

Addendum

This Addendum has been prepared and is delivered in accordance with Section 4.09 of the Indenture dated 1 November 2021 (the “Indenture”).

As permitted by Section 4.09(j) of the Indenture, SCIL IV LLC (the “Parent”) may comply with any requirement to provide reports or financial statements of the Parent under Section 4.09 by providing the financial statements of any Financial Reporting Entity as defined therein so long as such reports meet the requirements set forth in Section 4.09 as if references to the Parent therein were references to the Financial Reporting Entity.

Section 4.09(a)(iii) stipulates that in the event that the Post-Transaction Reorganization involving a transfer of some of the subsidiaries of Specialty Chemicals International B.V. (the “Target”) to SCIL USA Holdings LLC (the “US Co-Issuer”) is completed prior to the end of 2021, the Parent shall provide additional unaudited supplementary financial information to show the performance of the subsidiaries transferred from the Target to the US Co-Issuer, but any such information is not required to be audited and provided that the scope and contents of such information shall be decided by the Parent at its discretion.

Section 4.09(k) also stipulates that to the extent that material differences exist between the consolidated financial condition or results of operations of the Parent and any Financial Reporting Entity that is the reporting entity, the annual reports shall include a reasonably detailed explanation of such material differences.

Financial Reporting Entity

The Target is a permitted Financial Reporting Entity as defined under Section 4.09(j) of the Indenture.

For the fiscal year ended 31 December 2021 the Parent has elected to prepare and deliver the audited annual report of the Target.

Since the Parent and the US Co-Issuer are not included in the consolidation perimeter of the Target but would have been included in the consolidation perimeter of the Parent, in accordance with Section 4.09(k) of the Indenture, this document provides an explanation of the differences between the consolidated financial condition and results of operation of the Parent and the Target.

Post-Transaction Reorganisation and details to be provided under Section 4.09(a)(iii) of the Indenture

As explained in the audited financial report of the Target, the Post-Transaction Reorganisation was finalized on 31 December 2021. The steps of such reorganization were the following:

- on 21 December 2021, under a universal succession of title (such split-off, the “Demerger”), Specialty Chemicals Holding II B.V. (“SCH II”) demerged a portion of its assets and liabilities to Specialty Chemicals USA Holding B.V. (the “SC USA Holding”) with seat in Amsterdam;
- on 22 December 2021, Reichhold Holdings International B.V. distributed the shares of Reichhold Finance B.V. to Cooperatie Reichhold Holdings Netherlands U.A., which in turn distributed the same to Specialty Chemicals Holding I B.V..
- on 23 December 2021 the shares of Specialty Chemicals USA Holding were distributed by means of an interim distribution in kind from Specialty Chemicals Holding I B.V. to the Target;
- on 31 December 2021 the shares of Specialty Chemicals USA Holding were distributed by means of an interim distribution in kind from the Target to SCIL IV LLC (the “UK Bidco” and all such distributions,

the “Distribution”) and SCIL IV LLC transferred the shares of SC USA Holding to SCIL USA Holdings LLC in satisfaction of an existing intragroup loan and the excess by way of a contribution (the “Transfer”). The Demerger and the Distribution were executed at book value, while the Transfer was carried out at fair market value. All such transactions were transactions between entities under common control.

The entities involved in the Demerger were Specialty Chemicals International Inc., PCCR USA Holdings Inc. and Polynt Composites USA Inc. (such entities, the “Demerged Entities”). Since the Demerger was executed on 31 December 2021, the 2021 Consolidated statement of profit or loss of the Target already includes the results of operation of the Demerged Entities.

Details provided in accordance with Section 4.09(k) of the Indenture

As required under Section 4.09(k) of the Indenture, the following tables explain the differences between the financial condition and results of operation of the Target and the Parent.

As permitted in Section 4.09(a) of the Indenture, no purchase price allocation or disclosure relating to the Acquisition has been performed yet.

Financial Position

(Euro thousand)	Target (audited)	Demerged entities	Holding companies/ IC elimination	Parent
	a)	b)	c)	
Cash and cash equivalents	203.982	21.014	0	224.996
Trade receivables	316.018	98.668	(79.736)	334.950
Inventories	268.471	49.792	-	318.262
Current tax assets	6.127	-	112	6.239
Other current assets	39.127	811	-	39.938
Total current assets	833.725	170.285	(79.624)	924.385
Property, plant and equipment	422.142	88.434	-	510.575
Goodwill	51.947	15.004	-	66.951
Other intangible assets	24.893	566	-	25.459
Participation	121.000	(0)	(121.000)	-
Other financial assets	56.975	28.728	(77.273)	8.430
Deferred tax assets	20.206	10.471	-	30.676
Other non-current assets	17.934	7.665	-	25.599
Total non current assets	715.097	150.866	(198.273)	667.690
Total assets	1.548.822	321.151	(277.896)	1.592.075
Loan and borrowings - current	59.771	1.150	8.332	69.253
Trade payables	260.035	119.238	(75.861)	303.411
Current tax liabilities	13.193	1.899	-	15.092
Employee benefits - current	31.151	9.291	-	40.442
Other current liabilities	18.871	2.774	-	21.645
Current portion of provisions	2.095	20	-	2.115
Total current liabilities	385.116	134.372	(67.530)	451.958
Loan and borrowings - non current	377.962	53.905	871.098	1.302.965
Employee benefits - non current	16.584	-	-	16.584
Deferred tax liabilities	48.406	12.012	-	60.419
Non-current portion of provisions	23.900	11.892	-	35.792
Total non-current liabilities	466.852	77.810	871.098	1.415.760
Total liabilities	851.968	212.182	803.569	1.867.718
Equity	696.854	108.969	(1.081.465)	(275.643)
Non-controlling interests	-	-	-	-
Total equity	696.854	108.969	(1.081.465)	(275.643)
Total liabilities and equity	1.548.822	321.151	(277.896)	1.592.075

- a) Specialty Chemicals International BV (Target) audited consolidated financial position.
- b) Differences are arising from the aggregated balances of the Demerged Entities. Since the Demerger was executed on 31 December 2021, the 2021 audited Consolidated statement of the financial position of the Target does not include the balances of the Demerged Entities.
- c) Differences are related to the aggregated balances of the new holding companies established in 2021 (SCIL IV LLC, SCIL USA Holding LLC, Specialty Chemicals USA Holding BV). Those holdings are not included in the consolidation perimeter of the Target but are included in the consolidation perimeter of the Parent. Moreover, there are additional intercompany eliminations at the Parent level.

On 1 November 2021, the Parent and the US Co-Issuer issued:

- EUR 325,000,000 of 4.375% Euro fixed rate notes (the “EUR Senior Secured Notes”);
- EUR 325,000,000 of floating rate notes (the “Floating Rate Senior Secured Notes”);
- USD 760,000,000 of 5.375% dollar fixed rates notes (the “USD Senior Secured Notes”, together with the Euro Fixed Rate Notes, the “Fixed Rate Notes” and collectively the “Senior Secured Notes” or the “Notes”).

The principal amount outstanding under the Notes as at 31 December 2021 totaled EUR, of which EUR as principal and EUR as accrued interests.

On 2 November 2021, the Parent on-lent a portion of the proceeds from the issuance of the Notes to Specialty Chemicals Holding I B.V. (the “Proceeds Loan”). The amount outstanding under the Proceeds Loan as at 31 December 2021 was EUR, of which EUR as principal and EUR as accrued interests.

Profit or Loss statement

	Notes	Target (audited)	Holding companies/ IC elimination	Parent
(Euro thousand)		a)	b)	
Revenue		2.348.935	-	2.348.935
Variation in work in progress, semi-finished goods and finished products		47.411	-	47.411
Production revenue		2.396.346	-	2.396.346
Raw materials, consumables and supplies		(1.433.332)	-	(1.433.332)
Internal work capitalised under non-current assets		244	-	244
Cost of services:		-	-	-
- energy		(86.707)	-	(86.707)
- other services		(198.484)	-	(198.484)
Personnel expense		(289.211)	-	(289.211)
Other income/operating expenses:		-	-	-
- other income		57.547	-	57.547
- other operating expenses		(22.055)	-	(22.055)
- insurance compensation		994	-	994
Gross operating profit		425.342	-	425.342
Depreciation, amortisation and impairment losses		(96.252)	-	(96.252)
Operating profit		329.090	-	329.090
Financial income	1	38.711	5.913	44.624
Financial expense	2	(62.740)	(35.007)	(97.748)
Net financial expense		(24.029)	(29.094)	(53.124)
Profit/(loss) before tax		305.061	(29.094)	275.966
Income taxes		(65.666)	107	(65.559)
Profit/(loss) for the year (A)		239.395	(28.987)	210.407

- a) Specialty Chemicals International BV (Target) audited Consolidated statement of profit or loss.

- b) Differences are related to the aggregated balances of the new holding companies established in 2021 (SCIL IV LLC, SCIL USA Holding LLC, Specialty Chemicals USA Holding BV). Those holdings are not included in the consolidation perimeter of the Target but are included in the consolidation perimeter of the Parent. Moreover, there are additional intercompany eliminations at the Parent level.

Explanation on the material differences on the profit or loss items between the Target and the Parent:

1. Financial income mainly refers to the exchange rate gain related to USD Senior Secured Notes of SCIL USA Holding LLC.
2. Financial expense refers to interest expenses on the Notes.

Net Financial Position

(Euro thousand)	Notes	Target (audited)	Demerged entities	Holding companies/ IC elimination	Parent
		a)	b)	c)	
USD Senior Secured Notes	1	-	(671.022)	-	(671.022)
EUR Senior Secured Notes	1	-	-	(325.000)	(325.000)
Floating Rate Senior Secured Notes	1	-	(250.000)	(75.000)	(325.000)
Others financial loans and interest accrual related parties	2	(353.804)	-	353.804	-
Others financial loans and interest accrual third parties		(64.817)	(7.834)	(2.990)	(75.641)
Borrowings under Revolving Credit Facilities		(10.000)	-	-	(10.000)
ABL		-	(1.480)	-	(1.480)
IFRS 16 effect on debt		(9.112)	(5.625)	-	(14.737)
Financial expenses capitalized	3	-	38.696	11.967	50.663
Total financial indebtedness		(437.733)	(897.267)	(37.219)	(1.372.218)
Cash and cash equivalents		203.982	21.014	0	224.996
Other financial assets		56.975	28.728	(77.273)	8.430
Total net financial indebtedness (NFP reported)		(176.776)	(847.525)	(114.491)	(1.138.792)

- a) Specialty Chemicals International BV (Target) audited consolidated Net financial position.
- b) Differences are arising from the aggregated balances of the Demerged Entities. Since the Demerger was executed on 31 December 2021, the 2021 audited Consolidated statement of the financial position of the Target does not includes the balances of the Demerged Entities.
- c) Differences are related to the aggregated balances of the new holding companies established in 2021 (SCIL IV LLC, SCIL USA Holding LLC, Specialty Chemicals USA Holding BV). Those holdings are not included in the consolidation perimeter of the Target but are included in the consolidation perimeter of the Parent. Moreover, there are additional intercompany eliminations at the Parent level.

Explanation on the material differences on the net financial position between the Target and the Parent:

1. On 1 November 2021, the Parent and the US Co-Issuer issued: EUR 325,000,000 of 4.375% Euro fixed rate notes (the "EUR Senior Secured Notes"); EUR 325,000,000 of floating rate notes (the "Floating Rate Senior Secured Notes"); USD 760,000,000 of 5.375% dollar fixed rates notes (the "USD Senior Secured Notes", together with the Euro Fixed Rate Notes, the "Fixed Rate Notes" and collectively the "Senior Secured Notes" or the "Notes").
2. The financial loan between SCIL IV LLC and Specialty Chemicals Holding I B.V. is eliminated as SCIL IV LLC is in the consolidation perimeter of the Parent.
3. Financial expenses capitalized mainly refers to Underwriting Fees paid in connection with the Notes and the Commitment Fees that were paid in connection with the Bridge Facilities. Those fees are considered costs for services in connection with the financing. These costs have been capitalized and are amortized over the life of Notes with the amortization of such capitalized costs recognized in the Profit and Loss as a financial expense.