

Innovation



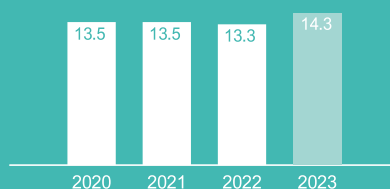
Priorities for 2024

- Launch at least 15 new products
- Increase new and proprietary products to 15% of sales vs 14% in 2023
- Expand alternative sourcing and innovation solutions for secure new material supply

Link to risk

- 1 Global economic conditions and competitive market pressures
 - 4 Regulatory compliance and product stewardship challenges
 - 7 Intellectual property and know-how
 - 8 Portfolio innovation and technology
- ⊕ For detail about our approach to risk, see pages 63-71.

Innovation sales %



We are a global leader in performance driven additives and are focused on creating solutions for our customers that deliver product performance improvements, efficiency gains and enhanced sustainability credentials. We continued to leverage our relationships and digital capabilities to drive the launch of 12 new products in 2023.

Our innovation focus is clear. We want to create solutions for the biggest challenges that our customers face which in turn, are reflected in our growth platform focus.

In Personal Care, consumers no longer just want natural ingredients that deliver superior performance. They are looking for more sophisticated products, for example, with additional skin care benefits. An example is CeraVe, a face care product which uses hectorite and promotes it on its packaging, due to its rheology modification properties, but also as an active ingredient for oil absorption.

Likewise, the Coatings industry wants high-performance additives that offer sustainability and new efficiency benefits. Our Rheolate® powder, which we expanded this year, provides excellent paint performance and enhanced film build. Given its powder form, it requires only half the storage space compared with liquid alternatives, and reduces the shipping volumes, leading to lower transportation emissions. It is also biocide free with low VOC.

Innovation at Elementis goes hand in hand with sustainability. All our new product launches and pipeline projects must have clear sustainability credentials. In 2023, nearly 70% of our revenue was from natural or naturally-derived chemistries, for example, castor wax based organic thixotropes. In addition, we are conscious of the need for our products to contribute to the overall wellbeing of society, whether it is through bio-based Thixatrol® technology or utilisation of recycled aluminium in antiperspirant actives.

68%

of revenue generated from natural or naturally-derived products

In addition, through our established global key account programme, we work closely with our customers, offering our expertise and innovation, and keeping them at the forefront of their industries.

Our scientists are formulation experts in our core markets and our laboratories are equipped to facilitate formulation of finished goods similar to our customers' products. We can test these materials to mimic real life conditions for demonstration. This allows us to build strong technical and commercial relationships with major customers and co-operate in the development of new formulations to enhance their products and processes. This drives volume and sales growth, increases our share of these customers' spend and opens up major new business opportunities. In 2023, we worked on 28 joint development projects with customers across Personal Care and Performance Specialties, of which 15 were with our global key accounts ("GKA"). In Coatings, we increased the share of revenues from GKA by 45% since 2020.

Our revenue from new and innovation products increased to 14% compared to 13% in 2022. Our new business pipeline stood at over \$360 million at the end of 2023, with over 50 products in the pipeline, of which approximately 15 are scheduled to launch in 2024. This will support our ambition to achieve an adjusted operating profit margin target of 19%+.

BENTONE® PLUS GLOW – Radiance unleashed! Hectorite X Actives

The skin glow trend has taken the beauty industry by storm. Consumers are no longer content with simply having clear, matte skin; they are seeking products that give them a radiant, luminous complexion. Glowing skin is a sign of health and vitality, and no wonder, as it is universally flattering.

Whether labelled as dolphin skin, glass skin, glazed donut skin or other current skin terms, all these multi-functional claims and cross-category products are required to improve the skin condition of the consumer and ultimately blend skin care and colour cosmetics seamlessly.

Responding to the emerging 'skin glow' trend, BENTONE® PLUS GLOW, a new hectorite-gel technology, joins forces with naturally-derived active ingredients to provide a speed to market solutions that blends skin care and colour cosmetics seamlessly.

BENTONE® PLUS GLOW combines natural ingredients that promote the skin's barrier function, creating a healthy glow and providing lasting hydration.

It is designed to impart rheological control and suspension to the oil phase of cosmetics and skincare products, allowing for an optimal distribution of the active ingredients on the skin's surface.

In colour cosmetic products, BENTONE® PLUS GLOW also allows an optimal distribution of pigments, which enables an immediate benefit for the consumer.

Cosmetic products developers value it for its high formulation flexibility, delivered through an increased hectorite clay content.



Powdered NiSAT Rheolate® PHX 7025



Synthetic rheology modifiers like our Rheolate® family of urethane-technology additives are extensively used in architectural paint formulations. They are supplied in liquid form and typically contain 80% water.

With customers demanding higher performing, safer and more sustainable paints, we wanted to create a solution

that reduced the high water content, thus eliminating the need to ship water around the globe, while maintaining the superior performance benefits that make our Rheolate® family the preferred choice.

With this goal in mind, we applied our innovation expertise and have developed Rheolate® PHX 7025, expanding our family of 100% solid urethane rheology modifiers.

These 100% active powders significantly reduce the global shipping volumes. In addition, they can be easily incorporated into paint formulations, resulting in improved handling, increased efficiency and meeting the latest health and safety demands. All this, whilst preserving the high quality we are known for.

- **Sustainability:** Realise up to 80% CO₂ reduction on transportation and reducing storage space with these solvent-free modifiers
- **Safer ingredients:** Biocide and VOC free and compatible with allergy and asthma friendly paints
- **Performance:** Experience a higher efficiency, improved rheology and excellent dry film properties

We introduced the Rheolate® PHX 7025 during the 2023 edition of the European Coating Show in Nuremberg, Germany, a leading event in the coatings industry and currently have over 50 customers testing it in their formulations.