

Registered No. 3734749

OMNOVA PERFORMANCE CHEMICALS LIMITED

Report and Financial Statements

30 November 2019



Omnova Performance Chemicals Limited

CORPORATE INFORMATION

DIRECTORS

J LeMay (Resigned 03.03.2020)
A Noonan (Resigned 03.03.2020)
A Higgin (Resigned 02.11.2020)
D McMillan (Appointed 03.03.2020)
R Atkinson (Appointed 02.11.2020)

SECRETARY

A Higgin (Resigned 02.11.2020)
7side Secretarial Limited (Terminated 01.10.2020)
R Atkinson (Appointed 02.11.2020)

AUDITOR

Ernst & Young LLP
1 More London Place
London SE1 2AF

BANKER

Barclays Bank PLC
25th Floor
1 Churchill Place
Canary Wharf
London E14 5HP

SOLICITOR

Simmons & Simmons
21 Wilson Street
London EC2M 2TX

REGISTERED OFFICE

Temple Fields
Harlow
United Kingdom CM20 2BH

Omnova Performance Chemicals Limited

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 November 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the business are the supply of chemical binders and floor care products.

Key performance indicators of the company are set out below:

| | 2019 | 2018 | Change |
|---------------------|-------|-------|--------|
| | £000 | £000 | % |
| Turnover | 723 | 2,676 | (73%) |
| Profit before tax | 2,175 | 204 | 966% |
| Shareholder's funds | 2,996 | 1,234 | 143% |

The assets of the business were sold to Omnova Solutions Portugal S.A, who are also 100% owned by Omnova Solutions Inc. in an asset purchase agreement completed in March 2019.

Further, on July 3, 2019 OMNOVA Solutions Inc. entered into an Agreement and Plan of Merger with Synthomer plc, Spirit USA Holdings Inc., and Synthomer USA, LLC. Shareholder and regulatory approvals were subsequently obtained and on 1 April 2020 OMNOVA Solutions Inc. merged with Spirit USA Holdings Inc., a wholly-owned subsidiary of Synthomer plc.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors view the principal risks to the company as the prolonged uncertainty surrounding Brexit, fluctuations in raw material pricing, particularly styrene and acrylate monomers. Index linked formula contracts are in place with key suppliers to minimise the exposure to price fluctuations as a result of changes to oil based feedstock prices. The company will continue monitor and manage exchange rate fluctuations, and established supplier contracts minimise any exposure.

BREAK UP BASIS

The directors have decided to place the company into liquidation, these financial statements are therefore prepared using the break-up basis.

Preparation of financial statements on a break-up basis involves the company making estimates and assumptions that affect the reported assets and liabilities. Estimates are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances and are continually re-evaluated. It has been considered whether any adjustments are required to provide for any further liabilities due to the upcoming liquidation.

On behalf of the Board of Directors



Donald B. McMillan

Director

Date: 25 November 2020

Omnova Performance Chemicals Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 November 2019.

RESULTS AND DIVIDENDS

The company generated a profit for the year after taxation of £1,762,000 (2018 - £165,000). The directors do not recommend a dividend payment (2018: Nil).

FINANCIAL INSTRUMENTS

Apart from working capital, the company does not have any other financial instruments. The company's exposure to risk as a result of entering into financial instruments is, in the view of the directors, restricted to credit, liquidity and cash flow risk and deemed to be minimal.

DIRECTORS

The directors during the year and to the date of approving the report and financial statements were as follows:

J LeMay – resigned 03.03.2020

A.Noonan – resigned 03.03.2020

A Higgin – resigned 02.11.2020

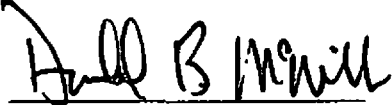
D.McMillan – appointed 03.03.2020

R Atkinson – appointed 02.11.2020

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board of Directors



Donald B. McMillan

Director

Date: 25 November 2020

Omnova Performance Chemicals Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a break up basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNOVA PERFORMANCE CHEMICALS LIMITED

Opinion

We have audited the financial statements of Omnova Performance Chemicals Limited for the year ended 30 November 2019 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a break-up basis

We draw attention to note 1 to the financial statements which explains that the company has ceased trading and the directors intend to strike off the company and therefore they do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNOVA PERFORMANCE CHEMICALS LIMITED (Continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNOVA PERFORMANCE
CHEMICALS LIMITED (Continued)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Oxana Dorrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 26 November 2020

Omnova Performance Chemicals Limited

STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended 30 November 2019

| | | 2019 | 2018 |
|--|-------|-------|---------|
| | Notes | £000 | £000 |
| TURNOVER | 3 | 723 | 2,676 |
| Cost of sales | | (576) | (2,082) |
| GROSS PROFIT | | 147 | 594 |
| Distribution costs | | (28) | (231) |
| Administrative expenses | | (129) | (159) |
| | | (157) | (390) |
| OPERATING PROFIT/(LOSS) | 4 | (10) | 204 |
| Gain on sale of assets | | 2,100 | - |
| Interest income | | 85 | - |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 2,175 | 204 |
| Tax on profit on ordinary activities | 7 | (413) | (39) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,762 | 165 |
| Retained earnings at the beginning of the year | | 1,234 | 1,069 |
| Profit/(Loss) for the year | | 1,762 | 165 |
| Retained earnings at the end of the year | | 2,996 | 1,234 |

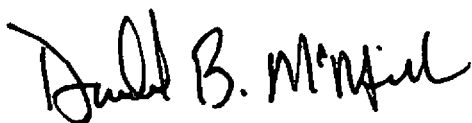
Omnova Performance Chemicals Limited

BALANCE SHEET

at 30 November 2019 and 2018

| | | 2019 | 2018 |
|---|-------|--------------|--------------|
| | Notes | £000 | £000 |
| CURRENT ASSETS | | | |
| Stocks | 8 | - | 238 |
| Debtors | 9 | 3,021 | 842 |
| Cash at bank and in hand | | 1,266 | 819 |
| | | <u>4,287</u> | <u>1,899</u> |
| CREDITORS: amounts falling due within one year | 10 | (1,291) | (665) |
| | | <u>2,996</u> | <u>1,234</u> |
| NET ASSETS | | | |
| | | <u>2,996</u> | <u>1,234</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | - | - |
| Profit and loss account | | 2,996 | 1,234 |
| | | <u>2,996</u> | <u>1,234</u> |
| Shareholder's funds | | <u>2,996</u> | <u>1,234</u> |

The financial statements were approved by the Board on and signed on its behalf by



Donald McMillan

Director

Date: 25 November 2020

Registered No. 3734749

Omnova Performance Chemicals Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 November 2019

| | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total shareholder's funds</i> |
|---------------------|--------------------------|--|--|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| At 1 December 2017 | - | 1,069 | 1,069 |
| Profit for the year | - | 165 | 165 |
| | <hr/> | <hr/> | <hr/> |
| At 30 November 2018 | - | 1,234 | 1,234 |
| Profit for the year | - | 1,762 | 1,762 |
| | <hr/> | <hr/> | <hr/> |
| At 30 November 2019 | - | 2,996 | 2,996 |
| | <hr/> | <hr/> | <hr/> |

Omnova Performance Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

1. ACCOUNTING POLICIES

Statement of compliance

Omnova Performance Chemicals is a company limited by shares incorporated in England and Wales. The registered office is Temple Fields, Harlow, United Kingdom, CM20 2BH.

The financial statements have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The Company transitioned from previously extant UK GAAP to FRS102 as at 1 December 2014.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting policies. Preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The functional and presentational currency is Pound Sterling. All amounts are rounded to the nearest thousand.

Break up basis

The directors have decided to place the company into liquidation, these financial statements are therefore prepared using the break-up basis.

Preparation of financial statements on a break-up basis involves the company making estimates and assumptions that affect the reported assets and liabilities. Estimates are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances and are continually re-evaluated. It has been considered whether any adjustments are required to provide for any further liabilities due to the upcoming liquidation.

Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

- The requirement of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- The requirement of Section 7 Statement of Cash Flows
- The requirement of Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirement of Section 11 Financial Instruments paragraph 11.39 to 11.48A
- The requirement of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- The requirement of Section 33 Related Party Disclosure paragraph 33.7

Stocks

Stocks are stated at the lower of cost and net realisable value. Manufactured finished goods are stated at the cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial instruments

The Company only enters into basic financial instruments transaction that result in the recognition of financial assets and liabilities including trade and group debtors and creditors and cash.

Debtors & Creditors

Short term debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Revenue recognition

Turnover, which is stated net of value added tax, discounts and rebates, represents amounts invoiced to third parties. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer, which is usually on dispatch.

Dividends

Equity dividends are recognised when they become legally payable, interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company paid fixed contributions into a separate entity. Once the contributions have been paid the Company has no further obligations.

The contributions are recognised as an expense in the profit & loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Interest receivable

Revenue is recognised as interest accrues using the effective interest method.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Company's accounting policies, which are described above, management has made judgements, principally in respect of debtor and inventory provisions, which are presented net of their originating balances set-out in notes 8 and 9. Judgments, estimates and assumptions have an effect on the amounts recognised in the financial statements, and are based on historical experience and other factors that are considered to be relevant. Actual results may differ.

Omnova Performance Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

3. TURNOVER

Turnover is attributable to the supply of chemical binders and floor care products.

An analysis of turnover by geographical market is given below:

| | 2019 | 2018 |
|-------------------|------------|--------------|
| | £000 | £000 |
| United Kingdom | 115 | 618 |
| Europe | 588 | 1,714 |
| Rest of the world | 20 | 344 |
| | <u>723</u> | <u>2,676</u> |

4. OPERATING PROFIT

Operating profit is stated after charging:

| | 2019 | 2018 |
|--|-----------|-----------|
| | £000 | £000 |
| Auditor's remuneration -- audit services | 27 | 21 |
| -- taxation services | - | 8 |
| Foreign exchange loss | 41 | 17 |
| | <u>68</u> | <u>46</u> |

5. DIRECTORS' EMOLUMENTS

The directors in office during the year were also directors of, and were paid by, other group undertakings. The fellow group undertakings have not recharged any amount to the company on the basis that the amount attributable to the company is negligible.

Omnova Performance Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

6. STAFF COSTS

| | 2019 | 2018 |
|-----------------------|------------|------------|
| | £000 | £000 |
| Wages and salaries | 112 | 390 |
| Social security costs | 14 | 73 |
| Other pension costs | 8 | 23 |
| | <u>134</u> | <u>486</u> |

The monthly average number of employees during the year was as follows:

| | 2019 | 2018 |
|----------------|----------|----------|
| | No. | No. |
| Administration | <u>4</u> | <u>4</u> |

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge is made up as follows:

| | 2019 | 2018 |
|---|------------|-----------|
| | £000 | £000 |
| UK corporation tax at 19.00% (2018: 19.00%) | <u>413</u> | <u>39</u> |

(b) Factors affecting current tax charge:

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19.00% (2018: 19.00%):

| | | |
|---|------------|-----------|
| Profit on ordinary activities before tax | 2,175 | 204 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | <u>413</u> | <u>39</u> |
| Total current tax | <u>413</u> | <u>39</u> |

Omnova Performance Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

8. STOCKS

| | 2019 | 2018 |
|----------------|------|------|
| | £000 | £000 |
| Finished goods | - | 238 |

9. DEBTORS

| | 2019 | 2018 |
|------------------------------------|-------|------|
| | £000 | £000 |
| Amounts owed by group undertakings | 3,009 | 169 |
| Trade debtors | - | 658 |
| Prepayments | 12 | 15 |
| | 3,021 | 842 |

10. CREDITORS: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|-------|------|
| | £000 | £000 |
| Trade creditors | - | 225 |
| Amounts owed to group undertakings | 1,291 | 358 |
| Corporation tax | - | 11 |
| Accruals | - | 70 |
| VAT payable | - | 1 |
| | 1,291 | 665 |

11. SHARE CAPITAL

| | <i>Allotted, called up and fully paid</i> | | | |
|----------------------------|---|------|------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | No. | No. | £ | £ |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |

Omnova Performance Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 November 2019

12. FINANCIAL INSTRUMENTS

| | 2019 | 2018 |
|--|------|------|
| | £000 | £000 |
| Financial assets | | |
| Financial assets measured at amortised cost | - | 828 |
| | - | 828 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | - | 583 |
| | - | 583 |

13. PENSION COMMITMENTS

At 30 November 2018, the employees of the company were members of private pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within section 33 of FRS 102, which exempts disclosure of transactions with other wholly owned group undertakings provided that consolidated financial statements that include the results of the company are publicly available.

15. PARENT UNDERTAKING AND CONTROLLING PARTY

On 30 November 2019 and 30 November 2018 the company's immediate parent undertaking was Omnova UK Holding Limited.

The parent undertaking of the group of undertakings for which group financial statements are drawn up that include the current year results of the company is OMNOVA Solutions Inc. Copies of the financial statements can be obtained from OMNOVA Solutions Inc, 25435 Harvard Road, Beachwood, Ohio, USA 44122.

As outlined below, at the date of approval of these financial statements, the ultimate parent undertaking and controlling party is Synthomer plc, a company incorporated in the United Kingdom.

16. EVENTS AFTER THE BALANCE SHEET DATE

On July 3, 2019 OMNOVA Solutions Inc. entered into an Agreement and Plan of Merger with Synthomer plc, Spirit USA Holdings Inc., and Synthomer USA, LLC. Shareholder and regulatory approvals were subsequently obtained and on 1 April 2020, OMNOVA Solutions Inc. merged with Spirit USA Holdings Inc., a wholly-owned subsidiary of Synthomer plc.