

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

ESSENTRA PLC

A leading global provider of essential components and solutions

SALE OF PACKAGING BUSINESS TO MAYR-MELNHOF

In line with the previously announced strategic review, Essentra plc (“Essentra” or the “Company”) today announces the disposal of ESNT Packaging & Securing Solutions Limited and Essentra Packaging US Inc and their respective subsidiary companies (“Packaging”) to Mayr-Melnhof Group (“MM”), a leading producer of carton board and folding cartons based in Austria, for a cash consideration of £312¹ million, on a cash-free, debt-free basis and subject to customary adjustments.

The transaction is subject to various conditions which are set out further below including a shareholder vote for Essentra. The Class 1 circular and notice of General Meeting will be published in due course with the transaction set to complete in Q4 2022.

The Board intends to use the proceeds to further strengthen Essentra’s balance sheet, and make a small contribution to Essentra’s defined benefit pension schemes.

The strategic review of Essentra’s Filters division is progressing in line with expectations and, following the conclusion of this review, the Board will determine the best use of cash on the Company’s balance sheet, carefully taking into consideration the imperative of maximising shareholder value after allowing for sufficient flexibility of the Components business to pursue value creating opportunities.

Commenting on today’s announcement, Paul Forman, Chief Executive said:

“The sale of Packaging marks a significant step on our journey to become a pure play Components business. A substantial amount of work has gone into improving the Packaging division over the last few years and I would like to thank all colleagues for their commitment and hard work whilst part of Essentra. I wish them all the best for the future. I am sure that the business will continue to make excellent progress under the ownership of Mayr-Melnhof.”

Essentra has a bright future as a global leading manufacturer and distributor of components with a clear strategy and significant opportunities to accelerate growth and expand market share. This transaction will enhance Essentra’s balance sheet strength and enable the Group to participate in further investment activity.”

Details of the transaction

On 24 June 2022, Essentra International Limited and US NewCo, LLC (the “Sellers”), MM Packaging GmbH (the “Purchaser”) and Mayr-Melnhof Karton AG entered a Sale and Purchase Agreement, pursuant to which the Sellers agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell Packaging to the Purchaser.

The consideration payable by the Purchaser at Completion is £312m, subject to adjustments after Completion by way of a standard completion accounts mechanics to allow for changes in cash, debt and working capital.

Prior to completion of the transaction, Essentra will undertake a group reorganisation to achieve the separation of Packaging from the remainder of the Essentra group by transferring certain assets that are currently part of Packaging to the retained Essentra group and transferring certain other assets currently part of the Essentra group to Packaging.

Under the terms of the Sale and Purchase Agreement, the Purchaser has irrevocably granted to the UK Seller an option (the “Put Option”) to require the Purchaser to purchase the UK Shares from the UK Seller. The Put Option may be exercised within five business days following the date on which the information and consultation process with the works council of Essentra Packaging S.a.r.l. is deemed to have completed in accordance with the laws of France.

The Sellers have given certain warranties and indemnities to the Purchaser that are customary for a transaction of this nature and size. These include, among other things, warranties that the Sellers own the shares in the Target Companies free and clear from any encumbrances and that each Seller has the requisite power and authority to enter into and perform the Sale and Purchase Agreement and other Transaction Documents. The Sellers’ warranties also include statements regarding the UK Shares and the US Shares; financial statements; material contracts; insolvency; licences; litigation and compliance with laws; intellectual property, information technology and business information; property; environmental matters; employment and incentives; pensions; and tax affairs.

The transaction is conditional upon various conditions, including the satisfaction (or waiver, where applicable) of the following:

- Approval of a resolution approving the transaction by shareholders at a General Meeting of Essentra
- Exercise of the Put Option
- Completion of the reorganisation
- Satisfaction of certain regulatory conditions

The Purchaser has agreed to take any and all steps to fulfil the regulatory conditions at the earliest date.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions precedent to the transaction, completion will occur in Q4 2022.

The transaction excludes Essentra Packaging’s business in India. Whilst not material to the Group (less than 1% of revenue), the Company will be reviewing options for this business moving forward.

For the year ended 31 December 2021, Packaging excluding India delivered adjusted operating profit of £15.8m pre-standalone cost adjustments, and the gross assets² were £519.1m.

Class 1 transaction

The transaction constitutes a Class 1 transaction under the Listing Rules. Completion is therefore conditional upon the approval of Essentra's shareholders and a Circular will be sent to the Company's shareholders in due course. Completion is also subject to customary closing conditions, including anti-trust clearance in certain jurisdictions.

Credit Suisse International is acting as sole sponsor and exclusive financial advisor to Essentra plc in regard to the sale of the Packaging business. Lazard & Co., Limited is acting as independent financial adviser to the Board of Essentra.

Notes

1. £312m implies a multiple of 12.4x based on LTM May EBITDA of £25.2m which includes standalone costs of £6.1m
2. The value of gross assets excludes intercompany receivables and cash which will be settled as part of the transaction

Market Abuse Regulation statement

This announcement contains inside information.

Enquiries

Essentra plc

Jack Clarke, Chief Financial Officer

Claire Goodman, Group Investor Relations
Manager

Lucy Yank, Group Communications Director

Tel: +44 (0)1908 359100

Tulchan Communications LLP

Olivia Peters

Martin Robinson

Tel: +44 (0)20 7353 4200

The person responsible for arranging the release of this announcement on behalf of the Company is Jon Green, Company Secretary of Essentra plc.

Cautionary forward-looking statement

This announcement contains forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied by the forward-looking statement. Each forward-looking statement speaks only as of the date of this announcement. The Company accepts no obligation to revise or publicly update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with these requirements or restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. This announcement has been prepared for the purposes of complying with English law and the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

No offer or solicitation

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period.

Important information relating to financial advisers

Credit Suisse International (“Credit Suisse”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as financial adviser for Essentra plc and no one else in connection with the transaction only and will not regard any other person as its client in relation to the transaction or any other matter referred to in this announcement and will not be responsible to anyone other than Essentra plc for providing the protections afforded to clients of Credit Suisse, nor for providing advice to any other person in relation to the content of this announcement or any other matter referenced herein.

Neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this announcement, any statement contained herein or otherwise

Lazard & Co., Limited (“Lazard”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to the Board of Essentra plc and no one else in connection with the transaction and will not be responsible to anyone other than the Board of Essentra plc for providing the protections afforded to clients of Lazard, nor for providing advice to any other person in relation to the transaction or any other matters referred to in this announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who

is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.

Notes to Editors

About Essentra plc

Essentra plc is a FTSE 250 company and a leading global provider of essential components and solutions. Organised into three global divisions, Essentra focuses on the light manufacture and distribution of high volume, enabling components which serve customers in a wide variety of end-markets and geographies.

Headquartered in the United Kingdom, Essentra's global network extends to 34 countries and includes 8,327 employees, 47 principal manufacturing facilities, 28 sales & distribution operations and two research & development centres. For further information, please visit www.essentraplc.com.

Essentra Components

Essentra Components is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating in 25 countries worldwide, 13 manufacturing facilities and 23 sales & distribution centres serve more than 79,000 customers with a rapid supply of low cost but essential products for a variety of applications in industries such as equipment manufacturing, automotive, fabrication, electronics and construction. The division also includes the Reid Supply business, which provides a wide range of branded hardware supplies to a broad base of industrial customers, largely located in the US Mid-West.

Essentra Packaging

Essentra Packaging is one of only two multicontinental suppliers of a full secondary packaging range to the health and personal care sectors, with 23 facilities across three geographic regions. The division's innovative products include cartons, leaflets, self-adhesive labels and printed foils used in blister packs, which help customers to meet the rapidly-changing requirements of these end-markets and can also be combined with Essentra's authentication solutions to help the fight against counterfeiting.

Essentra Filters

Essentra Filters is the only global independent cigarette filter supplier. Currently headquartered in Singapore, the division has 12 sites across nine countries, including two innovation centres, providing a flexible infrastructure strategically positioned to serve the tobacco sector. The business supplies a wide range of value-adding high-quality innovative filters, packaging solutions to the roll your own segment and analytical laboratory services for ingredient measurement to the industry: Essentra's offering also includes Heat Not Burn and e-cigarette solutions to the rapidly evolving market for Next Generation Products. The division also includes the Tear Tapes business, which is globally recognised as the leading manufacturer and supplier of pressure-sensitive tear tapes, that are largely used in the tobacco, e-commerce, food and beverage and specialist packaging sectors.