

## Strategy continued



### Accelerate Sustainable Growth

We are focused on delivering sustainable growth by leveraging our core strengths in hectorite, rheology, and formulation solutions.

For us this means more than delivering long-term financial returns – it's about doing so responsibly, with a clear commitment to our Environmental, Social and Governance (“ESG”) ambitions, including achieving net zero by 2050, being a trusted partner of choice for our customers and being a great place to work for our colleagues.

### Hectorite

#### What is hectorite?

Hectorite is a high-purity clay mineral rich in magnesium and lithium, known for its ability to control viscosity, stabilise formulations, and deliver smooth, consistent textures.

#### How it is formed

It forms when volcanic ash reacts with lithium-rich water underground – a rare natural process that makes hectorite one of the few clays with lithium content, which gives hectorite its superior rheological properties.

#### What makes it different to other clays

Unlike conventional clays, hectorite is naturally functional. Its particle shape, consistency, and stability – especially in water-based systems – make it ideal for clean-label, high-performance formulations.

#### Unlocking its full potential

While hectorite itself has special rheological properties, its real value comes from how it is modified and activated for use in formulations, which is where our expertise comes in. This process enhances its performance and enables tailored natural solutions to be made across a range of applications. We currently use hectorite-based blends across our portfolio of products including skin care, colour cosmetics, paints, adhesives and sealants, oil and gas drilling stimulation fluids, pesticides and in antiperspirant active suspension.

### Key benefits

- **Thickening and stabilisation:**  
Forms stable gels and suspensions
- **Shear-thinning:** Enables smooth, controlled flow
- **Electrochemical stability:**  
Performs well in ionic systems

In relation to hectorite, we aim to build on our track record and are targeting **double-digit revenue** growth over the medium-term. We will do this by:

- Increasing market penetration in Personal Care and Coatings by addressing key formulation challenges such as replacing undesired synthetic products
- Moving forward in the value chain, for example by creating pre-formulated blends that give our customers more formulation flexibility and attract a higher margin
- Entering new and adjacent markets such as fire retardants and construction as well as in polyfluoroalkyl substances (“PFAS”) (forever chemicals) removal in waste water



**Reserves life**

>50 years

**Share of Group revenue**

c. 30%



## Accelerate Sustainable Growth continued

### Rheology

#### Understanding rheology

Rheology is the study of how materials flow and deform under stress. It helps formulators understand and control the viscosity, texture, and stability of liquids, gels, and semi-solids – critical for product performance across several industries.

#### Why rheology matters

Rheology determines how a product behaves during manufacturing, storage, and application. It affects everything from spreadability in cosmetics to sag resistance in paints, making it essential for quality, efficiency, and user experience.



#### Types of rheology

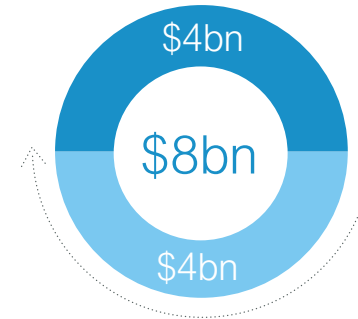
- **Shear-thinning:** Viscosity (or thickness) decreases with applied force (e.g. lotions, paints)
- **Shear-thickening:** Viscosity (or thickness) increases with force (e.g. protective coatings)
- **Thixotropic:** Time-dependent viscosity (or thickness) recovery after force (e.g. gels)
- **Viscoelastic:** Materials that exhibit both fluid and solid characteristics

#### Global market split of rheology by technology

- **Organic rheology modifiers** (c. 75% of global rheology market):
  - Derived from natural or synthetic polymers
  - Widely used in paints, coatings, cosmetics, personal care and food
  - Favoured for their environmental compatibility and performance in water-based systems
- **Inorganic rheology modifiers** (c. 25% of global rheology market):
  - Mineral-based (e.g. clays, silicas)
  - Common in personal care, drilling fluids, construction materials and lubricants
  - Known for thickness, suspension, and thermal stability

#### Global market split of rheology by sector

Current rheology market for Personal Care and Coatings



Other new and adjacent rheology markets  
e.g. agro Chemicals, plastics, HI&I

#### Global rheology market growth potential

- **Forecast Growth (2024-2033):**  
Compound annual growth rate of **3.3%**

The rheology modifier market is undergoing significant transformation due to technological innovation, sustainability focus and increasing application versatility.

Growth is driven by rising demand in paints and coatings, personal care, pharmaceuticals, and oil and gas, with increasing preference for biobased and water-based formulations.

We are recognised as a global expert in rheology, particularly in clay-based rheology modification and organic thickeners. We have deep technical knowledge and have a reputation for long-standing innovation in personal care and coatings applications.

Our aim in rheology, which makes approximately 60% of Group revenue, is to build on our existing share of the \$4bn personal care and coatings market, as well as to enter new and adjacent markets with an addressable size of \$4bn.

We will do this by:

- Increasing the penetration of hectorite in our innovation pipeline across our portfolio of applications and determining new use cases such as in adhesives and sealants
- Leveraging our global footprint that includes 12 manufacturing plants and 8 R&D labs across four continents. This gives us customer intimacy and ability to deliver innovative products that resonate with their end consumers. Our footprint also helps us to optimise the flow of raw materials and finished goods, to help lower our costs and manage the financial impact of changes to the tariff environment
- Building on our leadership position in rheology through selective bolt-ons, such as the acquisition of Alchemy, that are aligned with our financial and sustainability objectives and which we have the ability to scale up using our existing infrastructure and capabilities

# Strategy continued



## Accelerate Sustainable Growth continued

### Formulation solutions

#### What it means

Formulation solutions refers to the expertise and technologies used to help customers create high-performing, stable, and efficient products. For a specialty additives business such as Elementis, this means going beyond selling ingredients – it’s about partnering with customers to solve formulation challenges and optimise product performance.

#### The role of additives in a customer’s formulation

Additives are a small but critical part of any formulation. They control key properties such as viscosity, texture, stability and sensory feel, often determining whether a product performs as intended. Without the right additive, even the best formulations can fail.

#### Why rheology expertise matters

Rheology is central to formulation success. Elementis stands out for its deep rheological expertise, especially in personal care and coatings, enabling it to tailor solutions that meet complex performance needs and evolving consumer expectations.

### Market size and growth potential

The global formulation additives market is projected to grow from \$11bn in 2024 to \$16bn by 2032, driven by demand in personal care and coatings. Growth is fuelled by trends in clean-label, biobased, and customised formulations.

### Our competitive edge

Elementis is uniquely positioned to grow its share of the formulation solutions market with:

- Proven leadership in rheology and formulation solutions
- Exclusive access to high-grade hectorite, a naturally functional organoclay
- A growing portfolio of natural and multi-functional additives

### Routes to market

Approximately two-thirds of our Group revenue is generated directly with our B2B customers, with the balance through our broad distribution network.

Selling directly to customers allows for closer collaboration, faster innovation, and higher margins. It strengthens customer intimacy and enables tailored solutions that distributors may not be equipped to deliver.

Distributors help to expand our reach, especially to independent customers such as fast-growth Indie brands, and in markets where we don’t have a physical presence. In addition, distributors can offer technical support, regulatory expertise, and logistics capabilities.



#### Innovation Revenue

16.4%

2024: 14.4%

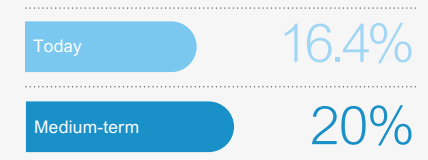
### Growth strategy for Elementis

To enable growth across our formulation portfolio, we will be using three key levers:

- We are increasing our investment in innovation, with **R&D spend rising from ~2% to ~3% of revenue**, and a target to grow **innovation-related revenue to 20%** over the medium term
- We are also enhancing customer intimacy by expanding direct account coverage and establishing **new warehouses and technical support labs in Southeast Asia and India**
- To complement our organic-led innovation growth, we will **selectively pursue bolt-on M&A opportunities** that complement our portfolio and capabilities, while maintaining balance sheet strength and financial discipline

Over time, we expect an increasing proportion of our product portfolio mix to be derived from natural or naturally-derived ingredients.

#### Innovation sales (medium term)





## Accelerate Sustainable Growth continued

### CASE STUDY

#### Formulation in action

Our continued focus on innovation and collaboration led to a successful partnership with a global skin care leader, to develop a high-performance sunscreen that combines strong sun protection with a luxurious, non-greasy feel. At the heart of this achievement was BENTONE HYDROCLAY™ 2101.

#### Solving a known challenge with proven performance

Creating a sunscreen that delivers both high sun protection factor efficacy and a premium sensory experience is a well-known formulation challenge in skin care. The high concentration of UV filters required for effective protection often results in formulations that are thick or sticky, or that leave a white cast, compromising consumer comfort and satisfaction.

BENTONE HYDROCLAY™ 2101, a natural rheology modifier aligned with our customer's sustainability standards, proved to be a game changer. It transformed the texture and spreadability of the formulation and delivered a skin feel unmatched by any other natural raw material the customer had previously tested.

#### A milestone for Elementis

The project marked a major milestone for Elementis: being the first time our raw material has been included in our customer's product outside of the deodorant category. Hectorite is even labelled clearly at the back of the bottle providing industry-wide visibility.

#### Cross-functional collaboration driving customer success

The success of this project was driven by strong cross-functional collaboration. Our Sales team identified the opportunity, our Technical Service team provided deep product expertise and addressed highly specific formulation questions, and our Product Stewardship team ensured that safety and compliance requirements were met.