2022 to 36 at the end of 2023 with a further site closure underway, significantly reducing the complexity of the Group.

Notwithstanding these actions to preserve cash and reduce our net debt, Group performance continued to face strong macroeconomic headwinds, and covenant leverage at the half year remained elevated at 5.5x. Therefore, in order to increase our focus on strategic delivery and long-term value creation in addition to short-term cash preservation, we undertook a £276m fully underwritten rights issue in October 2023. 92.6% of the rights were taken up, reflecting strong support from our shareholders, with the subsequent rump placing significantly over-subscribed.

We also took action to address our debt maturity profile. In September 2023, Synthomer entered into an agreement with our lending banks to extend our Revolving Credit Facility maturity date from 31 May 2025 to 31 July 2027 and amend total commitments to $400m. After the year end, we agreed to extend the period of covenant relaxation to ensure that we maintain appropriate headroom while trading conditions remain subdued. We have also reduced the facility size to €300m (currently undrawn). Our next significant maturity is our €520m bond due in mid-2025, which we anticipate refinancing during the course of 2024. Leverage on the covenant basis was 4.2x net debt to EBITDA at year end, and we continue to target leverage within the 1-2x range over the medium term, supported by our divestment programme, cash generative business model and operating leverage. The Board has confirmed that dividends will remain suspended at least until net debt: EBITDA is less than 3x.

Staying focused on the medium and long term

Significant uncertainties remain, but while we continue to address short-term imperatives for the business in this environment, we are also focused on the medium-term targets we set out as part of the strategy. In line with the growth we expect in our markets when demand recovers, we anticipate mid-single-digit growth over the cycle on a constant currency basis. We aim to bring our EBITDA margin above 15%, driven by sustainable innovation and greater differentiation, and supported by further streamlining and simplifying of our manufacturing operations and supply chains. Over time we expect our business to deliver return on invested capital in the mid-teens.

Lily Liu
Chief Financial Officer
12 March 2024

FINANCIAL REVIEW

Group revenue, EBITDA and operating profit – continuing operations

Revenue for the continuing Group of £1,970.9m (2022: £2,332.3m) decreased by 15.5% in constant currency compared with the prior year. This principally reflects a 9.9% reduction in volume, driven by subdued end-market demand and increased regional competition in some base chemicals, as well as pass through of lower raw material input prices. The rate of volume decline slowed in H2 2023 compared to H1 2023. EBITDA for the continuing Group was £142.1m (2022: £253.8m), with robust pricing and a strong focus on cost partially mitigating the challenging volume environment. Sequentially, EBITDA margin in all three divisions improved in H2 2023 relative to H1 2023. Depreciation and amortisation increased to £104.4m (2022: £84.3m), reflecting a full year of the acquired adhesive resins business and a reprofiling of the depreciation rate of those fixed assets under IAS 16, resulting in underlying operating profit for the continuing Group of £37.7m (2022: £169.5m). On a statutory basis, including the Special Items excluded from underlying measures (see page 7), this resulted in an operating loss for the continuing Group of £(35.4)m (2022: £(13.5)m).

Full year ended 31 December 2023, £m	**CCS**	**AS**	**HPPM**	**Corp.**	**Continuing operations**	**Dis-continued**	**Total Group**
Revenue	**815.5**	**581.7**	**573.7**	**-**	**1,970.9**	**50.3**	**2,021.2**
EBITDA	**100.1**	**31.2**	**31.0**	**(20.2)**	**142.1**	**(3.0)**	**139.1**
EBITDA % of revenue	**12.3%**	**5.4%**	**5.4%**		**7.2%**	**(6.0)%**	**6.9%**
Operating profit/(loss) – underlying	**73.3**	**(7.5)**	**(0.7)**	**(27.4)**	**37.7**	**(3.9)**	**33.8**
Operating profit/(loss) – statutory	**41.1**	**(32.7)**	**(10.2)**	**(33.6)**	**(35.4)**	**53.1**	**17.7**

Full year ended 31 December 2022, £m	CCS	AS	HPPM	Corp.	Continuing operations	Dis-continued	Total Group
Revenue	996.1	572.9	763.3	-	2,332.3	252.8	2,585.1
EBITDA	120.8	67.2	86.5	(20.7)	253.8	11.3	265.1
EBITDA % of revenue	12.1%	11.7%	11.3%		10.9%	4.5%	10.3%
Operating profit – underlying	94.1	44.5	57.6	(26.7)	169.5	1.7	171.2
Operating profit – statutory	62.8	(126.1)	54.2	(4.4)	(13.5)	(13.0)	(26.5)

Special Items – continuing operations

The following items of income and expense have been reported as Special Items – continuing operations and have been excluded from EBITDA and other underlying metrics:

Full year ended 31 December	**2023**	**2022**
	£m	£m
Amortisation of acquired intangibles	**(49.3)**	(44.8)
Restructuring and site closure costs	**(14.7)**	(19.2)
Impairment charge	**(5.6)**	(133.7)
Acquisition costs and related gains	**(2.0)**	(6.5)
Sale of business	**(0.3)**	(0.3)
Regulatory fine	**(0.7)**	21.5
Abortive bond costs	**(0.5)**	-
Total impact on operating profit	**(73.1)**	**(183.0)**
Fair value movement on unhedged interest rate derivatives	**(1.8)**	25.1
Loss on extinguishment of financing facilities	**(4.7)**	-
Total impact on loss/profit before taxation	**(79.6)**	**(157.9)**
Taxation Special Items	**(1.7)**	3.6
Taxation on Special Items	**4.5**	39.3
Total impact on loss/profit for the period – continuing operations	**(76.8)**	**(115.0)**

Amortisation of acquired intangibles is the amortisation on the customer lists, patents, trademarks and trade secrets arising on past acquisitions. The fair value of the intangible assets arising on past acquisitions is being amortised over periods of 5-20 years mainly dependent on the characteristics of the customer relationships.

Restructuring and site closure costs in 2023 comprised a £3.3m charge in relation to the ongoing integration of the acquired adhesive resins business, £3.8m of costs related to the new strategy and realignment of the business into its new divisions during 2023, £5.9m of costs for ongoing functional and site rationalisation in the USA and Europe, as a result of the divisional reorganisation and the sale of the Laminates, Films and Coated Fabrics businesses, and a £1.7m charge in relation to demolition and site rationalisation activity in Malaysia.

A £5.6m impairment charge was provided on the mothballing of the NBR plant in Kluang, Malaysia.

Acquisition costs and related gains of £2.0m in 2023 include obligations to the US pensions schemes arising from the adhesive resins acquisition in 2022.

In July 2018, the Group entered into swap arrangements to fix euro interest rates on the full value of the then €440m 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 in excess of the Group's current borrowings.

In March 2023, the Group refinanced its bank loan facilities. All amounts outstanding on two term loans of $260m and $300m and the RCF of €460m were subsequently repaid and the facilities were cancelled, and a new RCF was signed. All capitalised debt issue costs relating to the cancelled facilities were written off, leading to a loss on extinguishment of £4.7m.

Continuing Taxation Special Items mainly relates to a movement in foreign exchange on the uncertain tax provision for a historical tax issue in Malaysia on the sale of plantation land.

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

Discontinued operations

On 28 February 2023, the Group completed the sale of its Laminates, Films and Coated Fabrics businesses to Surteco North America, Inc. following satisfaction of the conditions to the transaction announced on 13 December 2022. The final cash proceeds received at completion amounted to $260.3m after transaction expenses, with $3.2m received in July 2023 and a further $5m receivable in cash 13 months after completion. The net cash proceeds were used to reduce the Group's debt. The Laminates, Films and Coated Fabrics businesses are reported as discontinued operations in these results.

On 29 September 2023, the Group announced its intention to shut down its North America Paper and Carpet business before the end of 2023, as part of the previously announced strategy to exit a number of non-core businesses, including the paper and carpet businesses globally. The North America Paper and Carpet business is reported as discontinued in these results. All discontinued operations form part of the HPPM division.

In the year, £57.0m of Special Items – discontinued operations (2022: £(14.9)m) were recognised, comprising a £61.5m gain on the sale of the Laminates Films and Coated Fabrics businesses, partially offset by £(3.7)m in restructuring and site closure costs and £(0.8)m in impairment charges relating to the North America Paper and Carpet business.

Discontinued taxation on Special Items was £(17.5)m (2022: £0.2m), principally relating to the utilisation of US tax losses against a US tax gain on the sale of the Laminates, Films and Coated Fabrics businesses.

Finance costs

Full year ended 31 December	2023	2022
	£m	£m
Interest payable	(70.6)	(44.8)
Interest receivable	10.2	1.6
Net interest expense on defined benefit obligation	(2.7)	(1.2)
Interest element of lease payments	(1.8)	(1.4)
Finance costs – underlying	(64.9)	(45.8)
Fair value movement on unhedged interest rate derivatives	(1.8)	25.1
Loss on extinguishment of financing facilities	(4.7)	-
Finance costs – statutory	(71.4)	(20.7)

Underlying finance costs increased to £64.9m (2022: £45.8m) and comprise interest on the Group's financing facilities, interest rate swaps, amortisation of associated debt costs and IAS 19 pension interest costs in respect of our defined benefit pension schemes. The rise in the net interest payable mainly reflects a full year of the additional debt utilised to finance the adhesive resins acquisition as well as higher base rates, partially offset by increased interest receivable following receipt of the proceeds of the rights issue. The Group recognised as Special Items a total of £(6.5)m in finance costs relating to interest rate derivative contracts and extinguishment of financing facilities, as described above.

Taxation

The Group's underlying tax credit for continuing operations was £1.6m (2022: £27.6m charge), representing an effective tax rate on the underlying loss before tax of 5.9% (2022: 22.3% on underlying profit). The effective tax rate is driven by the geographical mix of profits and an increase in deferred tax assets held off balance sheet in relation to the UK, due to uncertainty regarding their use in the foreseeable future. The Group is within the scope of the OECD Pillar Two model rules

which came into effect from 1 January 2024. The Group is in the process of assessing its exposure to the Pillar Two legislation but does not expect to be subject to the top-up tax in the normal course of business.

Non-controlling interest

The Group continues to hold 70% of Revertex (Malaysia) Sdn Bhd and its subsidiaries. These entities form a relatively minor part of the Group, so the impact on underlying performance from non-controlling interests is not significant.

Earnings per share

Earnings per share is calculated based on the weighted average number of shares in issue during the year. The weighted average number of shares for 2023 was 85.4m (2022: 63.4m on a comparable basis), reflecting the 20 to 1 share consolidation and the issuance of new shares at a discount under the rights issue in October 2023. As at 12 March 2024, the Company had 163.6m shares in issue.

Underlying earnings per share is (35.1) pence for the year, down from 152.0 pence in 2022 on a comparable basis, reflecting the lower earnings and higher number of shares. The statutory earnings per share is (78.5) pence, down from (51.2) pence on a comparable basis in 2022.

Currency

The Group presents its consolidated financial statements in sterling and conducts business in many currencies. As a result, it is subject to foreign currency risk due to exchange rate movements, which affect the Group's translation of the results and underlying net assets of its operations. To manage this risk, the Group uses foreign currency borrowings, forward contracts and currency swaps to hedge non-sterling net assets, which are predominantly denominated in euros, US dollars and Malaysian ringgits.

In 2023 the Group experienced a translation headwind of £0.7m on EBITDA, with average FX rates against our three principal currencies of €1.15, $1.24 and MYR 5.67 to the pound.

Given the global nature of our customer and supplier base, the impact of transactional foreign exchange can be very different from translational foreign exchange. We are able to partially mitigate the transaction impact by matching supply and administrative cost currencies with sales currencies. To reduce volatility which might affect the Group's cash or income statement, the Group hedges net currency transaction exposures at the point of confirmed order, using forward foreign exchange contracts. The Group's policy is, where practicable, to hedge all exposures on monetary assets and liabilities.

Cash performance

The following table summarises the movement in net debt and is in the format used by management:

Full year ended 31 December	2023	2022
	£m	£m
Opening net debt	(1,024.9)	(114.2)
Underlying operating profit (excluding joint ventures)	32.4	169.5
Movement in working capital	80.6	19.1
Depreciation of property, plant and equipment	96.5	86.0
Amortisation of other intangible assets	8.8	7.9
Capital expenditure	(84.0)	(90.8)
Operating Cash Flow[1]	134.3	191.7
Net interest paid	(54.3)	(38.2)
Tax received/(paid)	9.3	(65.6)
Pension funding	(7.3)	(21.3)
Adjustment for share-based payments charge	1.8	0.7
Dividends received from joint ventures	1.9	1.9
Free Cash Flow	85.7	69.2
Cash impact of settlement of interest rate derivative contracts	12.1	-
Cash impact of restructuring and site closure costs	(28.0)	(25.9)
Cash impact of acquisition costs	(1.9)	1.7
Proceeds on sale of business	208.2	0.3
Purchase of adhesive resins business	(18.4)	(759.6)
Rights issue proceeds	265.5	-
Repayment of principal portion of lease liabilities	(12.4)	(10.1)
Dividends paid	-	(99.5)
Foreign exchange and other movements	14.4	(86.8)
Movement in net debt	525.2	(910.7)
Closing net debt	(499.7)	(1,024.9)

[1]Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure.

Underlying operating profit reduced to £32.4m reflecting the trading performance described above. The net working capital inflow of £80.6m was as a result of the receivables financing facility, active inventory and account management, moderating raw materials pricing and lower activity levels. Inventories in the acquired adhesive resins business were reduced significantly in the year, with further progress expected in FY 2024.

In December 2022, the Group put in place two-year, non-recourse receivables financing facilities for a maximum committed amount of €200m. Factored receivables assigned under the facilities amounted to £110.6m net at 31 December 2023 (2022: £82.7m net). Under the facilities, the risks and rewards of ownership are transferred to the assignees. The duration of the committed facilities were subsequently extended to 31 May 2025.

Depreciation and amortisation of other intangibles increased principally due to the reprofiling of acquired fixed assets described above. Capital expenditure was £84.0m (2022: £90.8m), principally for the Pathway business transformation programme and recurring SHE and sustenance expenditure. The Group anticipates similar levels of capital expenditure in FY 2024.

Net interest paid increased to £54.3m reflecting the adhesive resins acquisition debt and higher base rates.

Net tax received was £9.3m, primarily reflecting the tax refunds the Group received in the year relating to a 2022 tax overpayment which was required by law, as a result of the profitability of the Health &Protection business in 2021.

The cash impact of Special Items including restructuring and site closure costs and acquisition costs was an outflow of £29.9m.

Group debt is denominated in sterling, euros and dollars. Both the euro and the dollar weakened relative to sterling during 2023, leading to a foreign exchange gain in net debt.

Financing and liquidity

At 31 December 2023, net debt was £499.7m (2022: £1,024.9m), with the reduction principally reflecting the proceeds of the rights issue completed in October 2023, divestment of the Laminates, Films and Coated Fabrics businesses and Free Cash Flow in excess of 2022 levels.

As at 31 December 2023, committed borrowing facilities principally comprised: a $400m RCF (maturing in July 2027), five-year €520m 3.875% senior unsecured loan notes (maturing July 2025) and UK Export Finance (UKEF) facilities of €288m and $230m (both maturing in October 2027). At 31 December 2023, the RCF was undrawn and the UKEF facilities were fully drawn. The Group's net debt: EBITDA for the purposes of the leverage ratio covenant increased from 3.7x at 31 December 2022 to 4.2x at 31 December 2023, due to lower EBITDA over the preceding 12-month period, partially offset by lower net debt, as described elsewhere.

The RCF and the UKEF facilities are subject to one leverage ratio covenant. For prudence, the Group agreed in March 2024 to extend the period of temporary covenant relaxation to ensure that appropriate headroom was maintained. Accordingly, the net debt: EBITDA ratios required under the covenant have been set at not more than 6.0x in June 2024 and 5.75x in December 2024, with ratios of not more than 5.0x in June 2025 and 4.75x in December 2025 conditional on a refinancing of the senior loan notes. In addition, the RCF amount was changed from $400m to €300m.

The Group currently expects net financing costs of approximately £60-65m in 2024 as a result of higher interest rates and other changes to the Group's financing arrangements. The Group's committed liquidity at 8 March 2024 was in excess of £450m.

Balance sheet

Net assets of the Group increased by 13% to £1,162.0m at 31 December 2023, mainly reflecting the issue of new shares partially offset by the £66.8m loss for the year and a loss of £65.5m on translation of foreign currency.

Provisions

The Group provisions balance decreased to £41.5m compared with a balance of £54.0m as at 31 December 2022, mainly reflecting cash utilisation of £11.2m in the year, most notably in relation to restructuring and site rationalisation activities.

Retirement benefit plans

The Group's principal funded defined benefit pension schemes are in the UK and the USA and are both closed to new entrants and future accrual. The Group also operates an unfunded defined benefit scheme in Germany and various other defined contribution overseas retirement benefit arrangements.

The Group's net retirement obligation decreased by £8.7m to £64.7m at 31 December 2023 (31 December 2022: £73.4m), and reflects the market value of assets and the valuation of liabilities in accordance with IAS 19, including an asset of £16.5m for the UK scheme. This reduction largely comprised £5.2m of cash contributions and actuarial gains of £2.9m. During 2024 the Group is committed to making c.£19m in contributions to the UK scheme, a portion of which was deferred from 2023.

Post-balance sheet events

During 2022, the European Commission concluded its investigation into styrene monomer purchasing practices, and the final settlement amount of £38.5m was transferred to other payables. The Group paid the

settlement amount plus interest in January 2024 as agreed with the EC.

In March 2024, the Group amended its RCF and UKEF arrangements, as described elsewhere.

As part of the Group's previously announced non-core portfolio rationalisation programme, there are three formal divestment processes underway for non-core businesses in Europe, currently incorporated within the Health & Protection and Performance Materials division. Given progress made since the year end, the Directors now consider it is more likely than not that at least one of these processes will lead to a divestment within the next 12 months.

DIVISIONAL REVIEW – CONTINUING OPERATIONS

Coatings & Construction Solutions (CCS)

Currently our most speciality-weighted division, CCS is already demonstrating the resilience and growth potential that comes from a true focus on customer needs supported by sustained alignment of people, capital, and strategy.

Full year ended 31 December	2023	2022	Change	Constant currency[1]
	£m	£m	%	%
Revenue	815.5	996.1	(18.1)	(19.0)
Volumes (ktes)	515.2	597.7	(13.8)	
EBITDA	**100.1**	**120.8**	**(17.1)**	**(17.3)**
EBITDA % of revenue	12.3%	12.1%		
Operating profit – underlying	73.3	94.1	(22.1)	(22.0)
Operating profit – statutory	41.1	62.8	(34.6)	

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

Performance

Divisional revenue decreased by 19.0% in constant currency to £815.5m (2022: £996.1m), principally driven by a 13.8% reduction in volume compared with the prior year. This principally reflects more cautious buying behaviour from our customers given the subdued end-user demand environment.

Throughout the year, our coatings end markets have been more robust than construction and consumer materials, while our activities for energy end markets have enjoyed strong levels of growth. Geographically, market conditions were stronger in our target growth regions of North America, Middle East and Asia, with activity levels in Europe more muted.

While reduced raw material costs were reflected in pricing, the division has been largely successful in retaining gross margin, reflecting the speciality nature of our offering for customers. Despite the challenging demand environment, robust cost control and a number of tactical initiatives enabled CCS to increase EBITDA margin to 12.3% (2022: 12.1%) and generate £100.1m of EBITDA (2022: £120.8m) in the year.

Typically the most seasonal division in the Group, volumes were sequentially lower in H2 2023 than H1, as expected. Notwithstanding this, EBITDA margin was higher in the second half compared with the first.

At the start of 2024, certain foam products were transferred from the CCS division into Performance Materials, and tyre cord, elastomeric modifiers and reinforcing resins products transferred in the other direction; the net financial effect was not significant.

Strategy

While CCS already has leading market positions in several niches, particularly in our historical home European markets, our strategy is focused on enhancing our organic growth capability. We are doing this through a more end-market aligned approach, key account management and a growing focus on value selling, as well as building on our increased geographic reach, both with our existing global customers and with regional leaders in our target markets. For example, through a joined-up approach involving the CEO of the Group and divisional management through to local technical and sales teams, we have developed an increasingly strategic partnership with one such leader in the USA. In the process we have multiplied the value of our sales with them several times over during the last 18 months.

In the year we undertook a modest investment to enhance our coatings capacity in the Middle East, and our sales in China should benefit from the Group's investment in a new Innovation Centre in Shanghai.

We have also continued to align our innovation efforts with the needs of our end markets, with a particular focus on sustainability, as a means to enhance the differentiation and hence resilience and margin opportunity of our product portfolio. In the year we have piloted a new bio-based emulsion polymer platform for coatings, with customer sampling taking place in 2024.

We also continue to progress a number of asset optimisation projects and other cost control and capacity management activities. We successfully completed our exit from a small production site in Texas, and in November 2023 we announced plans to close our Fitchburg, Massachusetts site by the end of 2024 following a review of our manufacturing footprint strategy in the North American region. By consolidating our production in the region we will improve asset utilisation rates and reduce complexity, while enabling new investment to advance our strategic focus on organic growth.

In 2024, the division's focus remains on organic growth, disciplined investment in innovation and enhancing our customer proposition, and continued optimisation of our manufacturing base to align with our strategic ambitions.

Adhesive Solutions (AS)

Despite substantial market and internal challenges, our AS division now has the team and the plan in place to build on its strengths and fulfil its potential, as reliability and efficiency improve and when end markets recover.

Full year ended 31 December	2023	2022[1]	Change	Constant currency[2]
	£m	£m	%	%
Revenue	581.7	572.9	1.5	1.0
Volumes (ktes)	247.2	224.2	10.3	
EBITDA	31.2	67.2	(53.6)	(54.3)
EBITDA % of revenue	5.4%	11.7%		
Operating (loss)/profit – underlying	(7.5)	44.5	n/m	n/m
Operating (loss)/profit – statutory	(32.7)	(126.1)	n/m	

1 2022 included a nine month contribution from the adhesive resins acquisition.
2 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Performance

Divisional revenue was £581.7m (2022: £572.9m), an increase of 1.0% in constant currency. The inclusion of the adhesive resins acquisition for the whole year (compared to three quarters in 2022) largely offset a 10.6% like-for-like volume decline, driven by lower demand amplified by destocking, challenges fulfilling customer orders due to previously disclosed reliability and supply chain issues, and increased pressure from global competitors in base products in the second half.

Within the division, speciality products (c.55% of divisional revenues) such as pure monomer resins (PMR), polybutadiene polymers, amorphous polyolefins (APOs) and rosins were more robust in both volume and pricing terms, reflecting their greater differentiation for customers. However, our more base chemical products – particularly hydrocarbon resins for the tapes, labels, packaging and plastics markets in Europe and the USA – were more exposed to increased global competition for lower demand this year.

In our speciality product portfolio, we were able largely to maintain or increase margins. We also successfully delivered on the cost and reliability actions planned for the year by the performance improvement programme that was put in place in July 2023 by the new divisional management team. However, the market challenges especially in our base products, together with disruptions in supply chain and production, resulted in divisional EBITDA of £31.2m (2022: £67.2m) and EBITDA margin of 5.4% (2022: 11.7%) for the year.

Comparing H2 2023 with the first half, the divisional volume declines began to stabilise, and EBITDA margin improved by 71bps.

Strategy

The AS division has leading positions in a range of speciality adhesive applications and long-term embedded relationships with many high-quality customers in attractive end markets. It has shifted the weighting of the Group towards North America through the recent adhesive resins acquisition, creating opportunities for Synthomer as a whole. However, its performance in 2023 was well below the division's long-term potential.

The immediate priority of our division is the execution of our performance improvement programme to increase operational reliability and cost efficiency of the acquired adhesive resins operations. The reliability initiatives focus on end-to-end stabilisation in procurement, production, and supply chain. We have made progress in improving logistics and supplier networks, and our focus going forward is now primarily on improving the reliability of certain key acquired sites. In terms of cost, the majority of the acquisition synergies have now been delivered. The new performance improvement programme delivered £5m in savings in 2023, and is currently targeting a total run rate in excess of £25m by 2025 with significant progress expected in 2024. The division has also successfully reduced inventory by more than £25m in the year, with further reductions targeted in 2024.

In addition to the performance improvement programme, our divisional strategy in 2024 and beyond recognises and addresses the differentiated performance of the speciality and base parts of the division. The majority of our investment for future growth is intended to build on the strengths of our speciality portfolio to drive revenue synergies and organic growth. This includes strengthening customer relationship management, innovation projects such as the launch of new product grades for tyres for electric vehicle end markets, and sustainability initiatives such as the ISCC PLUS certification of our major manufacturing sites. To support this, we are also investing in a disciplined way, including the ongoing expansion of our speciality amorphous polyolefins capacity in North America.

In the base product areas, the focus is more on enhancing cost competitiveness, such as our recent investment to bolster our supply chain, increase reliability and improve the cost position for hydrocarbon resin production in Europe.

Health & Protection and Performance Materials (HPPM)

Volumes in our Heath & Protection business have begun to recover gradually from their post-pandemic trough, and we continue to drive forward our plans for the Performance Materials portfolio.

Full year ended 31 December (continuing)[1]	2023	2022	Change	Constant currency[2]
	£m	£m	%	%
Revenue	573.7	763.3	(24.8)	(23.7)
Volumes (ktes)	544.2	629.0	(13.5)	
EBITDA	31.0	86.5	(64.2)	(61.3)
EBITDA % of revenue	5.4%	11.3%		
Operating (loss)/profit – underlying	(0.7)	57.6	n/m	n/m
Operating (loss)/profit – statutory	(10.2)	54.2	n/m	

1 Laminates, Film and Coated Fabrics and North America Paper and Carpet have been reclassified as discontinued operations.
2 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Continuing divisional performance

Divisional revenue was £573.7m (2022: £763.3m), driven by a 13.5% reduction in volume and significantly lower prices compared with the strong 2022.

The exceptional global demand for NBR to manufacture medical gloves at the height of the COVID-19 pandemic gave way during 2022 to a prolonged period of destocking and oversupply for our Health & Protection business. This, combined with an increase in output from Chinese glove manufacturers, put significant strain on pricing and plant utilisation throughout the value chain. Together, these factors resulted in a 13.4% decline in NBR volumes compared with the prior year. End-market demand growth for medical gloves remains robust, underpinned by the long-term hygiene megatrend, and some NBR and glove capacity has left the market (including from our decision in August 2023 to mothball our NBR facility in Kluang, Malaysia, which will reduce our NBR capacity by approximately 20%). As a result, the current divergence between capacity and demand for NBR is slowly abating, with volumes modestly improving in Q3 and Q4 2023, albeit with low unit margins persisting.

In our Performance Materials portfolio, which includes a number of businesses with niche leadership positions that have however been assessed as non-core to the wider Group strategy, volumes were down by 13.5%. This was driven principally by lower demand exacerbated by destocking. Many of these are base businesses which have experienced greater unit margin pressure as raw material prices moderate compared with the more speciality parts of the Group. Again the trend moderated sequentially, with Performance Materials volumes stabilising during the second half.

As a predominantly base chemicals division, the negative operating leverage impact of lower volumes was significant, with divisional EBITDA reducing to £31.0m (2022: £86.5m) and EBITDA margin to 5.4% (2022: 11.3%). Reflecting our focus on cost, capacity utilisation and efficiency, divisional EBITDA margin improved by 90bps in H2 2023 compared with H1 2023.

Strategy

As a market leader with critical mass and structurally growing end-markets, Health & Protection is a core Synthomer business, albeit one with base chemical characteristics. As such, in accordance with the differentiated steering pillar of our strategy, our operational focus has been on improving cost efficiency across our value chain and enhancing our overall value proposition to our customers through selective investment in process and product innovation and sustainability.

The transfer of product grades from Kluang to our other NBR plants is now largely complete, improving our overall cost competitiveness and utilisation rates. Focusing our Health & Protection production on our newer facilities also lowers our energy consumption and the carbon footprint of our customers and ourselves.

We also continue to increase our level of customer intimacy, enhancing our understanding of demand and market flows and facilitating deeper relationships with customers. We requalified with an important customer during the year, and are exploring a number of new opportunities, including in the USA and China, the latter to be supported by Synthomer's investment in our new China Innovation Centre under construction in Shanghai. We have also revised our innovation and capital expenditure plans to focus on our most differentiated products or process opportunities, with positive take-up of our SyNovus Plus product in Europe, for example.

Our non-core portfolio rationalisation programme continued to progress during the year. We currently have three formal divestment processes underway, including for the European SBR for paper and carpet business, which is progressing to plan.

Safety

We achieved a much improved performance in 2023. Our Recordable Case Rate (RCR) result represents a more than 50% year-on-year improvement and places Synthomer in the top quartile for our industry. Meanwhile, our Process Safety Event Rate (PSER) has stabilised year-on-year. Both metrics are testament to the hard work of our employees, although we recognise there remains more to do to, in particular to complete the process of bringing the more recently acquired sites up to the standards of safety achieved elsewhere in the portfolio.

Longer-term SHE trends clearly demonstrate that the longer sites are part of Synthomer and our SHE management system, the better their performance.

As well as our two headline 'lagging' indicators, we are also increasingly focused on a number of 'leading' indicators, such as permit to work, management of change and SHE competency within our teams to help drive future performance improvements. In 2023, we held three regional SHE conferences with leading indicators as a headline topic.

In 2024, we will focus on process safety improvements for all our operational teams and continue to develop our major accident hazard scenario barrier checks.

Full year ended 31 December (continuing)	2023	2022	Change
RCR per 100,000 hours for employees and contractors			Absolute
CCS	**0.23**	0.45	(0.22)
AS[1]	**0.38**	0.29	0.09
HPPM	**0.03**	0.18	(0.15)
Continuing Group	**0.16**	0.31	(0.15)
PSER per 100,000 hours for employees and contractors			Absolute
CCS	**0.13**	0.28	(0.15)
AS[1]	**0.63**	0.54	0.09
HPPM	**0.08**	0.13	(0.05)
Continuing Group	**0.18**	0.24	(0.06)

1 2022 data for AS reflects the April-December period which included the acquired adhesive resins business.

Forward-looking statements

Certain statements included or incorporated by reference within this document may constitute 'forward-looking statements' with respect to the operations, performance and financial condition of the Group. By their nature, forward-looking statements involve uncertainty, since future events and circumstances can cause results or developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this report and the Company is under no obligation to update these forward-looking statements. No statement in this document should be construed as a profit forecast.

Consolidated income statement

for the year ended 31 December 2023

	2023			2022		
	Underlying performance £m	Special items £m	IFRS £m	Underlying performance £m	Special items £m	IFRS £m
Continuing operations						
Revenue	1,970.9	–	1,970.9	2,332.3	–	2,332.3
Company and subsidiaries operating profit before Special Items	36.3	–	36.3	167.8	–	167.8
Amortisation of acquired intangibles	–	(49.3)	(49.3)	–	(44.8)	(44.8)
Restructuring and site closure costs	–	(14.7)	(14.7)	–	(19.2)	(19.2)
Acquisition costs and related losses	–	(2.0)	(2.0)	–	(6.5)	(6.5)
Sale of business	–	(0.3)	(0.3)	–	(0.3)	(0.3)
Regulatory fine	–	(0.7)	(0.7)	–	21.5	21.5
Abortive bond costs	–	(0.5)	(0.5)	–	–	–
Impairment charge	–	(5.6)	(5.6)	–	(133.7)	(133.7)
Company and subsidiaries operating profit/(loss)	36.3	(73.1)	(36.8)	167.8	(183.0)	(15.2)
Share of joint ventures	1.4	–	1.4	1.7	–	1.7
Operating profit/(loss)	37.7	(73.1)	(35.4)	169.5	(183.0)	(13.5)
Interest payable	(70.6)	–	(70.6)	(44.8)	–	(44.8)
Interest receivable	10.2	–	10.2	1.6	–	1.6
Fair value (loss)/gain on unhedged interest derivatives	–	(1.8)	(1.8)	–	25.1	25.1
Loss on extinguishment of financing facilities	–	(4.7)	(4.7)	–	–	–
Net interest expense on defined benefit obligations	(2.7)	–	(2.7)	(1.2)	–	(1.2)
Interest element of lease payments	(1.8)	–	(1.8)	(1.4)	–	(1.4)
Finance costs	(64.9)	(6.5)	(71.4)	(45.8)	25.1	(20.7)
(Loss)/profit before taxation	(27.2)	(79.6)	(106.8)	123.7	(157.9)	(34.2)
Taxation	1.7	2.8	4.5	(27.6)	42.9	15.3
(Loss)/profit for the year from continuing operations	(25.5)	(76.8)	(102.3)	96.1	(115.0)	(18.9)
(Loss)/profit for the year from discontinuing operations attributable to equity holders of the parent	(4.1)	39.6	35.5	0.8	(14.9)	(14.1)
(Loss)/profit for the year	(29.6)	(37.2)	(66.8)	96.9	(129.9)	(33.0)
Profit/(loss) attributable to non-controlling interests	0.4	(0.2)	0.2	0.5	(1.0)	(0.5)
(Loss)/profit attributable to equity holders of the parent	(30.0)	(37.0)	(67.0)	96.4	(128.9)	(32.5)
	(29.6)	(37.2)	(66.8)	96.9	(129.9)	(33.0)
Earnings per share						
– Basic from continuing operations	(30.3)p	(89.7)p	(120.0)p	150.7p	(179.7)p	(29.0)p
– Diluted from continuing operations	(30.3)p	(89.7)p	(120.0)p	150.7p	(179.7)p	(29.0)p
– Basic	(35.1)p	(43.4)p	(78.5)p	152.0p	(203.2)p	(51.2)p
– Diluted	(35.1)p	(43.4)p	(78.5)p	152.0p	(203.2)p	(51.2)p

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	2023			2022		
	Equity holders of the parent £m	Non-controlling interests £m	Total £m	Equity holders of the parent £m	Non-controlling interests £m	Total £m
(Loss)/profit for the year	(67.0)	0.2	(66.8)	(32.5)	(0.5)	(33.0)
Actuarial gains	2.9	–	2.9	34.1	–	34.1
Tax relating to components of other comprehensive income	(1.0)	–	(1.0)	(11.6)	–	(11.6)
Total items that will not be reclassified to profit or loss	1.9	–	1.9	22.5	–	22.5
Exchange differences on translation of foreign operations	(58.3)	(0.8)	(59.1)	95.9	0.8	96.7
Exchange differences recycled on sale of business	(0.5)	–	(0.5)	–	–	–
Fair value (loss)/gain on hedged interest derivatives	(7.7)	–	(7.7)	9.7	–	9.7
Gains on net investment hedges taken to equity	1.0	–	1.0	2.4	–	2.4
Total items that may be reclassified subsequently to profit or loss	(65.5)	(0.8)	(66.3)	108.0	0.8	108.8
Total other comprehensive (expense)/income for the year	(63.6)	(0.8)	(64.4)	130.5	0.8	131.3
Total comprehensive (expense)/income for the year	(130.6)	(0.6)	(131.2)	98.0	0.3	98.3

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non- controlling interests £m	Total equity £m
At 1 January 2023	46.7	620.0	0.9	75.9	273.5	1,017.0	14.0	1,031.0
(Loss)/profit for the year	–	–	–	–	(67.0)	(67.0)	0.2	(66.8)
Other comprehensive (expense)/income for the year	–	–	–	(65.5)	1.9	(63.6)	(0.8)	(64.4)
Total comprehensive (expense) for the year	–	–	–	(65.5)	(65.1)	(130.6)	(0.6)	(131.2)
Dividends	–	–	–	–	–	–	–	–
Share consolidation	(46.5)	46.5	–	–	–	–	–	–
Issue of shares	1.4	259.4	–	–	–	260.8	–	260.8
Share-based payments	–	–	–	–	1.4	1.4	–	1.4
At 31 December 2023	1.6	925.9	0.9	10.4	209.8	1,148.6	13.4	1,162.0

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £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
Loss for the year	–	–	–	–	(32.5)	(32.5)	(0.5)	(33.0)
Other comprehensive income for the year	–	–	–	108.0	22.5	130.5	0.8	131.3
Total comprehensive income for the year	–	–	–	108.0	(10.0)	98.0	0.3	98.3
Dividends	–	–	–	–	(99.5)	(99.5)	–	(99.5)
Share-based payments	–	–	–	–	(0.8)	(0.8)	–	(0.8)
At 31 December 2022	46.7	620.0	0.9	75.9	273.5	1,017.0	14.0	1,031.0

Consolidated balance sheet
as at 31 December 2023

	2023 £m	2022 £m
Non-current assets		
Goodwill	465.7	480.8
Acquired intangible assets	452.5	523.6
Other intangible assets	71.1	60.9
Property, plant and equipment	705.7	753.6
Deferred tax assets	36.8	50.3
Defined benefit asset	16.5	5.9
Investment in joint ventures	7.5	8.1
Total non-current assets	1,755.8	1,883.2
Current assets		
Inventories	344.1	407.9
Trade and other receivables	213.0	271.6
Current tax assets	8.8	34.3
Cash and cash equivalents	371.3	227.7
Derivative financial instruments	12.2	26.7
Assets classified as held for sale	1.5	196.2
Total current assets	950.9	1,164.4
Total assets	2,706.7	3,047.6
Current liabilities		
Borrowings	(0.7)	(18.5)
Trade and other payables	(431.3)	(460.8)
Lease liabilities	(13.8)	(10.6)
Current tax liabilities	(28.0)	(33.6)
Provisions for other liabilities and charges	(11.9)	(13.7)
Derivative financial instruments	(2.4)	–
Liabilities classified as held for sale	–	(45.5)
Total current liabilities	(488.1)	(582.7)
Non-current liabilities		
Borrowings	(870.3)	(1,234.1)
Trade and other payables	(0.2)	(0.4)
Lease liabilities	(41.5)	(34.9)
Deferred tax liabilities	(33.8)	(44.9)
Retirement benefit obligations	(81.2)	(79.3)
Provisions for other liabilities and charges	(29.6)	(40.3)
Total non-current liabilities	(1,056.6)	(1,433.9)
Total liabilities	(1,544.7)	(2,016.6)
Net assets	1,162.0	1,031.0
Equity		
Share capital	1.6	46.7
Share premium	925.9	620.0
Capital redemption reserve	0.9	0.9
Hedging and translation reserve	10.4	75.9
Retained earnings	209.8	273.5
Equity attributable to equity owners of the parent	1,148.6	1,017.0
Non-controlling interests	13.4	14.0
Total equity	1,162.0	1,031.0

Consolidated cash flow statement

for the year ended 31 December 2023

	2023		2022	
	£m	£m	£m	£m
Operating				
Cash generated from operations		195.0		237.7
– Interest received	10.2		1.6	
– Interest paid	(62.7)		(38.4)	
– Interest element of lease payments	(1.8)		(1.4)	
Net interest paid		(54.3)		(38.2)
– UK corporation tax paid	(2.9)		–	
– Overseas corporate tax received/(paid)	12.2		(65.6)	
Total tax received/(paid)		9.3		(65.6)
Net cash inflow from operating activities		150.0		133.9
Investing				
Dividends received from joint ventures		1.9		1.9
Purchase of property, plant and equipment and intangible assets		(84.0)		(90.8)
Acquisition of adhesive resins business		(18.4)		(759.6)
Proceeds from sale of business		208.2		0.3
Net cash inflow/(outflow) from investing activities		107.7		(848.2)
Financing				
Dividends paid		–		(99.5)
Dividends paid to non-controlling interests		–		–
Proceeds on issue of shares		265.5		–
Settlement of equity-settled share-based payments		(0.4)		(1.5)
Repayment of principal portion of lease liabilities		(12.4)		(10.1)
Repayment of borrowings		(892.0)		(207.6)
Proceeds of borrowings		548.4		733.2
Net cash (outflow)/inflow from financing activities		(90.9)		414.5
Increase/(decrease) in cash, cash equivalents and bank overdrafts during the period		166.8		(299.8)
Cash and cash equivalents and bank overdrafts at 1 January		209.2		505.3
Foreign exchange (loss)/gain		(5.4)		3.7
Cash, cash equivalents and bank overdrafts at 31 December		370.6		209.2

See note 8 for further details of cash flows from discontinued operations.

1. 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 of a segment 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 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 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
- Settlement of prior period tax issues.

Special Items comprise:

	2023 £m	2022 £m
Amortisation of acquired intangibles	(49.3)	(44.8)
Restructuring and site closure costs	(14.7)	(19.2)
Impairment charge	(5.6)	(133.7)
Acquisition costs and related (losses)/gains	(2.0)	(6.5)
Sale of business	(0.3)	(0.3)
Regulatory fine	(0.7)	21.5
Abortive bond costs	(0.5)	–
Total impact on operating loss	**(73.1)**	(183.0)
Finance costs		
Fair value (loss)/gain on unhedged interest derivatives	(1.8)	25.1
Loss on extinguishment of financing facilities	(4.7)	–
Total impact on loss before taxation	**(79.6)**	(157.9)
Taxation Special items	(1.7)	3.6
Taxation on Special items	4.5	39.3
Total impact on loss for the year – continuing operations	**(76.8)**	(115.0)
Discontinued Operations		
Amortisation of acquired intangibles	–	(6.1)
Restructuring and site closure costs	(3.7)	(0.3)
Sale of business	61.5	(8.3)
Impairment charge	(0.8)	–
Taxation on Special Items	(17.4)	(0.2)
Total impact on profit/(loss) for the year – discontinued operations	**39.6**	(14.9)
Total impact on loss for the year	**(37.2)**	(129.9)

Amortisation of acquired intangibles is the amortisation on the customer lists, patents, trademarks and trade secrets arising on past acquisitions. The fair value of the intangible assets arising on past acquisitions are being amortised over periods of 5-20 years mainly dependent on the characteristics of the customer relationships.

1. Special items (continued)

Within continuing operations, Restructuring and site closure costs in 2023 comprised:

- A £3.3m charge in relation to the ongoing integration of the acquired adhesive resins business into the Adhesive Solutions division
- £3.8m of costs in relation to the new strategy and realignment of the business into its new divisions effective from 2023
- £5.9m of costs for ongoing functional and site rationalisation in the USA and Europe, as a result of divisional realignment and the sale of the Laminates, Films and Coated Fabrics business
- A £1.7m charge in relation to demolition and site rationalisation activity in Malaysia.

Within discontinued operations, Restructuring and site closure costs of £3.3m were incurred due to the closure of the North America Paper and Carpet business that was announced in September 2023.

Restructuring and site closure costs in 2022 included charges to integrate the adhesive resins business, site rationalisation costs in Malaysia and Europe, and costs in relation to the strategy change and realignment of the business into its new divisions.

Within continuing operations, a £5.6m impairment charge was provided on the mothballing of the NBR plant in Malaysia. Within discontinued operations, a £0.8m impairment charge was taken to discontinued items in the year, relating to lease impairments in the discontinued North America Paper and Carpet business. The impairment charge in 2022 related to the acquired adhesive resins business.

Acquisition costs and related gains are for the acquisition of the adhesive resins business from Eastman Chemical Company and include £1.9m of costs, related to obligations to the USA pension schemes. Acquisition costs in 2022 also related to the acquisition of adhesive resins.

Sale of business mainly related to the proceeds net of any costs, primarily professional fees, incurred in conjunction with the sale of the Laminates, Films and Coated Fabrics businesses to Surteco.

During 2018, the European Commission initiated an investigation into Styrene monomer purchasing practices of a number of companies, including Synthomer, operating in the European Economic Area. The Company has fully cooperated with the Commission throughout the investigation. In 2021, based on the information available and the resulting assessment of the expected outcome of the investigation a provision of £57.2m was made. In 2022, the Commission concluded its investigation, resulting in a fine of £38.5m. In 2023, interest of £0.7m on the settlement was due.

During the year, the Group commenced a process to issue fixed rate unsecured loan notes, the Group later decided to issue new shares in a rights issue and did not proceed with the issue of the loan notes. The costs of this process are not reflective of underlying performance.

In July 2018, the Group entered into swap arrangements to fix euro interest rates on the full value of the then €440m 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 in excess of the Group's borrowings.

Continuing taxation Special Items related principally to the movement in foreign exchange on the uncertain tax provision in relation to a historical tax issue in Malaysia.

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

Discontinuing taxation on Special Items relates principally to the utilisation of the USA tax losses against the USA tax on the sale of the Laminates, Films and Coated Fabrics business.

2. Segmental analysis

The Group's Executive Committee, chaired by the Chief Executive Officer, examines the Group's performance.

As part of the strategy refresh announced in October 2022, the Group has changed the way it does business to be closer to consumers, more embedded in customers' markets, and better able to deliver the sustainable innovations that will drive success. As of 1 January 2023, the Group now has three new, market-focused divisions with strong commercial positions and global reach.

The Group's reportable segments are as follows:

Coatings & Construction Solutions

Our specialist polymers enhance the sustainable performance of a wide range of coatings and construction products. We work across architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions.

Adhesive Solutions

Our adhesive solutions bond, modify and compatibilise surfaces and components for products including tapes and labels, packaging, hygiene, tyres and plastic modification, helping improve permeability, strength, elasticity, damping, dispersion and grip.

Health & Protection and Performance Materials

We help enhance protection and performance in a wide range of industries including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf, gel foam elastomers, and vinyl-coated seating fabrics.

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.

	Continuing Operations					Discontinued Operations	
2023	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	Health & Protection and Performance Materials £m	Total £m
Revenue							
Total revenue	815.5	581.7	584.3	–	1,981.5	50.3	2,031.8
Inter-segmental revenue	–	–	(10.6)	–	(10.6)	–	(10.6)
	815.5	581.7	573.7	–	1,970.9	50.3	2,021.2
EBITDA	100.1	31.2	31.0	(20.2)	142.1	(3.0)	139.1
Depreciation and amortisation	(26.8)	(38.7)	(31.7)	(7.2)	(104.4)	(0.9)	(105.3)
Operating profit/(loss) before Special Items	73.3	(7.5)	(0.7)	(27.4)	37.7	(3.9)	33.8
Special Items	(32.2)	(25.2)	(9.5)	(6.2)	(73.1)	57.0	(16.1)
Operating profit/(loss)	41.1	(32.7)	(10.2)	(33.6)	(35.4)	53.1	17.7
Finance costs							(71.4)
Loss before taxation							(53.7)

2. Segmental analysis (continued)

	Continuing Operations					Discontinued Operations	
2022	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	Health & Protection and Performance Materials £m	Total £m
Revenue							
Total revenue	996.1	572.9	779.7	–	2,348.7	252.8	2,601.5
Inter-segmental revenue	–	–	(16.4)	–	(16.4)	–	(16.4)
	996.1	572.9	763.3	–	2,332.3	252.8	2,585.1
EBITDA	120.8	67.2	86.5	(20.7)	253.8	11.3	265.1
Depreciation and amortisation	(26.7)	(22.7)	(28.9)	(6.0)	(84.3)	(9.6)	(93.9)
Operating profit/(loss) before Special Items	94.1	44.5	57.6	(26.7)	169.5	1.7	171.2
Special Items	(31.3)	(170.6)	(3.4)	22.3	(183.0)	(14.7)	(197.7)
Operating profit/(loss)	62.8	(126.1)	54.2	(4.4)	(13.5)	(13.0)	(26.5)
Finance costs							(21.1)
Profit before taxation							(47.6)

3. Reconciliation of operating profit/(loss) to cash generated from operations

	2023 £m	2022 £m
Operating profit/(loss)	17.7	(26.5)
Less: share of profits of joint ventures	(1.4)	(1.7)
Adjustments for:	16.3	(28.2)
– Depreciation of property, plant and equipment	85.0	76.4
– Depreciation of right of use assets	11.5	9.6
– Amortisation of other intangibles	8.8	7.9
– Share-based payments	1.8	0.7
– Special Items	16.1	197.7
Cash impact of settlement of interest rate derivative contracts	12.1	–
Cash impact of restructuring and site closure costs	(28.0)	(25.9)
Cash impact of acquisition costs and related gains	(1.9)	1.7
Pension funding in excess of service cost	(7.3)	(21.3)
Movement in working capital	80.6	19.1
Cash generated from operations	195.0	237.7
Reconciliation of movement in working capital		
Decrease/(increase) in inventories	45.7	(12.3)
Decrease in trade and other receivables	52.7	147.0
Decrease in trade and other payables	(17.8)	(115.6)
Movement in working capital	80.6	19.1

4. Dividends

	2023		2022	
	Pence per share	£m	Pence per share	£m
Interim dividend	–	–	–	–
Proposed final dividend	–	–	–	–
	–	–	–	–

As part of a covenant amendment process in October 2022, the Group suspended dividend payments. This included the suspension of the interim dividend of 4.0p announced in 2022 that was due to be paid in November 2022.

Dividends paid

	2023 £m	2022 £m
Interim dividend	–	–
Prior year final dividend	–	99.5
	–	99.5

5. Earnings per share

		2023			2022		
		Underlying performance	Special Items	IFRS	Underlying performance	Special Items	IFRS
Earnings							
(Loss)/profit attributable to equity holders of the parent – continuing operations	£m	(25.9)	(76.6)	(102.5)	95.6	(114.0)	(18.4)
(Loss)/profit attributable to equity holders of the parent	£m	(30.0)	(37.0)	(67.0)	96.4	(128.9)	(32.5)
Number of shares							
Weighted average number of ordinary shares – basic	'000			85,382			63,441
Effect of dilutive potential ordinary shares	'000			251			138
Weighted average number of ordinary shares – diluted	'000			85,633			63,579
Earnings per share for (loss)/profit from continuing operations							
Basic earnings per share	pence	(30.3)	(89.7)	(120.0)	150.7	(179.7)	(29.0)
Diluted earnings per share	pence	(30.3)	(89.7)	(120.0)	150.7	(179.7)	(29.0)
Earnings per share for (loss)/profit from discontinued operations							
Basic earnings per share	pence	(4.8)	46.3	41.5	1.3	(23.5)	(22.2)
Diluted earnings per share	pence	(4.8)	46.3	41.5	1.2	(23.4)	(22.2)
Earnings per share for (loss)/profit attributable to equity holders of the parent							
Basic earnings per share	pence	(35.1)	(43.4)	(78.5)	152.0	(203.2)	(51.2)
Diluted earnings per share	pence	(35.1)	(43.4)	(78.5)	152.0	(203.2)	(51.2)

The weighted average number of ordinary shares for the year to 31 December 2022, used in the calculation of earnings per share, have been adjusted for the 20 to 1 share consolidation which took place on 28 September 2023, and the bonus element (factor of 2.715) of the additional shares issued under the terms of the rights issue which completed on 13 October 2023.

6. Finance costs

	2023 £m	2022 £m
Interest payable on bank loans and overdrafts	70.6	44.8
Less: interest receivable	(10.2)	(1.6)
Net interest expense on defined benefit obligations	2.7	1.2
Interest element of lease payments	1.8	1.4
Underlying finance costs	64.9	45.8
Fair value loss/(gain) on unhedged interest derivatives	1.8	(25.1)
Loss on extinguishment of financing facilities	4.7	–
Total finance costs from continuing operations	71.4	20.7
Finance costs from discontinued operations	–	0.4
Total finance costs	71.4	21.1

7. Analysis of net debt

	1 January 2023 £m	Cash flows £m	Exchange and other movements £m	31 December 2023 £m
Bank overdrafts	(18.5)	17.8	–	(0.7)
Current Liabilities	(18.5)	17.8	–	(0.7)
Bank loans	(777.7)	343.6	12.2	(421.9)
€520m 3.875% senior unsecured loan notes due 2025	(456.4)	–	8.0	(448.4)
Non-current liabilities	(1,234.1)	343.6	20.2	(870.3)
Total borrowings	(1,252.6)	361.4	20.2	(871.0)
Cash and cash equivalents	227.7	149.0	(5.4)	371.3
Net debt	(1,024.9)	510.4	14.8	(499.7)

Capitalised debt costs which have been recognised as a reduction in borrowings in the financial statements, amounted to £10.5m at 31 December 2023 (31 December 2022: £14.2m).

8. Discontinued operations

On 13 December 2022, the Group announced that it had entered into an agreement to sell its Laminates, Films and Coated Fabrics businesses to Surteco North America, Inc. The UK Financial Conduct Authority approved the circular to Shareholders on 16 December 2022. Shareholder approval was subsequently obtained on 11 January 2023 with the transaction completing on 28 February 2023 with net cash proceeds of $262m. The gain on disposal was £61.5m (see note 4).

The associated assets and liabilities were consequently presented for sale in the 2022 financial statements.

All discontinued operations form part of the Health & Protection and Performance Materials division.

On 29 September 2023, it was announced that Synthomer intended to shut down its North America Paper and Carpet business before the end of 2023, honouring existing contractual commitments to customers until its exit. This falls as part of the wider previously announced strategy to exit a number of non-core businesses which includes the paper and carpet businesses globally.

Financial information in respect of the discontinued operation is set out below:

Financial performance and cash flow information

	2023			2022		
	Laminates Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m	Laminates Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Revenue	28.0	22.3	50.3	201.2	51.6	252.8
Expenses	(25.5)	(27.8)	(53.3)	(185.3)	(56.2)	(241.5)
EBITDA	2.5	(5.5)	(3.0)	15.9	(4.6)	11.3
Depreciation and amortisation – Underlying performance	–	(0.9)	(0.9)	(7.2)	(2.4)	(9.6)
Operating profit – Underlying performance	2.5	(6.4)	(3.9)	8.7	(7.0)	1.7
Special Items	61.5	(4.5)	57.0	(14.7)	–	(14.7)
Operating profit/(loss) – IFRS	64.0	(10.9)	53.1	(6.0)	(7.0)	(13.0)
Finance costs	–	–	–	(0.4)	–	(0.4)
Profit/(loss) before taxation	64.0	(10.9)	53.1	(6.4)	(7.0)	(13.4)
Taxation	(17.6)	–	(17.6)	(0.7)	–	(0.7)
Profit/(loss) for the year	46.4	(10.9)	35.5	(7.1)	(7.0)	(14.1)
Cash flows from discontinued operations						
Net cash inflow from operating activities	(0.1)	(7.8)	(7.9)	5.6	(4.6)	1.0
Net cash outflow from investing activities	208.2	–	208.2	(4.0)	–	(4.0)

The prior-year figures of the consolidated income statement and the consolidated statement of cash flows have been adjusted in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

8. Discontinued operations (continued)

Assets and liabilities classified as held-for-sale

As of December 31 2022, the disposal group in relation to the Laminates, Films and Coated Fabrics business was recognised at the lower of its carrying amount and fair value less costs to sell, and comprised main categories of assets and liabilities summarised below. In 2023, the assets held for sale as at the end of December related to land and buildings at the Calhoun site, and within the Desa Badhuri legal entity which was sold in January 2024.

	2023 £m	2022 £m
Non-current assets		
Goodwill	–	43.5
Acquired intangible assets	–	44.4
Other intangible assets	–	2.8
Property, plant and equipment	1.4	54.7
Deferred tax assets	0.1	1.1
Total non-current assets	1.5	146.5
Current assets		
Inventories	–	31.1
Trade and other receivables	–	18.6
Total current assets	–	49.7
Total assets	1.5	196.2
Current liabilities		
Trade and other payables	–	(22.8)
Lease liabilities	–	(0.5)
Current tax liabilities	–	(0.3)
Total current liabilities	–	(23.6)
Non-current liabilities		
Lease liabilities	–	(2.2)
Deferred tax liabilities	–	(18.1)
Retirement benefit obligations	–	(1.6)
Total non-current liabilities	–	(21.9)
Total liabilities	–	(45.5)
Net assets held for sale	1.5	150.7

9. Post balance sheet events

During 2022, the European Commission concluded its investigation into styrene monomer purchasing practices, and the final settlement amount of £38.5m was transferred to other payables. The Group paid the settlement amount plus interest in January 2024 as agreed with the EC.

On 6 March 2024, the Group agreed amendments with its banks to the financial covenants on its RCF and UK Export Finance term loans. Under the new terms, the net debt: EBITDA ratios required under the covenant have been set at not more than 6.0x in June 2024 and 5.75x in December 2024, with ratios of not more than 5.0x in June 2025 and 4.75x in December 2025 conditional on a refinancing of the senior loan notes. In addition, the revolving credit facility was reduced from $400m to €300m.

As part of the Group's previously announced non-core portfolio rationalisation programme, there are three formal divestment processes underway for non-core businesses in Europe, currently incorporated within the Health & Protection and Performance Materials division. Given progress made since the year end, the Directors now consider it is more likely than not that at least one of these processes will lead to a divestment within the next 12 months.