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If you sell or have sold or otherwise transferred all your Smiths Shares, please send this document together with the accompanying documents (other than documents or forms personalised to you) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Smiths Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document 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 document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

smiths

Smiths Group plc

(incorporated and registered in England and Wales with registered number 00137013)

Proposed Sale of Smiths Medical Proposed return of up to £715 million to Shareholders Notice of General Meeting

This document should be read as a whole. Your attention, in particular, is drawn to the risk factors set out in Part II (*Risk Factors*) of this document and the letter from the Chairman of Smiths that is set out in Part I (*Letter from the Chairman of Smiths*) of this document and which contains a recommendation from the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of a General Meeting of Smiths to be held at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 11.00 a.m. on 17 September 2021 is set out in Part X (*Notice of General Meeting*) of this document.

The actions to be taken in respect of the General Meeting are set out in Section 14 of Part I (*Letter from the Chairman of Smiths*) of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. At present, public health guidance and legislation issued by the UK Government in relation to the COVID-19 pandemic would permit public gatherings and travel at the date of the General Meeting. However, due to the continuing potential health risks from public gatherings because of the COVID-19 pandemic, Shareholders are encouraged to appoint the Chairman of the General Meeting as their proxy and to give their instructions on how they wish the Chairman of the General Meeting to vote on the Resolutions on their behalf. Shareholders will also be able to follow the General Meeting remotely via a live webcast, should they wish to do so. Please note that viewing the General Meeting electronically via the webcast will not constitute formal attendance by Shareholders at the General Meeting and Shareholders will not be able to vote via the webcast. Shareholders planning to view the webcast should submit their proxies as early as possible appointing the Chairman of the General Meeting as their proxy. Shareholders can appoint their proxy by either completing the Form of Proxy and returning it, or submit their vote online, in accordance with the instructions printed on the Form of Proxy and set out in the Notice of General Meeting at the end of this document.

Completed Forms of Proxy should be returned to Smiths' Registrars, Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours prior to the time fixed for the holding of the adjourned meeting). If you hold Smiths Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar, Equiniti (CREST participant ID: RA19), so that it is received by no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Proxy appointments may also be submitted via the internet at www.sharevote.co.uk so that the appointment is received by no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you have any questions about the General Meeting or on the completion and return of the Form of Proxy, please call the Equiniti shareholder helpline between 8.30 a.m. and 5.30 p.m. (London (UK) time) Monday to Friday (except UK public holidays) on 0333 207 5963 (calls to this number are charged at 10 pence per minute plus network extras) or on +44 333 207 5963 from outside the UK. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Sale or the Share Buyback Programme.

Goldman Sachs International (“**Goldman Sachs**”), which is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the PRA in the United Kingdom, is acting exclusively as joint sponsor and joint financial adviser to Smiths and for no one else in connection with the matters described in this document and will not be responsible to anyone other than Smiths for providing the protections afforded to clients of Goldman Sachs nor for giving advice in connection with the matters set out in this document or any transaction, arrangement or other matter referred to in this document.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the FCA and the PRA. J.P. Morgan Cazenove is acting exclusively as joint sponsor and joint financial adviser to Smiths and for no one else in connection with the Sale and will not regard any other person as a client in relation to the Sale and will not be responsible to anyone other than Smiths for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in connection with the Sale or any transaction, arrangement or other matter referred to in this document.

Gleacher Shacklock LLP (“**Gleacher Shacklock**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as joint financial adviser to Smiths and for no one else in connection with the matters described in this document and will not be responsible to anyone other than Smiths for providing the protections afforded to clients of Gleacher Shacklock nor for providing advice in connection with the matters set out in this document or any transaction, arrangement or other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Goldman Sachs, J.P. Morgan Cazenove and Gleacher Shacklock (together, the “**Joint Financial Advisers**”) by FSMA or the regulatory regime established thereunder, each Joint Financial Adviser accepts no responsibility whatsoever and makes no representation or warranty, express or implied, for or in respect of the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. The Joint Financial Advisers accordingly disclaim, to the fullest extent permitted by law, all and any responsibility and liability whatsoever arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

IMPORTANT NOTICES

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, “targets”, “aims”, “forecasts” or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Directors’ intentions, beliefs or current expectations concerning, among other things, the business, results of operations, financial condition, liquidity, prospects, growth and strategies of the Smiths Group, Smiths Medical and the Continuing Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of operations of the Smiths Group, Smiths Medical or the Continuing Group, and the developments of the markets and the industries in which they operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations of the Smiths Group, Smiths Medical or the Continuing Group and the developments of the markets and the industries in which they operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements (see Part II (*Risk Factors*) of this document).

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document reflect the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Smiths Group’s business, results of operations, financial condition, prospects, growth and strategies. **Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making a decision on the Sale and the Share Buyback Programme.**

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules, the Market Abuse Regulation (EU No. 596/2014) and the Market Abuse Regulation (EU No. 596/2014) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018), Smiths is not under any obligation and Smiths expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements in this document, whether as a result of new information, future events or otherwise after the date of this document.

Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place any undue reliance on these forward-looking statements, which speak only as at the date of this document.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the statement regarding working capital that can be found at Section 11 of Part VII (*Additional Information*) of this document.

PRESENTATION OF FINANCIAL INFORMATION

Smiths Medical financial information for the six months ended 31 January 2021 and the financial years ended 31 July 2018, 2019 and 2020 contained in this document has been prepared in accordance with the requirements of the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”).

Certain figures included in this document have been subjected to rounding adjustments. Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

In this document: (i) references to “£”, “pounds sterling”, “pence” or “GBP” are to the lawful currency of the UK; and (ii) references to “\$”, “USD”, “US dollars” or “cents” are to the lawful currency of the US.

ENTERPRISE VALUE

In this document, the enterprise value of Smiths Medical is stated on a debt free, cash free basis and before taking into account: (i) Smiths Group’s reinvestment in Smiths Medical via the Retained Interest; (ii) any adjustments required under the terms of the Sale; (iii) tax; and (iv) associated transaction costs.

EXCHANGE RATES

The sale proceeds received by Smiths under the terms of the Sale will be received in USD (\$). Equivalents have been presented in GBP (£) in this document for illustrative purposes using a rate of \$1.3751:£1.00 based on the exchange rate as at 4.30 p.m. on the Latest Practicable Date.

The trading results for Smiths Medical have been presented in GBP (£) and for illustrative purposes the USD (\$) equivalents have been provided using the historical average exchange rates for each respective reporting period. These were: \$1.25:£1.00 for H2’20, \$1.26:£1.00 for FY’20 and \$1.32:£1.00 for H1’21.

The numbers for Smiths Medical’s balance sheet (gross assets and net assets) have been presented in GBP (£) and for illustrative purposes the USD (\$) equivalents have been provided using the historical closing exchange rates at the balance sheet date. These were \$1.31:£1.00 as at 31 July 2020 and \$1.37:£1.00 as at 31 January 2021.

NON-IFRS MEASURES

The Smiths Group uses alternative performance measures (“APMs”), which are not defined or specified under IFRS or any other internationally recognised generally accepted accounting principles, to gauge the performance of the business. APMs are not considered to be a substitute for IFRS measures but do provide additional, helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide comparable information across the Smiths Group.

APMs used in this document include headline EBITDA, headline operating profit and Net debt, as well as annualised headline EBITDA, annualised revenue and underlying revenue. These performance measures may not be comparable to other similarly titled measures as reported by other companies, as other companies may calculate these measures differently than the Smiths Group does and these measures may not be permitted to appear on the face of the primary financial statements, or footnotes thereto, and in some cases, may not be permitted at all, in US filings made to the SEC. These performance measures have limitations as analytical tools, and none of these measures should be considered in isolation, or as a substitute for analysis of the Smiths Group’s operating results, including its income statements and cash flow statements, as reported under IFRS. All non-IFRS measures presented in this document are unaudited.

Definitions of these measures, along with reconciliations of these measures, as applicable, to the Smiths Group’s historical financial information are set out below.

“HEADLINE” MEASURES OF PERFORMANCE

The Smiths Group has defined a “headline” measure of performance that excludes material non-recurring items or items considered non-operational/trading in nature. Items excluded from headline are referred to as non-headline items. This measure is used by the Smiths Group to measure and monitor performance excluding material non-recurring items or items considered non-operational.

HEADLINE EBITDA

Headline EBITDA is defined as profit before finance costs, depreciation, amortisation and taxation and excluding material non-recurring items considered non-operational/trading in nature, such as results of disposals, costs related to business acquisitions and disposals and amortisation of acquisition-related intangible assets. Headline EBITDA is a widely used profit measure, not defined by IFRS. Reconciliation of this measure to the Smiths Group’s historical financial information is set out below.

HEADLINE OPERATING PROFIT

Headline operating profit is defined as profit before finance costs and taxation and excluding material non-recurring items considered non-operational/trading in nature, such as results of disposals, costs related to business acquisitions and disposals and amortisation of acquisition-related intangible assets. Operating profit is a widely used measure, not defined by IFRS, that is used by the Smiths Group to measure and monitor performance. Reconciliation of this measure to the Smiths Group's historical financial information is set out below.

RECONCILIATION OF PROFIT BEFORE TAXATION TO HEADLINE OPERATING PROFIT AND HEADLINE EBITDA FOR SMITHS MEDICAL:

	6 months ended 31 January		Years ended 31 July		
	2021 £m	2020 £m	2020 £m	2019 £m	2018 £m
Profit before taxation	126	149	219	110	148
Net finance costs/(credit)	(38)	(66)	(58)	41	4
Medical separation costs	1	11	23	8	–
Business acquisition/disposal costs	–	–	–	2	1
Amortisation of acquisition related intangible asset	–	–	–	3	3
Profit on disposal of businesses	–	–	–	(17)	–
Headline operating profit	89	94	184	147	156
Depreciation	–	–	–	19	20
Amortisation of development costs	–	–	–	14	14
Amortisation of software, patents and intellectual property	–	–	–	7	4
Headline EBITDA	89	94	184	187	194

NET DEBT

Net debt is total borrowings (bank, bonds and lease liabilities) less cash balances and derivatives used to manage the interest rate risk and currency profile of the debt. This measure is used to provide an indication of the Smiths Group's overall level of indebtedness. Further information on Net debt is included in the 'Notes' at Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document.

ANNUALISED HEADLINE EBITDA

Annualised headline EBITDA is headline EBITDA for the 12 months immediately preceding the balance sheet date. This measure is used by the Smiths Group to present interim results metrics that are comparable to the full year results.

ANNUALISED HEADLINE EBITDA FOR SMITHS MEDICAL (FOR THE 12 MONTH PERIOD ENDED 31 JANUARY 2021):

	6 months ended 31 January 2021 £m
Headline EBITDA for the period	89
Add:	
– headline EBITDA for the previous year	184
Exclude:	
– headline EBITDA for the first six months of the previous year	(94)
Annualised headline EBITDA	179

ANNUALISED REVENUE

Annualised revenue is revenue for the 12 months immediately preceding the balance sheet date. This measure is used by the Smiths Group to present interim results metrics that are comparable to the full year results.

ANNUALISED REVENUE FOR SMITHS MEDICAL (FOR THE 12 MONTH PERIOD ENDED 31 JANUARY 2021):

	6 months ended 31 January 2021 £m
Revenue for the period	427
Add:	
– revenue for the previous year	918
Exclude:	
– revenue for the first six months of the previous year	(434)
Annualised revenue	911

UNDERLYING REVENUE

Underlying revenue is calculated by excluding the effects of foreign exchange, disposals and acquisitions. Underlying measures are used by the Smiths Group to monitor performance.

UNDERLYING REVENUE FOR SMITHS GROUP AND SMITHS MEDICAL:

	Smiths Group – continuing operations		Smiths Medical	
	Revenue £m	Movement %	Revenue £m	Movement %
6 months ended 31 January 2021	1,150		427	
6 months ended 31 January 2020	1,240		434	
Movement in reported revenue	(90)	(7)%	(7)	(2)%
Foreign exchange	34		8	
Acquisitions & Disposals	(1)			
Movement in underlying revenue	(57)	(5)%	1	+0.2%

DEFINITIONS

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part IX (*Definitions*) of this document.

INCORPORATION BY REFERENCE

Certain information in relation to the Company is incorporated by reference into this document. Further information is set out in Part VIII (*Information Incorporated by Reference*) of this document. Without limitation, unless expressly stated herein, the contents of the websites of the Smiths Group, and any links accessible through the websites of the Smiths Group, are not incorporated into and do not form part of this document.

NO PROFIT FORECAST OR ESTIMATES

Unless otherwise stated, no statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings, earnings per Smiths Share or income, cash flow from operations or free cash flow for the Smiths Group, Smiths Medical or the Continuing Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per Smiths Share or income, cash flow from operations or free cash flow for the Smiths Group, Smiths Medical or the Continuing Group, as appropriate.

NO OFFER OR SOLICITATION

This document is not a prospectus and is not intended to, and does not constitute or form part of, any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

This document is dated 31 August 2021.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Sale	2 August 2021
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy	31 August 2021
Latest time and date for receipt of Forms of Proxy, CREST Proxy Instructions and electronic registration of proxy appointment for the General Meeting	11.00 a.m. on 15 September 2021
Record time for entitlement to vote at the General Meeting (the “ Record Time ”)	6.30 p.m. on 15 September 2021
General Meeting	11.00 a.m. on 17 September 2021
Expected date of Completion	by the end of calendar year 2021
Long Stop Date	six (6) months from the date of the Sale and Purchase Agreement

Notes:

All time references in this document are to London (UK) time.

Each of the times and dates in the above timetable is indicative only and may be subject to change by Smiths, in which event details of the new times and dates will be notified to the Financial Conduct Authority and, where appropriate, to Shareholders through a Regulatory Information Service.

CORPORATE DETAILS AND ADVISERS

Directors	Sir George Buckley Paul Keel John Shipsey William Seeger Jr. Pam Cheng Dame Ann Dowling Tanya Fratto Karin Hoeing Mark Seligman Noel Tata	<i>(Chairman)</i> <i>(Chief Executive)</i> <i>(Chief Financial Officer)</i> <i>(Senior Independent Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
Company Secretary	Matthew Whyte	
Registered Office	4 th Floor 11-12 St James's Square London SW1Y 4LB United Kingdom	
Joint Sponsor and Joint Financial Adviser	Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU United Kingdom	
Joint Sponsor and Joint Financial Adviser	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP United Kingdom	
Joint Financial Adviser	Gleacher Shacklock LLP 33 King Street St James's London SW1Y 6RJ United Kingdom	
Legal advisers to Smiths	Freshfields Bruckhaus Deringer LLP 100 Bishopsgate London EC2P 2SR United Kingdom White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom	

Auditor and Reporting Accountant KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Registrars Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

PART I LETTER FROM THE CHAIRMAN OF SMITHS

SMITHS GROUP PLC

(Incorporated and registered in England and Wales with registered number 00137013)

Directors:

Sir George Buckley	<i>(Chairman)</i>
Paul Keel	<i>(Chief Executive)</i>
John Shipsey	<i>(Chief Financial Officer)</i>
William Seeger Jr.	<i>(Senior Independent Director)</i>
Pam Cheng	<i>(Non-Executive Director)</i>
Dame Ann Dowling	<i>(Non-Executive Director)</i>
Tanya Fratto	<i>(Non-Executive Director)</i>
Karin Hoeing	<i>(Non-Executive Director)</i>
Mark Seligman	<i>(Non-Executive Director)</i>
Noel Tata	<i>(Non-Executive Director)</i>

Registered Office:

4th Floor
11-12 St James's Square
London
SW1Y 4LB
United Kingdom

31 August 2021

Dear Shareholder,

Proposed Sale of Smiths Medical

Proposed return of up to £715 million to Shareholders

Notice of General Meeting

1. Introduction

On 2 August 2021, Smiths Group plc (“**Smiths**” or the “**Company**”) announced that it had entered into an agreement to sell Smiths Medical 2020 Limited (“**SM2020**”), the holding company of its global medical device business (“**Smiths Medical**”), to Trulli Bidco Limited (the “**Purchaser**”), a wholly owned subsidiary of funds advised by TA Associates LLP (“**TA**”) (the “**Sale**”). The Sale creates a strategic partnership between Smiths and TA and values Smiths Medical at an enterprise value of \$2.3 billion (equivalent to £1.7 billion), plus an additional \$0.2 billion (equivalent to £145 million) contingent on future performance of Smiths Medical. Smiths will reinvest \$163 million (equivalent to £119 million) of the Sale proceeds for a 30 per cent. equity interest in the indirect parent company of the Purchaser.

The consideration on Completion comprises:

- expected net cash proceeds to Smiths of \$1.8 billion (equivalent to £1.3 billion) (the “**Net Cash Proceeds**”);
- a bespoke A Share (the “**A Share**”) in the capital of Trulli Topco Limited, the indirect parent company of the Purchaser (“**TopCo**”) with the rights set out in Section 3 of this letter, allowing the Seller to benefit from additional, performance-related consideration of up to \$0.2 billion; and
- a number of ordinary shares and preferred shares in the capital of TopCo (together, the “**TopCo Shares**”) representing 30 per cent. of the entire issued share capital of TopCo (excluding for these purposes: (x) any shares issued or to be issued to the management of the Smiths Group; and (y) the A Share).

The TopCo Shares together with the A share (the “**Retained Interest**”) represent the reinvestment of \$163 million (equivalent to £119 million) in Smiths Medical.

The principal terms of the Sale and Purchase Agreement to effect the Sale are set out in Section 3 of this letter and in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

The value achieved represents an attractive outcome for Shareholders relative to other separation options. The Board believes that the Sale positions Smiths as a more focused industrial technology company with compelling opportunities for growth, a common operating model and shared purpose. In addition, the Board believes that reinvestment in Smiths Medical via the Retained Interest will enable Smiths to participate in

future value creation of the Smiths Medical business and will create a strategic partnership between Smiths and TA, working to realise the full potential of the Smiths Medical business, leveraging TA's significant healthcare experience and strong track record.

Following consultation with Smiths' largest shareholders, the Board intends to balance the use of the Net Cash Proceeds between investment in growth and a significant return of capital to Shareholders. Approximately 45 per cent. of the Net Cash Proceeds, equivalent to \$0.8 billion (equivalent to £0.6 billion), will be retained by the Smiths Group and will be used to create a strong balance sheet by reducing Net debt and to support investment in additional value creating growth opportunities. These are predominantly organic opportunities and include the Smiths Group's innovative accelerator programmes, which are aligned with long-term trends in sustainability, energy transformation, and safety and security.

It is the Board's intention to return 55 per cent. of the Net Cash Proceeds, being £715 million (equivalent to approximately \$1 billion), to Shareholders by way of a Share Buyback Programme. It is expected that the Share Buyback Programme will involve the on-market purchase of Smiths Shares. The Share Buyback Programme is expected to be initiated as soon as reasonably practicable and to be completed within two years, subject to market conditions. Further details on the use of proceeds are set out in Section 4 of this letter and Part IV (*Further Information on the Share Buyback Programme*) of this document.

The Board is carefully considering the position of the Smiths Industries Pension Scheme ("SIPS") and TI Group Pension Scheme ("TIGPS" and, together with SIPS, the "Schemes") and in line with good practice, the Smiths Group is engaged in ongoing discussions with the trustees of SIPS and TIGPS in relation to the Sale and the Share Buyback Programme.

The Sale constitutes a Class 1 transaction for Smiths under the Listing Rules and is therefore conditional upon the approval of Shareholders. Accordingly, a General Meeting at which Shareholders will be asked to approve the Sale is being convened at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 11.00 a.m. on 17 September 2021. At the General Meeting, Shareholders will also be asked to provide the Company with specific authority to implement the Share Buyback Programme by approving the Share Buyback Resolution. The Resolutions will each require approval by a simple majority of votes cast at the General Meeting.

The Sale is also conditional on receipt of antitrust and foreign direct investment ("FDI") clearances from relevant regulatory authorities. The Purchaser has agreed to take all steps reasonably necessary or required by any relevant regulatory authority in order to obtain such clearances in the first phase of any review by the date which is six months from the date of the Sale and Purchase Agreement (or such later date as may be agreed in writing by the Seller and the Purchaser) (the "Long Stop Date"). Completion is expected to occur by the end of the calendar year 2021.

The purpose of this document is to (i) explain the background to and reasons for the Sale and provide you with information on the Share Buyback Programme; (ii) explain why the Board considers the Sale to be in the best interests of Shareholders as a whole; and (iii) convene a General Meeting to seek Shareholder approval for the Sale and the Share Buyback Programme. The Board unanimously recommends that Shareholders vote in favour of each of the Resolutions at the General Meeting, as the Directors intend to do in respect of their aggregate shareholdings in the Company representing approximately 0.03 per cent. of the Company's current issued share capital as at the Latest Practicable Date.

Shareholders should read the whole of this document and not only rely on the summarised information set out in this letter. Shareholders will find definitions for the capitalised terms used in this letter and the rest of this document in Part IX (*Definitions*) of this document.

2. Background to and reasons for the Sale

On 14 November 2018, Smiths announced its intention to pursue the separation of Smiths Medical in order to create two distinct, more focused companies with independent strategies with a view to optimising shareholder value.

Smiths Medical is a leading global medical device business specialising in infusion systems, vascular access and vital care. The Board determined that the separation of Smiths Medical would enable Smiths to concentrate on growing as a leading industrial technology group and enable Smiths Medical to focus on realising its full potential in the dynamic medical device market. Since the announcement of the proposed separation, Smiths Medical has been accounted for as a discontinued operation.

On 22 March 2019, Smiths announced its intention to pursue a demerger of Smiths Medical, whilst in parallel continuing to evaluate all opportunities for value maximisation, with the overriding objective of continuing to strengthen both Smiths Medical and the Smiths Group. Consistent with this approach and having received a number of offers for Smiths Medical, the Board ran a sale process for Smiths Medical in parallel with demerger preparations. On 31 March 2020, following the onset of the COVID-19 pandemic, the Board decided to delay the separation process until global conditions improved.

On 26 March 2021, with improved external conditions, the Board reaffirmed its commitment to separation. Since this time, Smiths has completed steps necessary to demerge Smiths Medical and also received and evaluated multiple proposals to acquire Smiths Medical from both strategic and financial sponsor buyers. Smiths evaluated all options on a combination of value, greatest certainty of completion and structure. The Board has unanimously recommended the Sale as being in the best interests of Shareholders. The Board believes that the Sale is a better outcome for Shareholders than a demerger, for the following reasons:

- the Sale recognises the strategic value of the Smiths Medical business, as a leader across its markets, with strong brands and technology, although it has not delivered consistently strong financial performance relative to its medtech peers;
- reinvestment in Smiths Medical via the Retained Interest will enable Smiths to participate in future value creation of the Smiths Medical business and will create a strategic partnership between Smiths and TA, working to realise the full potential of the Smiths Medical business, leveraging TA's significant healthcare expertise and track record;
- the Sale will realise Net Cash Proceeds of \$1.8 billion (equivalent to £1.3 billion) at Completion;
- as a result of the Sale, Shareholders will benefit from 55 per cent. of the Net Cash Proceeds, being £715 million (equivalent to approximately \$1 billion) of cash, being returned to Shareholders by way of the Share Buyback Programme;
- the \$0.8 billion (equivalent to £0.6 billion) of retained proceeds from the Sale will be used to create a strong balance sheet by reducing Net debt and to support investment in additional value creating growth opportunities, including the Continuing Group's innovative accelerator programmes, which are aligned with long-term trends in sustainability, energy transformation and safety and security; and
- the Sale will enable the Continuing Group to focus on the attractive structural growth opportunities across its business and on growing as a leading industrial technology group united by shared purpose, business characteristics and a shared operating model. The Continuing Group aims to outperform by targeting growing markets where it can achieve a sustainable leading position.

3. Principal terms of the Sale

On 2 August 2021, Smiths Group International Holdings Limited ("SGIHL" or the "Seller") (a wholly-owned, direct subsidiary of Smiths), TopCo and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell its entire shareholding in SM2020 to the Purchaser.

The Sale values Smiths Medical at an enterprise value of \$2.3 billion (equivalent to £1.7 billion). The equity value after expected completion adjustments is \$2.0 billion (equivalent to £1.5 billion). The expected completion adjustments include (amongst other items) amounts in relation to cash, debt, working capital, lease liabilities, tax liabilities, provisions for restructuring and litigation, expected future investment in Smiths Medical's quality and regulatory function and systems (including as may be required as a result of the ongoing FDA audit referred to in Section 9.2 of Part VII (*Additional Information*) of this document) and future payments related to commercial partnerships.

The consideration under the Sale and Purchase Agreement comprises the Cash Consideration and the Retained Interest. Additionally, immediately following Completion, the Purchaser will make the SGIHL Loan Repayment. The Seller will also hold the A Share pursuant to which the Seller will benefit from a preferential distribution right of up to \$0.2 billion (equivalent to £145 million) once TA has received a certain cash return on its investment. Once TA has received investment returns from TopCo and members of its group ("**TopCo Group**") equal to a certain multiple of the value of its investment into TopCo Group, *pari passu* distributions between TA and SGIHL will be suspended and all further distributions made by TopCo Group shall be paid solely to SGIHL (via its A Share), up to a cap of \$0.2 billion, and only thereafter will proceeds again be distributed to both SGIHL and TA on a *pari passu* basis. In the first two and a half years following Completion, this multiple will be 1.75x. Thereafter, the multiple will be 2.75x.

This structure allows SGIHL to potentially benefit from enhanced returns (above and beyond the benefits and profits that will accrue from the TopCo Shares), subject always to the performance of the business, the satisfaction of the aforementioned hurdles and the time and terms of any exit, including pursuant to any exercise by TA of the Drag-along Right over the shares in TopCo held by Smiths. Other than the preferential distribution right attaching to the A Share, the shares in TopCo to be held by the Seller shall rank *pari passu* with the shares in TopCo held by TA.

The Sale constitutes a Class 1 transaction for Smiths under the Listing Rules and is therefore conditional upon the approval of the Sale Resolution by Shareholders. As part of the Sale Resolution, Shareholders will also approve the terms of the Shareholders' Agreement, including the terms of the Drag-along Right contained therein (as further described in Section 2.5 of Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document). Under the Listing Rules, the Drag-along Right also requires the approval of Shareholders as part of the Sale because Smiths will not have discretion over the timing of its future exercise by TA or the amount of consideration payable to Smiths pursuant to it. The Sale is also conditional upon the satisfaction (or waiver, where applicable) of the Antitrust Conditions and the FDI Conditions (being, together with the approval of the Sale Resolution by Shareholders, the "**Conditions**").

The Sale and Purchase Agreement shall only terminate if any Condition has not been fulfilled or waived by the Long Stop Date and either the Seller or the Purchaser gives notice to the other to terminate.

In respect of the Antitrust Conditions and FDI Conditions, the Purchaser has agreed to take all steps reasonably necessary or required by any relevant regulatory authority (including, but not limited to, agreeing to any conditions, undertakings, sale, divestment, licence or disposition of any necessary assets or business by the Purchaser or by any member of the Purchaser's group) in order to obtain clearance in the first phase of any review by the Long Stop Date. Such reasonable steps include agreement to any reorganisation, divestment or disposition of assets accounting for up to 20 per cent. of the sales of the Smiths Medical business, and anything exceeding this threshold shall not be viewed as reasonable unless consented to by the Purchaser. The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the Conditions, Completion will occur by the end of the calendar year 2021. The Sale will not proceed if any Condition has not been satisfied (or waived, where applicable) on or before the Long Stop Date.

Under the Sale and Purchase Agreement, the Seller has given certain customary warranties, indemnities and undertakings to the Purchaser and has given an undertaking not to compete in the medical devices business for a period of three years following Completion.

Further details of the principal terms of the Sale and Purchase Agreement are set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

As part of the Sale, Smiths has agreed the terms of the Trade Mark Licence Agreement which grants Smiths Medical the right to use the "Smiths", "Smiths Medical" and "bringing technology to life" trade marks owned by Smiths (the "**Smiths Trade Marks**") to manage its transition from compliance with the Medical Devices Directive to the Medical Devices Regulation in the European Union and to otherwise facilitate the continued operation of its business and allow it sufficient time to rebrand. Smiths has also agreed the terms of a Transitional Services Agreement, which will govern the provision of certain IT services and other operational services between Smiths and the Smiths Medical Group for a transitional period after Completion. Further detail on these matters is contained in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

As a term of the Sale, Smiths has agreed a Shareholders' Agreement to govern the relationship between SGIHL and TA in respect of their holdings in TopCo, providing customary protections for SGIHL as a minority investor. A majority of the board of directors of TopCo will be nominated by TA. SGIHL shall have the right to nominate up to two non-executive directors to the board of directors of TopCo. The directors will have equal voting rights. In addition, a number of reserved matters in respect of the operation of Smiths Medical which will require the consent of SGIHL have been agreed which are customary for an agreement of this nature reflecting SGIHL's minority interest in TopCo, including entry by Smiths Medical into a material new line of business and any alteration to the rights of the shares which comprise the Retained Interest. SGIHL will be restricted from transferring its Retained Interest in TopCo without the prior written consent of TA other than to other members of the Smiths Group until the third anniversary of Completion, after which SGIHL will only be able to sell its stake by first offering TA the possibility of buying it at a price to be agreed between the parties. This is subject to the right of SGIHL to sell all or some of its TopCo Shares at any time in the event of a reputational event which results in any member of the Smiths Medical Group being in material non-compliance with certain compliance requirements and such reputational event has a material adverse effect on the Smiths Group or the Smiths Medical Group taken as

a whole. The Shareholders' Agreement contains typical drag-along and tag-along provisions in respect of the Retained Interest. Smiths will not have discretion over the timing of the future exercise by TA of, or the amount of consideration payable to Smiths pursuant to, the Drag-along Right (as described in further detail in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document). The timing and the terms of any exit, including pursuant to any exercise by TA of the Drag-along Right over the shares in TopCo held by Smiths, may impact the satisfaction of the required hurdles for TA's investment returns which is required to enable Smiths to benefit from the preferential distribution of up to \$0.2 billion. The Shareholders' Agreement also contains typical provisions in respect of an exit, in each case reflecting SGIHL's minority interest in TopCo. TA has absolute discretion over the structure and timing of any exit (i.e. an IPO, sale of substantially all of the Smiths Medical business or sale by TA of its stake, resulting in a change of control). Further detail on these matters is contained in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Further details of the Sale and Purchase Agreement, the Transitional Services Agreement, the Trade Mark Licence Agreement and the Shareholders' Agreement are set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

4. Use of proceeds

Following the announcement of the Sale, Smiths consulted with its largest shareholders regarding the use of proceeds. A majority supported returning 50 per cent. of the Net Cash Proceeds via a Share Buyback Programme, with a range of other views expressed. The use of proceeds, set out below, reflects a balanced response to this feedback.

The Board intends to balance the use of the Net Cash Proceeds (being \$1.8 billion) between investment in growth and a significant return of capital to Shareholders. Approximately 45 per cent. of the Net Cash Proceeds, equivalent to \$0.8 billion (equivalent to £0.6 billion), will be used to create a strong balance sheet by reducing Net debt and to support investment in additional value creating growth opportunities. These are predominantly organic opportunities and include the Smiths Group's innovative accelerator programmes, which are aligned with long-term trends in sustainability, energy transformation and safety and security.

It is the Board's intention to return 55 per cent. of the Net Cash Proceeds, being £715 million (equivalent to approximately \$1 billion), to Shareholders by way of the Share Buyback Programme.

The Board is carefully considering the position of the Schemes and in line with good practice, the Smiths Group is engaged in ongoing discussions with the trustees of SIPS and TIGPS in relation to the Sale and the Share Buyback Programme.

Share Buyback Programme

It is expected that the intended Share Buyback Programme will be an on-market share buyback programme to purchase Smiths Shares and to return 55 per cent. of the Net Cash Proceeds, being £715 million (equivalent to approximately \$1 billion), to Shareholders. The Share Buyback Programme is expected to be initiated as soon as reasonably practicable and to be completed within two years, subject to market conditions.

It is intended that the proposed Share Buyback Programme will be effected pursuant to the Share Buyback Resolution. If the Share Buyback Resolution is passed, further details of the Share Buyback Programme authorised pursuant to this authority will be announced separately.

5. Financial effects of the Sale on the Continuing Group

An unaudited pro forma statement of the net assets of the Smiths Group has been prepared for illustrative purposes only to show the effect of the Sale and Share Buyback Programme as if it had completed as at 31 January 2021. This statement is set out in Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document.

In the financial year ended 31 July 2020, the Smiths Medical Group contributed revenue of £918 million (equivalent to \$1,158 million) and headline EBITDA of £184 million (equivalent to \$232 million) to the Smiths Group as a discontinued operation. In the six months ended 31 January 2021, the Smiths Medical Group contributed revenue of £427 million (equivalent to \$565 million) and headline EBITDA of £89 million (equivalent to \$118 million) to the Smiths Group as a discontinued operation. Following Completion, the Continuing Group will no longer receive the contribution that Smiths Medical currently makes to the headline EBITDA of the Smiths Group. The Smiths Medical business contributed 27 per cent.

of the Smiths Group total revenues (including discontinued operations) and 30 per cent. of the Smiths Group total headline EBITDA (including discontinued operations) for the six months ended 31 January 2021 and 44 per cent. of the Smiths Group total net assets (including discontinued operations) as at 31 January 2021.

Dividend policy

Smiths currently operates a progressive dividend policy, which aims to increase dividends per share in line with long-term underlying growth in earnings and cash flow, with the objective of maintaining minimum dividend cover of around 2 times. The Board intends to maintain this policy following the Sale.¹

Smiths' shareholding in TopCo via the Retained Interest

Following Completion, the earnings of the Smiths Group will reduce as a result of the Sale partially offset by a contribution from the Smiths Group's 30 per cent. interest in TopCo via the Retained Interest.

6. Information on Smiths Medical

Smiths Medical is a leading manufacturer and supplier of specialist medical equipment and single-use devices, whose purpose is to save and improve the lives of millions of patients globally.

Smiths Medical's products fall into three main segments:

- *Infusion Systems*: includes products that deliver fluids and medication for pain management and the treatment of acute and chronic diseases for use in both hospital and home settings;
- *Vascular Access*: includes devices that allow healthcare workers to deliver fluids and medication to patients or to obtain blood samples from patients; and
- *Vital Care and Speciality products*: comprises devices to manage patients' airways, and systems to maintain patients' body temperature before, during and after surgery.

Smiths Medical has a direct legal presence in 28 countries and sells its products in more than 100 countries. While the US is Smiths Medical's largest single market, with 48 per cent. of revenue in the year ended 31 July 2020, Smiths Medical continues to build its presence in developed and emerging markets. Smiths Medical is headquartered in Minneapolis, Minnesota, in the United States.

Trading results for Smiths Medical

The trade, assets and liabilities of the Smiths Medical business are held by SM2020, which is an indirect, wholly-owned subsidiary of Smiths.

As at 31 July 2020, the Smiths Medical Group had consolidated net assets of £984 million (equivalent to \$1,289 million) and consolidated gross assets of £1,279 million (equivalent to \$1,675 million) (extracted without material adjustment from the historical financial information of Smiths Medical as at 31 July 2020 as set out in Part V (*Historical Financial Information Relating to Smiths Medical*) of this document). In the financial year ended 31 July 2020, Smiths Medical generated revenues of £918 million (equivalent to \$1,158 million) and headline EBITDA of £184 million (equivalent to \$232 million).

As at 31 January 2021, the Smiths Medical Group had consolidated net assets of £994 million (equivalent to \$1,362 million) and consolidated gross assets of £1,251 million (equivalent to \$1,715 million) (extracted without material adjustment from the historical financial information of Smiths Medical as at 31 January 2021 as set out in Part V (*Historical Financial Information Relating to Smiths Medical*) of this document). In the six months ended 31 January 2021, Smiths Medical generated revenues of £427 million (equivalent to \$565 million). Headline EBITDA was £89 million (equivalent to \$118 million). For the twelve months ended 31 January 2021, Smiths Medical generated annualised revenue of £911 million (equivalent to \$1,171 million) and annualised headline EBITDA of £179 million (equivalent to \$231 million).

A detailed summary of the trading results of Smiths Medical for the three years ended 31 July 2020 and the six months ended 31 January 2021, together with the net asset statement as at 31 July 2020 and 31 January 2021 is set out in Part V (*Historical Financial Information Relating to Smiths Medical*) of this document.

¹ This statement is not intended to be, and should not be construed as, a profit forecast and should not be interpreted to mean that earnings per Smiths Share for the current or future financial years will necessarily match, or be greater or less than, the historical earnings per Smiths Share.

Shareholders should read the whole of this document and not just rely on the summarised financial information set out in this letter.

7. Information on TA

TA is a leading global growth private equity firm. Focused on targeted sectors within five industries – technology, healthcare, financial services, consumer and business services – the firm invests in profitable, growing companies with opportunities for sustained growth, and has invested in more than 535 companies around the world. TA employs a long-term approach, utilising its strategic resources to help management teams build lasting value in high-quality growth companies. TA has raised \$47.5 billion in capital since its founding in 1968 and is committing to new investments at the pace of over \$3 billion per year. The firm's more than 100 investment professionals are based in Boston, Menlo Park, London, Mumbai and Hong Kong.

TA has been an active investor in the healthcare industry for more than 30 years. The firm's global healthcare franchise spans pharmaceutical services, payor services and specialty managed care, medical devices, physician groups and facilities, healthcare IT and diagnostic laboratories. During its history, TA has completed more than 70 healthcare investments, six of which are medical device companies in Europe, including Alma Lasers, Amann Girsch, Biocomposites, MIS Implants Technologies, PhysiOL and Vivacy.

8. Information on the Continuing Group and future strategy

Following Completion, the Continuing Group will be a more focused industrial technology company with compelling growth opportunities, a common operating model and shared purpose. The Smiths Group actively manages its portfolio of businesses to ensure that they are targeted in growing markets where they can achieve a sustainable leading position. Smiths' businesses share the same characteristics: technology differentiation; increasing digitisation; sustainably competitive; and a high proportion of recurring revenues generated by aftermarket and services. Smiths drives sustained competitive advantage through focused deployment of innovation and investment and performance execution through its shared operating model, the Smiths Excellence System. The Continuing Group expects to benefit from applying an integrated approach to technology development, especially digital innovation, where Smiths' businesses can share and apply common solutions. This is underpinned by a strong financial framework that allows the Continuing Group to generate profitable revenue growth and superior returns.

The Continuing Group's businesses are:

- *John Crane*: rotating equipment solutions, including mechanical seals and systems, couplings, filtration systems and predictive digital monitoring technologies to enhance efficiency and reduce emissions for global process industries;
- *Smiths Detection*: detection and screening technologies which protect people and assets, thereby supporting safety, security and freedom of movement across a broad range of markets including aviation, ports & borders, defence and urban security;
- *Flex-Tek*: engineered components which heat and move fluids and gases for the aerospace, medical, industrial, construction and domestic appliance markets; and
- *Smiths Interconnect*: technically differentiated electronic components, subsystems, microwave and radio frequency products that provide secure connectivity for critical applications in the defence, aerospace, communications and industrial markets.

Smiths' recent strategy has been to:

- outperform in its chosen markets, by targeting attractive markets where it can sustainably achieve a top-three leadership position, and maximise growth through organic investment combined with a highly disciplined approach to acquisitions, disposals and integration to accelerate progress;
- drive sustainable competitiveness through focused innovation; attracting and retaining the best talent; using the Smiths Excellence System, its shared operating model, to deliver sustained improvement in operational performance;
- focus continuously on investment in R&D and technology to develop innovative and differentiated products and services – especially those with a strong digital component;
- create long-term partnerships with customers where technology-based solutions are valued;

- operate within a robust financial framework by focusing the portfolio on sustainably competitive and asset light businesses, delivering profitable growth and managing and investing in the business with strong financial discipline; and
- use sustained investment in operational improvement to drive expansion in gross margins, including the ongoing strategic restructuring programme, which is increasing the Smiths Group's flexibility and speed, and is expected to deliver £70 million of benefits by FY2022 (across all divisions of the pre-Sale Smiths Group), helping to accelerate progress towards the Smiths Group's target profit margin range of a sustainable 18-20 per cent..

Following the recent appointment of Paul Keel as Smiths' CEO, Smiths will update the market on the Smiths Group's revised strategy and priorities at a capital markets day to be held in November 2021.

9. Current trading and prospects

On 26 March 2021, the Company published its interim results for the half year ended 31 January 2021, which are hereby incorporated by reference to this document. Revenue for the first half was down 5 per cent., on an underlying basis, against a very challenging market backdrop and pre-COVID comparators. Revenue declined 7 per cent. on a reported basis, including the adverse impact of foreign exchange translation and contributions from acquisitions.

Smiths Medical revenue for the first half was up 0.2 per cent. on an underlying basis, with growth held back by the continuing impact of fewer elective procedures due to COVID-19. Revenue was down 2 per cent. on a reported basis, including the adverse impact of foreign exchange translation.

The Smiths Group remains confident of meeting its expectations for the full year. This reflects the Smiths Group's robust first half performance and, as expected, improving second half trends. The Smiths Group's performance is underpinned by the incremental benefits of its strategic restructuring programme, which is on track, supporting further good profit conversion with strong cash conversion. The Company is scheduled to announce its audited results for the year ended 31 July 2021 on 28 September 2021.

Further to the agreements with Ivenix detailed in Section 8.2 of Part VII (*Additional Information*) of this document including the related commercial arrangements for Smiths Medical to market the Ivenix products, the Smiths Group is currently reviewing the £56 million carrying value of capitalised development costs and related assets in relation to its large volume pump.

10. Share schemes

Participants who are employed by the Smiths Medical Group will, upon Completion, become leavers for the purposes of the Smiths Group Share Schemes. It is intended that participants in the Smiths Group 2015 Long Term Incentive Plan with unvested awards will be treated as good leavers from the plan effective from the date of Completion. Awards will vest according to the normal schedule and performance adjustments applied. The number of shares will be adjusted according to the number of months between the grant of the award and Completion of the transaction within the 36-month performance period. In accordance with the requirements of the relevant tax legislation, Smiths Medical Group participants in the Smiths Group Sharesave Scheme will be entitled to exercise their options over Smiths Shares for a period of six months. Awards granted under the Smiths Group Restricted Stock Plan 2014 to Smiths Medical Group employees will be preserved and vest in accordance with their applicable performance conditions. Other participants in the Sierra Group Share Schemes will continue to participate in those schemes in accordance with their respective terms.

Participants in the Smiths Group Share Schemes who are employed by the Smiths Medical Group will be contacted separately with further details of the impact of the Sale on their outstanding options and awards and any actions they need to take.

11. Pensions

The Smiths Group operates a number of defined benefit and defined contribution pension schemes. Employees of the Smiths Medical Group either currently or have historically participated in some of those pension schemes, including SIPS in the UK and the Smiths Group Pension Plan in the US. With effect on and from 11 November 2020, the Smiths Medical Group ceased to have funding obligations to SIPS and with effect from Completion, the Smiths Medical Group will cease to have funding obligations to the Smiths Group Pension Plan.

Where required, replacement defined contribution pension arrangements, on broadly equivalent terms to existing arrangements, will be established by Smiths Medical for its employees.

12. Risk factors

You should read the whole of this document and not just rely on the summarised information and summarised financial information contained in this letter. In particular, your attention is drawn to the risk factors set out in Part II (*Risk Factors*) of this document which contains a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolutions.

13. General Meeting

The Sale is conditional upon the approval of Shareholders at the General Meeting and a notice convening the General Meeting to be held at 11.00 a.m. on 17 September 2021 at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW is set out in Part X (*Notice of General Meeting*) of this document.

In addition, the purpose of the General Meeting is to consider and, if thought fit, approve the Share Buyback Programme. The Sale is not conditional on the Shareholders approving the Share Buyback Programme. In the event that the Sale Resolution is passed but the Share Buyback Programme is not approved by Shareholders, it is the Board's intention to proceed to implement the Sale.

The Share Buyback Programme is conditional on Shareholders approving the Share Buyback Resolution. The full text of the Resolutions is set out in the Notice of General Meeting.

At present, public health guidance and legislation issued by the UK Government in relation to the COVID-19 pandemic would permit public gatherings and travel at the date of the General Meeting. However, given the constantly evolving nature of the COVID-19 pandemic, Smiths will also be offering a facility for Shareholders to follow the General Meeting remotely via a live webcast, should they wish to do so. This can be done by accessing Smiths' website at www.smiths.com and following the link to the webcast. The website will then prompt you to enter some registration details in order to access the webcast, such as name and email address. Please note that viewing the General Meeting electronically via the webcast will not constitute formal attendance by Shareholders at the General Meeting and Shareholders will not be able to vote or ask questions via the webcast. Because the webcast will not provide for the ability to vote, Shareholders planning to view the webcast should submit their proxies as early as possible appointing the Chairman of the General Meeting as their proxy. This will ensure that your vote will be counted. For more information on accessing the webcast on the day please refer to page 67 of this document.

Due to the continuing potential health risks from public gatherings because of the COVID-19 pandemic, all Shareholders are encouraged to appoint the Chairman of the General Meeting as their proxy and to give their instructions on how they wish the Chairman of the General Meeting to vote on the Resolutions on their behalf. Shareholders can appoint their proxy by either completing the Form of Proxy and returning it, or submitting their vote online, in accordance with the instructions printed on the Form of Proxy and set out in the Notice of General Meeting at the end of this document.

Any Shareholders planning to attend the General Meeting in person will be required to comply with appropriate COVID-19 precautionary measures. Such measures include a prohibition on guests attending the General Meeting and the maintenance of social distancing between attendees. In addition, as the General Meeting will only deal with the formal business of the meeting and to ensure the health and safety of our shareholders, colleagues and General Meeting support staff, as well as the public, no refreshments will be available at the General Meeting. The Board reserves the right to require any attendees to comply with other measures it reasonably considers necessary to ensure the health and wellbeing of any persons attending the General Meeting.

Smiths will continue to monitor closely the impact of the COVID-19 pandemic, including the latest guidance from the UK government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, this will be notified to Shareholders on Smiths' website and/or via a Regulatory Information Service.

14. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting or any adjournment thereof. It is important that Shareholders have the opportunity to vote and you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it to the Registrar,

Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 15 September 2021, being 48 hours before the time appointed for the holding of the General Meeting (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you hold Smiths Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Smiths' Registrar, Equiniti Limited (CREST Participant ID: RA19) by no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Proxy appointments may also be submitted via the internet at www.sharevote.co.uk so that the appointment is received by no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Further details of the procedure are set out in the Notice of General Meeting set out in Part X (*Notice of General Meeting*) at the end of this document.

Unless the Form of Proxy, CREST Proxy Instruction or an electronic registration of proxy appointment (as applicable) is received by the relevant date and time specified above, it will be invalid.

Completion and return of the Form of Proxy, the submission of a CREST Proxy Instruction or an electronic registration of a proxy appointment will not preclude you from attending the General Meeting and voting in person if you so wish.

Smiths ADR Holders

Please note that Smiths ADR Holders, in their capacities as such, are not entitled to attend or vote at the General Meeting directly or to appoint proxies to attend or vote on their behalf. In order to attend and vote at the General Meeting, a Smiths ADR Holder can cancel their Smiths ADRs and become a registered holder of Smiths Shares. This entails surrendering their Smiths ADRs in accordance with the terms of the Smiths ADR Deposit Agreement and receiving Smiths Shares in return. As registered shareholders they should then follow the voting instructions for shareholders set out above and ensure that they have voted by proxy (if applicable) so as to be received by no later than 11.00 a.m. on 15 September 2021 (or, in the case of an adjournment, not later than 48 hours prior to the time fixed for the holding of the adjourned meeting).

Smiths ADR Holders wishing to do this should withdraw their Smiths ADRs in time to permit processing to be completed by the US Depository and should note that certain fees, expenses and taxes may apply. Smiths ADR Holders who wish to take such action and who hold their Smiths ADRs indirectly must rely on the procedures of the bank, broker, financial institution, administrator or other nominee through which the Smiths ADRs are held.

15. Further information

The expected timetable of principal events for the Sale is set out on page 9 of this document. Further information regarding the terms of the Sale is set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document. Further information regarding the Share Buyback Programme is set out in Part IV (*Further Information on the Share Buyback Programme*) of this document. **Shareholders are advised to read the whole of this document and not merely rely on the summarised information set out in this letter.**

16. Financial advice

The Board has received financial advice from each of Goldman Sachs, J.P. Morgan Cazenove and Gleacher Shacklock (as Joint Financial Advisers) in relation to the Sale. In providing their financial advice to the Board, the Joint Financial Advisers have relied upon the Board's commercial assessment of the Sale.

17. Recommendation

The Board considers the Sale on the terms as set out in this document and the Share Buyback Programme to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions at the General Meeting.

The Directors intend to vote in favour of the Resolutions at the General Meeting in respect of their respective individual beneficial holdings of Smiths Shares, being in aggregate 116,974 Smiths Shares representing approximately 0.03 per cent. of the total issued share capital of Smiths as at the Latest Practicable Date.

Yours faithfully,

Sir George Buckley
Chairman

PART II RISK FACTORS

Shareholders should carefully consider the risks and uncertainties described below, together with all other information in this document before deciding whether to vote in favour of the Resolutions.

The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all of the material risks which generally affect the Smiths Group. Further information on the material risks which generally affect the Smiths Group is set out in the Company's 2020 Annual Report.

The risks described below represent those known to the Directors as at the date of this document which the Directors consider to be material risks relating to the Sale, as well as material risks to the Continuing Group which result from or will be affected by the Sale. However, these risks and uncertainties are not the only ones facing the Smiths Group or which, following Completion, the Continuing Group will face. Additional risks and uncertainties could also have a material adverse effect on the business, financial condition, results of operations, or prospects of the Smiths Group or, following Completion, the Continuing Group. These risks and uncertainties may not exist now or are not currently known to the Directors. Alternatively, they could be currently considered by the Directors to be immaterial or considered by them to be material, but which are not related to or will not be affected by the Sale.

If any or a combination of these risks actually occurs, the business, financial condition, results of operations or prospects of the Smiths Group or, following Completion, the Continuing Group could be materially and adversely affected. In such case, the price of Smiths Shares could decline and investors may lose all or part of their investment.

The information given is as at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-looking statements" at the beginning of this document.

1. Risks relating to the Sale

The Sale may not proceed to Completion

Completion is subject to the approval of the Sale Resolution by Shareholders at the General Meeting and satisfaction or waiver (where applicable) of the Antitrust Conditions and the FDI Conditions. The processes to obtain the necessary clearances from the relevant regulatory authorities in order to satisfy the Antitrust Conditions and the FDI Conditions will be led by the Purchaser. The outcome of those clearances cannot be predicted with certainty in view of the required regulatory clearances.

The Purchaser has agreed to take all steps reasonably necessary or required by any regulatory authority in order to obtain the necessary clearances and no issues are anticipated with them. Such reasonable steps include agreement to any reorganisation, divestment or disposition of assets accounting for up to 20 per cent. of the sales of the Smiths Medical business, and anything exceeding this threshold shall not be viewed as reasonable unless consented to by the Purchaser. There can be no assurance that any or all of the conditions will be satisfied or waived (as applicable) by the Long Stop Date and that the Sale and Purchase Agreement will not then be terminated or the Sale be delayed or not complete at all. Delay in completing the Sale will prolong the period of uncertainty for the Smiths Medical Group, its customers and employees (including members of management). Such delay may also result in the accrual of additional costs to the businesses carried out by the Smiths Group without any of the potential benefits of the Sale having been achieved. In addition, the Smiths Group's management and employees would have spent time in connection with the Sale, which could otherwise have been spent more productively in connection with the other activities of the Smiths Group. If the Sale does not complete, the Company will not receive the cash proceeds from the Sale or be able to carry out the Share Buyback Programme to return proceeds to Shareholders, and will forgo the other benefits of the Sale as detailed in the letter from the Chairman in Part I (*Letter from the Chairman of Smiths*) of this document.

Smiths has also incurred transaction costs in relation to the negotiation of the Sale, and certain of these will be incurred irrespective of whether or not the Sale proceeds. Further information regarding such transaction costs is set out in Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document.

Exposure to liabilities under the Sale and Purchase Agreement

The Sale and Purchase Agreement contains certain customary warranties and indemnities from the Seller in favour of the Purchaser. While due diligence has been undertaken and limitations of liability have been negotiated between the Seller and the Purchaser, and although liability of the Seller under most of the business and commercial warranties is limited to £1 (with the intention that the Purchaser take out warranty and indemnity insurance in respect of any potential claims under those warranties), the Continuing Group retains liability in respect of certain fundamental warranties and key business warranties, subject to appropriate liability caps. If the Continuing Group should incur liabilities under any of these warranties and indemnities, the limited costs of such liabilities could have an adverse effect on its business, financial condition and results of operations. Further details of the Sale and Purchase Agreement, including the warranties and indemnities and the limitations on the Seller's liability under the warranties and indemnities, are set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Potential for third party interference with the Sale

The Company might be approached by a third party seeking to make a more favourable offer than that of the Purchaser for the Smiths Medical business and the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale and Purchase Agreement) to withdraw their recommendation of the Sale Resolution and the Sale.

A failure by Smiths to deploy the Net Cash Proceeds effectively could have a material adverse effect on the financial condition of the Continuing Group

At Completion, Smiths will receive the Net Cash Proceeds. The benefit and value to the Shareholders from the receipt by Smiths of the Net Cash Proceeds will be dependent on the ability of Smiths to deploy effectively the Net Cash Proceeds remaining after the repayment of transaction costs. This is currently expected to include the Share Buyback Programme, and the deployment of the Net Cash Proceeds towards creating a strong balance sheet by reducing Net debt and to support investment in additional value creating growth opportunities. If the Net Cash Proceeds are not utilised effectively, there may be a material adverse effect on the Continuing Group and its financial condition.

Rights under the Shareholders' Agreement

The rights of the Seller under the Shareholders' Agreement will reflect the Seller's minority interest in TopCo. In particular, TA will have control of the board of directors of TopCo, subject to those reserved matters in respect of the operation of Smiths Medical which will require the consent of the Seller. As such, Smiths may be unable to prevent Smiths Medical from engaging in activities or pursuing strategic objectives that may conflict with the Continuing Group's interests or overall strategic objectives. TA may experience financial, operational or other difficulties, any of which may adversely affect the success of Smiths Medical and the Continuing Group's ability to realise returns from its Retained Interest. There is also a risk that, in the future, a conflict of interest develops between the Continuing Group and Smiths Medical.

In addition, the Seller will be restricted from transferring its Retained Interest in TopCo without the prior written consent of TA other than to other members of the Smiths Group until the third anniversary of Completion, after which the Seller will only be able to sell its stake by first offering TA the possibility of buying it at a price to be agreed between the parties. This is subject to the right of the Seller to sell all or some of its Retained Interest at any time in the event of a reputational event which results in any member of the Smiths Medical Group being in material non-compliance with certain compliance requirements and such reputational event has a material adverse effect on the Smiths Group or the Smiths Medical Group taken as a whole. TA has absolute discretion over the structure and timing of any exit (i.e. an IPO, sale of substantially all of the Smiths Medical business, or sale by TA of its stake resulting in a change of control). Circumstances may therefore arise whereby the Continuing Group is required to exit its investment in the Smiths Medical business against its wishes, or the Continuing Group wishes to initiate an exit on its own behalf but is restricted by the terms of the Shareholders' Agreement.

It is uncertain whether the Company will receive any return on the Retained Interest in TopCo

The Retained Interest forms part of the Consideration for the Sale. Following the Sale, Smiths Medical will be controlled by TA, which is a private equity firm, and the Company expects that TA will seek a return on its investment, via the Purchaser, in Smiths Medical. Under the terms agreed pursuant to the Shareholders'

Agreement, the A Share carries a preferential distribution right of up to \$0.2 billion on terms described in Section 3 of Part I (*Letter from the Chairman of Smiths*) above.

There is a risk that Smiths will not receive any or all of the preferential distribution payable under the terms of the Shareholders' Agreement. The \$0.2 billion preferential distribution is dependent on the returns to TA reaching a certain threshold. There is no guarantee that the future performance of the Smiths Medical Group and the investment returns on TA's investment in the Smiths Medical Group will be sufficient to trigger payment of the \$0.2 billion preferential distribution. In addition, in the event that the Smiths Medical Group suffers financial distress any distribution due to SGIHL may be put at risk.

If the further cash proceeds of \$0.2 billion are paid to SGIHL in accordance with the above, and if TA continues to successfully generate a further return on its investment in Smiths Medical, the Company would also expect to receive a return on the TopCo Shares at the same time. Such return could arise from either dividends and other distributions by TopCo Group or by way of an exit from the investment in TopCo Group.

The ability of SM2020 to distribute such dividends, the value of the TopCo Shares and the expected value realised from the strategic partnership with TA will derive from the trading and operational performance of the Smiths Medical business owned by the Purchaser, the ability of the Smiths Medical business to execute its strategy, the competitive environment in which the Smiths Medical business will operate, the exposure of the Smiths Medical business to the legal and regulatory risks associated with operating in highly regulated markets including changes to the applicable law and regulatory regime, the realisation of costs and capital synergies, any significant counterparty failure and market conditions and associated risks generally.

In addition, although they are transferable (subject to certain restrictions), the TopCo Shares are unlisted interests in a private limited company and may prove difficult to realise as there is no liquid market for such interests. Should TA conduct an initial public offering ("IPO") of TopCo there can be no assurance that a liquid market for the securities listed or registered will develop. If an IPO of TopCo equity does take place, the market value of securities held by the Seller may go down as well as up and may not always reflect the underlying asset value.

There is also a risk that the Seller will realise a lower value, including no value, for the TopCo Shares at the time that such shares are sold, as it will depend on the future value of the Smiths Medical Group.

There is also a risk that the Seller's direct interest in TopCo could be diluted post-Completion, in situations where TopCo raises finance via an equity offering in which Smiths does not participate pursuant to its rights of pre-emption.

Further details of the TopCo Shares are set out in Section 1.2 of Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Smiths will have foreign exchange risk related to the proceeds from the Sale

The Net Cash Proceeds will be received in US dollars. The Company reports its results in Sterling and will carry out the Share Buyback Programme in Sterling. There could be a period of several months between the General Meeting and the Sale becoming unconditional. During this time, other than to the extent the Continuing Group intends to use the proceeds to repay liabilities in US dollars, the Continuing Group will be exposed to the risk of a significant depreciation in the US dollar against Sterling. In addition, any distributions received on the TopCo Shares will be denominated in US dollars and it is expected that any sale of the TopCo Shares would be made in US dollars.

Potential impact on the value of the Smiths Trade Marks and related goodwill

The Company is to grant the Smiths Medical Group continuing rights to use the Smiths Trade Marks post-Completion pursuant to the terms of the Trade Mark Licence Agreement. While the scope of these rights is designed to ensure that the Smiths Medical Group can only use the Smiths Trade Marks following Completion in a similar manner to their current use, and the Trade Mark Licence Agreement contains customary quality control and other brand protection provisions that are designed to protect the value and reputation of the Smiths Trade Marks, breach by SM2020 of the terms of the Trade Mark Licence Agreement could lead to damage to the Smiths Trade Marks and result in a reduction in their value and that of their associated goodwill. The Trade Mark Licence Agreement seeks to minimise the likelihood, and mitigate the impact, of any misuse of the Smiths Trade Marks by granting the Company a right to terminate the Product Licence in relation to a particular jurisdiction or line of products in the event that any member of the Smiths Medical Group uses the Smiths Trade Marks outside the scope of the Product Licence, or

there is a material breach by SM2020 of the quality control provisions contained in the Trade Mark Licence Agreement, in relation to that jurisdiction or those products that is not capable of remedy or that is not remedied within 60 days, and through SM2020 indemnifying the Smiths Group on an unlimited basis for losses arising from the Smiths Medical Group's use of the Smiths Trade Marks in breach of the Trade Mark Licence Agreement. Despite this, as the Smiths Trade Marks are relied upon to varying degrees by the Continuing Group, use by the Smiths Medical Group of the Smiths Trade Marks in such a way that materially damages the Smiths Trade Marks or their reputation could adversely affect the business, financial condition and results of operations of the Continuing Group.

Business separation may take longer than expected and unexpected additional costs could be incurred

The process of separating Smiths Medical from the Continuing Group will be largely complete by Completion. Any key operational activities that are not able to be transferred prior to Completion will be supported by the Continuing Group for a period following Completion through the provision of services to the Smiths Medical Group under the Transitional Services Agreement. These services principally consist of the on-going provision of IT services, as well as access to certain HR systems and corporate services such as tax and treasury management. During the period of the Transitional Services Agreement, the Smiths Medical Group will be reliant on the Continuing Group for the provision of these services and the Purchaser and the Continuing Group will work together to effect the separation of the business systems and transfer of the associated services. It may take some time for Smiths Medical and the Purchaser to procure the necessary resources and services and ensure that all processes are operating fully and efficiently. There is a risk that the establishment of these capabilities may take longer than expected. The Continuing Group could incur unexpected additional costs as a result of fulfilment of its obligations under the Transitional Services Agreement which it may be unable to pass on to the Purchaser and which could adversely affect its business, financial condition and results of operations. The Company's management may be required to allocate time and resources to ensure that the Continuing Group's obligations under the Transitional Services Agreement are fulfilled. This may limit the management and financial resources available to the Continuing Group, potentially to the detriment of the Continuing Group's overall operational and financial performance. Further details of the Transitional Services Agreement are set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Pre-Completion changes in the Company

During the period from the signing of the Sale and Purchase Agreement to Completion, events or developments may occur, including changes in trading, operations or outlook of the Continuing Group or the Smiths Medical Group, or external market factors, which could make the terms of the Sale and Purchase Agreement less attractive for the Company. This includes the continuing impact of the COVID-19 global health pandemic on the Smiths Medical Group and the Continuing Group. The Company would be obliged to complete the Sale notwithstanding such events or developments. This may have an adverse effect on the Continuing Group's business, financial condition and results of operations.

The pensions regulator in the United Kingdom (the Pensions Regulator) has the statutory power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant additional liabilities arising or an acceleration in the payment of liabilities for the Smiths Group in relation to SIPS and TIGPS

The Pensions Regulator has the power, in certain circumstances, to issue contribution notices and/or financial support directions requiring the Smiths Group and/or any connected or associated company to fund any deficit in relation to its two UK defined benefit pension schemes, SIPS and/or TIGPS. These are commonly referred to as "moral hazard" powers and enable the Pensions Regulator to take action if it considers it is reasonable to do so, including where corporate activity (such as the Sale) has had a materially detrimental effect on the security of members' benefits under SIPS or TIGPS. Any exercise of the Pensions Regulator's powers could result in significant additional liabilities arising or an acceleration in the payment of liabilities for the Smiths Group towards SIPS and TIGPS.

SIPS and TIGPS are both well-funded on the basis of a prudent set of financial assumptions. The Smiths Group has considered whether the Sale and/or the Share Buyback Programme would have a materially detrimental impact on SIPS and TIGPS and, having sought professional advice, does not consider this to be the case. In line with UK practice, the Smiths Group is engaged in ongoing discussions with the trustees of SIPS and TIGPS in relation to the Sale and the Share Buyback Programme. The trustees of SIPS and TIGPS are under an ongoing duty to monitor the strength of the financial support provided to the schemes

by the Smiths Group and to consider what (if any) further support may be required to be provided. They will continue to consider the impact of the Sale and the Share Buyback Programme as part of this ongoing monitoring.

The Smiths Group and the trustee of SIPS continue to engage in discussions in relation to the triennial actuarial valuation of SIPS as at 31 March 2020.

Other risks of the Sale

Other risks that may arise out of the Sale include disruption caused to the Continuing Group as a direct or indirect result of the Sale and other transaction costs and use of management time, which could all adversely affect the Continuing Group's financial condition and operating results.

2. Risks related to the Sale not proceeding

Inability to realise Shareholder value

The Board believes that the Sale is in the best interests of Shareholders taken as a whole and that it currently provides the best opportunity to realise an attractive value for Smiths Medical. If the Sale does not complete, the Company's ability to deliver equivalent or additional tangible value to Shareholders may be delayed or prejudiced.

There can be no assurance that there will be a future sale transaction of the Smiths Medical Group

If the Sale does not proceed, there can be no guarantee that opportunities will arise for a future sale or other separation of the Smiths Medical business at an equivalent value or that, as a result, the Smiths Group will be able to realise the benefits of operating as a distinct and legally separate group with its own strategic, operational and economic characteristics.

Potentially disruptive effect on the Smiths Group

If the Sale does not proceed, this may lead to management, employee, customer and supplier distraction and concern due to perceived uncertainty as regards the future ownership of Smiths Medical which may have an adverse effect on the performance of Smiths Medical and therefore its value to the Smiths Group. To maintain Shareholder value, the Company's management may be required to allocate additional time and cost to the ongoing supervision and development of Smiths Medical.

There may be an adverse impact on the Company's reputation

If the Sale does not proceed, there may be an adverse impact on the reputation of the Company as a result of increased publicity and media scrutiny arising in connection with the attempted Sale. This may be the case even where the failure to implement the Sale is due to factors outside the control of the Smiths Group. Any such reputational risk could adversely affect the Smiths Group's business, financial condition and results of operations.

3. Risks related to the Continuing Group

The Continuing Group will be a more focused group

Following the Sale, the operations of the Continuing Group will no longer include the companies and assets that comprise the Smiths Medical business. The Continuing Group will have less sectoral diversity and may therefore be more susceptible to adverse developments in the markets in which the remaining businesses operate. The impact of fluctuations in the end-use markets of the Continuing Group's businesses may be heightened following the Sale and may have an adverse effect on the Continuing Group's business, financial condition, results of operations and prospects.

Reduced income stream

Following Completion, the Continuing Group will no longer receive the contribution that the Smiths Medical Group currently makes to the headline EBITDA of the Smiths Group. For the financial year ended 31 July 2020, the Smiths Medical Group contributed revenue of £918 million (equivalent to \$1,158 million) and headline EBITDA of £184 million (equivalent to \$232 million) which represented 26 per cent. and 30 per cent. of the Smiths Group total revenues and total headline EBITDA (including discontinued operations) respectively for that financial year. In the six months ended 31 January 2021, the Smiths

Medical Group generated revenues of £427 million (equivalent to \$565 million) and headline EBITDA of £89 million (equivalent to \$118 million) which represented 27 per cent. and 30 per cent. of Smiths Group total revenues and total headline EBITDA (including discontinued operations) respectively for that six-month period to 31 January 2021. Following the Sale, the Continuing Group will also seek to eliminate costs previously associated with charges to the Smiths Medical Group. If the elimination of these costs is not achieved, this would further reduce the Continuing Group's headline EBITDA. Following Completion, the Continuing Group's reduced income stream may increase its cost of borrowing and/or make it more difficult for the Continuing Group to obtain financing or may have a material adverse effect on the financial condition of the Continuing Group. The reduced income stream may also affect the Continuing Group's ability to pay dividends in the future. The Board intends to return £715 million (equivalent to approximately \$1 billion) of the Net Cash Proceeds to Shareholders.

The market price of the Continuing Group shares may go down as well as up following Completion

Shareholders should be aware that the value of an investment in the Continuing Group following Completion may go down as well as up and can be volatile. The price at which the Smiths Shares may be quoted and the price which investors may realise for their Smiths Shares following Completion will be influenced by a large number of factors. Some of these factors are specific to the Continuing Group and its operations and some may affect the industries in which the Continuing Group operates as a whole or other comparable companies or publicly traded companies generally. The sentiments of the stock market regarding the Sale will be one such factor. Other factors which could lead to the market price of Smiths Shares following Completion going up or down will include:

- the actual or anticipated fluctuations in the financial performance of the Continuing Group and its competitors;
- market fluctuations (including in respect of interest rates);
- the political, legal and economic ramifications of the UK's withdrawal from the EU and/or other (geo)political events;
- the continuing impact of the COVID-19 global health pandemic; and
- legislative or regulatory changes in the industries in which the Continuing Group operates or generally those affecting consumers.

Smiths may be a PFIC for US federal income tax purposes

A non-US corporation, such as Smiths, will be treated as a "passive foreign investment company" or "PFIC," for U.S. federal income tax purposes if, in the case of any particular taxable year, either (i) 75 per cent. or more of its gross income for such year consists of certain types of "passive" income or (ii) 50 per cent. or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Based on its current and expected income and assets, including goodwill, Smiths does not presently expect to be or become a PFIC for the current taxable year or the foreseeable future.

However, because PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of a non-US corporation's income and assets, there can be no assurance that Smiths will not be a PFIC for the current taxable year or any future taxable year. Smiths' PFIC status may depend on how long the cash proceeds of the sale of Smiths Medical are retained and the value of the Smiths Shares.

US Holders are advised to consult their tax advisers regarding the application of the PFIC rules to any of the Company's subsidiaries. Each US Holder is advised to consult its tax adviser regarding the potential tax consequences to such holder if the Company is or becomes classified as a PFIC.

PART III SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE SALE

1. SALE AND PURCHASE AGREEMENT

1.1 Parties and structure

On 2 August 2021, the Seller, the Purchaser and TopCo entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell its entire shareholding in SM2020 to the Purchaser.

1.2 Consideration

The consideration for the purchase of the entire issued share capital of SM2020 is:

- the cash consideration of \$754 million (which is derived by taking the amount of cash consideration (\$917 million) less the principal amount of consideration loan notes (being \$163 million, with such consideration loan notes to be ultimately sold to TopCo in consideration for the Retained Interest)) (the “**Cash Consideration**”); and
- the Retained Interest (the Cash Consideration and the Retained Interest together being the “**Consideration**”).

Immediately following Completion, the Purchaser will fund the repayment of a \$1,124 million loan from a subsidiary of SM2020 in favour of SGIHL (the “**SGIHL Loan Repayment**”). Accordingly, the total Net Cash Proceeds received in respect of the Sale is \$1.8 billion (equivalent to £1.3 billion), comprising \$1,878 million of cash payments upon or immediately following Completion (being the sum of the Cash Consideration and the SGIHL Loan Repayment) minus approximately \$72 million of cash expected to be transferred with Smiths Medical including the repayment of any amounts due from Smiths Group to Smiths Medical as a result of the Sale and Purchase Agreement.

The Consideration has been agreed on the basis of a “locked box” closing mechanism using a set of audited accounts drawn up as at 31 July 2020 (the “**Locked Box Date**”). Accordingly, the Sale and Purchase Agreement contains certain customary restrictions which apply for the period from the Locked Box Date to Completion to prevent unapproved value being transferred from the Smiths Medical Group to the Continuing Group in that period, subject to certain customary and limited exceptions.

1.3 Conditions to Completion

Completion is conditional on:

- A. the passing of the Sale Resolution by Shareholders (the “**Shareholder Approval Condition**”);
- B. insofar as the United States Department of Justice Antitrust Division or the United States Federal Trade Commission considers the Sale to fall within the scope of the Sherman Act, as amended; the Clayton Act, as amended; the HSR Act; the Federal Trade Commission Act, as amended; and all other federal and state statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade, merger control clearance having been received from either the United States Department of Justice Antitrust Division or the United States Federal Trade Commission or any appropriate waiting periods (including any extensions) having expired, lapsed or been terminated (as appropriate), and in respect of regulatory authorities outside the United States, merger control clearance having been received from the regulatory authorities in Germany and Japan or any appropriate waiting periods (including any extensions) having expired, lapsed or been terminated (the “**Antitrust Conditions**”); and
- C. in Austria, France, Germany and Spain, insofar as the Sale falls within the scope of a regulatory authority’s statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict, or regulate foreign investment in that regulatory authority’s jurisdiction, clearance having been received from that regulatory authority or any appropriate waiting periods (including any extensions) or investigations having expired, lapsed or been terminated (the “**FDI Conditions**”).

In respect of the Antitrust Conditions and the FDI Conditions, the Purchaser has agreed to take all steps reasonably necessary or required by any relevant regulatory authority (including, but not limited to, agreeing to any conditions, undertakings, sale, divestment, licence or disposition of any necessary assets or business

by the Purchaser or by any member of the Purchaser's group) in order to obtain clearance in the first phase of any review by the Long Stop Date. Such reasonable steps include agreement to any reorganisation, divestment or disposition of assets accounting for up to 20 per cent. of the sales of the Smiths Medical business, and anything exceeding this threshold shall not be viewed as reasonable unless consented to by the Purchaser. If any of the Conditions are not satisfied by the Long Stop Date, then either the Seller or the Purchaser may elect to terminate the Sale and Purchase Agreement.

In the case of the Shareholder Approval Condition, the Seller has agreed that this document will be sent to Shareholders within 30 business days of the date of the Sale and Purchase Agreement and that, subject to the fiduciary duties of the Directors, the Directors will recommend and continue to recommend to the Shareholders the passing of the Sale Resolution.

1.4 Warranties, indemnities and limitations on liability

The Seller has given warranties to the Purchaser which are customary for a transaction of this nature. These include, among other things, warranties in respect of its capacity to enter into and perform the Sale and Purchase Agreement, title to the shares in SM2020, related party transactions, accounts and financial matters, events since the Locked Box Date, contracts, material litigation and investigations, the existence of product liability insurance, insolvency, matters relating to employees, compliance with laws, intellectual property, data protection, health and safety, pensions, real estate matters, the environment and taxation.

The liability of the Seller under most of the business and commercial warranties is limited to £1 (with the intention that the Purchaser take out warranty and indemnity insurance in respect of any potential claims under those warranties).

Certain fundamental warranties and key business warranties are subject to appropriate liability caps. The fundamental warranties cover the Seller's authority to sell, its ownership of its shareholding in SM2020, and the structure of the Smiths Medical Group (the "**Fundamental Warranties**"). The key business warranties cover export controls and sanctions, events since the Locked Box Date, related party transactions, the existence of product liability insurance, material litigation and investigations, insolvency, pensions and taxation (the "**Preferential Warranties**").

The Seller has also given a customary tax covenant in favour of the Purchaser which covers any taxation in respect of the period prior to Completion, subject to usual exclusions for a transaction of this nature.

The Sale and Purchase Agreement contains certain customary financial limitations, time limitations and other limitations and exclusions on the ability of the Purchaser to claim against the Seller for breach of warranty or other breach of the Sale and Purchase Agreement, or under the tax covenant. The total aggregate liability of the Seller for breach of the Preferential Warranties or under the tax covenant, will not exceed \$150 million. The total aggregate liability of the Seller for all other claims under the Sale and Purchase Agreement, including any claim in respect of Fundamental Warranties, will not exceed 100 per cent. of the Consideration.

Nothing in the Sale and Purchase Agreement limits the Seller's liability for fraud.

1.5 Conduct of the Smiths Medical business prior to Completion

The Seller has agreed, subject to customary exceptions, that the business of Smiths Medical will be carried on in the ordinary course up to Completion and has given a number of specific undertakings to the Purchaser regarding the conduct of the business and affairs of the Smiths Medical Group during such period.

1.6 Completion deliverables

At Completion, the Seller and the Purchaser are obliged to deliver certain customary documents in order to implement the transfer of the shares of SM2020.

1.7 Non-compete and non-solicit undertaking

The Seller has given an undertaking to the Purchaser that, subject to certain exceptions (including the Continuing Group's ability to carry on its business as it is currently operated), it and the other members of the Continuing Group will not, directly or indirectly, for a period of 36 months from Completion, carry on or be engaged, concerned or interested in any business that competes with the business of the Smiths Medical Group.

The Seller has also given an undertaking to the Purchaser that, subject to customary exceptions, it and the other members of the Seller's Group will not, directly or indirectly, for a period of 24 months from Completion solicit any person who is or was employed as a director or senior manager by any member of the Smiths Medical Group.

1.8 Purchaser non-solicit undertaking

The Purchaser has given an undertaking to the Seller that, subject to customary exceptions, it and the other members of its group (excluding its portfolio companies other than the Smiths Medical Group) will not, directly or indirectly, for a period of 36 months from Completion solicit any person who is or was employed as a director or senior manager by any member of the Seller's Group.

1.9 Purchaser representations, warranties and undertakings

The Purchaser has given warranties to the Seller in respect of, among other things, its power and ability to enter into the Sale and Purchase Agreement and its financing (and the other documents being entered into in connection with the Sale and Purchase Agreement). In addition, the Purchaser has given customary warranties to the Seller in respect of the Retained Interest, including that, when issued and allotted in accordance with the terms of the Sale and Purchase Agreement, the shares comprised within the Retained Interest will be validly issued, free and clear of all encumbrances.

1.10 Termination

The Sale and Purchase Agreement shall only terminate if any Condition has not been fulfilled or waived by the Long Stop Date and either the Seller or the Purchaser gives notice to the other to terminate.

1.11 Governing law and jurisdiction

The Sale and Purchase Agreement is governed by English law. Any disputes arising under the Sale and Purchase Agreement are to be settled by arbitration in accordance with the rules of the London Court of International Arbitration. The seat of arbitration shall be London.

2. SHAREHOLDERS' AGREEMENT

2.1 Parties and term

A Shareholders' Agreement will be put in place at Completion to govern the relationship between SGIHL and TA in respect of the Retained Interest to be held by SGIHL through its holding of the TopCo Shares and the A Share. The Shareholders' Agreement will apply to SGIHL for so long as it holds any TopCo Shares or the A Share.

2.2 Board representation

SGIHL will be entitled to appoint two directors to the board of directors of TopCo, with TA entitled to appoint as many directors as it wishes to. The directors will have equal voting rights.

2.3 Reserved matters

A number of reserved matters in respect of the operation of the Smiths Medical Group which will require the consent of SGIHL have been agreed which are customary for an agreement of this nature reflecting SGIHL's minority interest in TopCo, including entry by Smiths Medical into a material new line of business and any alteration to the rights of the shares which comprise the Retained Interest.

2.4 Preferred distribution

Pursuant to the A Share, which SGIHL will hold, SGIHL will also benefit from a preferential distribution right of up to \$0.2 billion once TA has received a certain cash return on its investment. Once TA has received investment returns from TopCo Group equal to a certain multiple of the value of its investment into TopCo Group, *pari passu* distributions will be suspended and all further distributions made by TopCo Group shall be paid solely to SGIHL (via its A Share), up to a cap of \$0.2 billion, and only thereafter will proceeds again be distributed to both SGIHL and TA on a *pari passu* basis. In the first two and a half years following Completion, this multiple will be 1.75x. Thereafter, the multiple will be 2.75x. Other than the preferential distribution right attaching to the A Share, the shares in TopCo to be held by SGIHL shall rank *pari passu* with the shares in TopCo held by TA. No change or alteration to the rights, preferences or

privileges of the A Share or the TopCo Shares shall be permitted without the prior written consent of SGIHL. There are no cancellation or expiry rights in respect of the A Share or the TopCo Shares.

2.5 Restrictions on transfers of shares

SGIHL will be restricted from transferring its Retained Interest in TopCo without the prior written consent of TA other than to other members of the Smiths Group until the third anniversary of Completion, after which SGIHL will only be able to sell its stake by first offering TA the possibility of buying it at a price to be agreed between the parties. This is subject to the right of SGIHL to sell all or some of its Retained Interest at any time in the event of a reputational event which results in any member of the Smiths Medical Group being in material non-compliance with certain compliance requirements and such reputational event has a material adverse effect on the Smiths Group or the Smiths Medical Group taken as a whole.

Typical drag-along and tag-along provisions apply in respect of the Retained Interest and the Shareholders' Agreement contains typical provisions in respect of an exit, in each case reflecting SGIHL's minority interest in TopCo.

TA shall have the right to require SGIHL to sell all of its shares in TopCo at the same time and on terms no less favourable to SGIHL than those applicable to TA on a future sale by TA of a controlling interest in TopCo (the "**Drag-along Right**"), but always subject to the rights of SGIHL in respect of the A Share. TA may require SGIHL to enter into such a transfer by giving written notice to SGIHL within a set period prior to completion of the agreement for the proposed sale which TA proposes to enter into in respect of the sale of its controlling interest. Such notice shall specify that the Drag-along Right is being exercised, the identity of the proposed transferee, the consideration to be paid to SGIHL and the proposed date of completion of the agreement for the proposed sale. The notice shall be accompanied by copies of all of the documents required to be executed by SGIHL to give effect to the Drag-along Right.

In addition, SGIHL shall have the right at any time to require a third party purchaser of some or all of TA's interest in TopCo to acquire a pro-rata number of SGIHL's shares in TopCo at the same time and on the same terms (the "**Tag-along Right**"), provided that where the proposed sale by TA would result in TA selling a controlling interest in TopCo, SGIHL shall have the opportunity to sell all of its shares in TopCo pursuant to such a sale. The Tag-along Right shall be on terms and conditions no less favourable to SGIHL than those applicable to TA on such a sale, but always subject to the rights of SGIHL in respect of the A Share. Within a set period prior to the completion of any proposed sale by TA, TA shall deliver to SGIHL a written notice which shall set out the type and amount of consideration to be paid by the third party purchaser for each share in TopCo, details of the third party purchaser and all other material terms and conditions. If SGIHL wishes to exercise its Tag-along Right, it shall notify TA within a set period that it wishes to do so.

TA has absolute discretion over the structure, timing and other terms and conditions of any exit (i.e. an IPO, sale of substantially all of the Smiths Medical business or sale by TA of its stake resulting in a change of control). TA is required to keep SGIHL reasonably informed of any material developments in respect of such an exit. Each party to the Shareholders' Agreement agrees to take such action as is reasonably requested by the board of TopCo to achieve any such exit.

2.6 Governing law and jurisdiction

The Shareholders' Agreement is governed by English law. Any disputes arising under the Shareholders' Agreement are to be settled by arbitration in accordance with the rules of the London Court of International Arbitration. The seat of arbitration shall be London.

3. TRANSITIONAL SERVICES AGREEMENT

3.1 Transitional Services

In connection with the Sale, BIS (a Smiths Group company) and SM2020 will enter into a Transitional Services Agreement ("**TSA**") on Completion, pursuant to which BIS will provide or procure the provision of certain services to the Smiths Medical Group on a transitional basis and SM2020 will provide, or procure the provision of, limited tax support to the Continuing Group.

The key services to be provided under the TSA are: (i) IT services (principally the continued access for the Smiths Medical Group to shared IT systems and the provision of related support services); (ii) HR services (principally the continued access for the Smiths Medical Group to certain HR systems and the provision of related services, together with the provision of other general HR services and continued provision of certain

health and welfare benefits to Smiths Medical Group employees); (iii) corporate services (including treasury management); (iv) tax services (collectively, the “**Run Services**”); (v) certain services to assist with IT transformation of the Smiths Medical Group (the “**IT Transformation Services**”); and (vi) certain services to support the transition of the Smiths Medical Group to replacement systems and services (the “**Transition Services**”). The service terms vary for each of the Run Services, with an initial duration of no longer than 12 months from Completion, which SM2020 is able to extend for most of the Run Services if certain conditions are satisfied and subject to the payment by SM2020 of an uplift to the service fees where the TSA is extended beyond a term of 18 months. The TSA will not contain detailed service levels, but in line with market practice, will require the services to generally be provided to a standard that is substantially consistent with the standard provided in the 12 months prior to Completion.

3.2 Term and termination

Unless terminated earlier, the TSA will remain in force until the later of: (i) the expiry of the longest of the service terms for the Run Services; (ii) the expiry of the tax support to be provided to Smiths; and (iii) the completion of the IT Transformation Services and the Transition Services. The TSA may be terminated by either party on the occurrence of an insolvency event in relation to the other party or on the material breach of the other party, which (if capable of remedy) is not remedied within 30 days of a notice to do so from the non-breaching party. BIS may also terminate for SM2020’s non-payment of undisputed fees by the due date, which is not cured within 30 days of a payment reminder notice from BIS. BIS can also choose to exercise its breach termination rights in respect of a particular service only.

SM2020 has the right to terminate any service early on 30 days’ written notice to BIS, and BIS’s obligation to provide the relevant service will terminate at the end of the 30-day notice period.

3.3 Transition plan

The TSA will provide that the parties will work together to develop a transition plan as soon as is reasonably practicable following Completion, which will set out the Smiths Medical Group’s requirements for the transition of the Smiths Medical Group to a replacement set of services and systems and the milestones, Continuing Group support and other activities required to facilitate that transition. The scope of the Transition Services needed to achieve this transition in line with the transition plan will be agreed in separate statements of work.

3.4 Charges

The service fees for the IT Run Services are made up of a base monthly flat fee, together with other fees calculated on an “as used” time basis by reference to an agreed rate card and certain third party and other charges. For all other Run Services (other than the tax services which do not attract any service fees) the service fees are as stated in the applicable schedules. In all cases, certain other costs and expenses (including where there is an extension of the service term and a related fee uplift) may also be charged to arrive at the total charges for the Run Services. Each month, there will be a service fee review meeting at which the service fees for the Run Services may be adjusted in accordance with an agreed set of principles to reflect the termination or expiry of any Run Services in the preceding month.

The charges for the IT Transformation Services and the Transition Services will be set out in the applicable statement of work, but will generally be calculated by reference to the agreed rate card or charged on a direct pass-through basis.

3.5 Liability

The maximum liability of BIS and SM2020 under or in connection with the TSA will be £5 million. Several categories of loss, including loss of profits and revenues, loss of opportunity and anticipated savings are excluded for both parties.

These limitations do not apply to certain losses, where liability is unlimited, including liability for criminal misconduct, fraud or death or personal injury caused by a party’s negligence and, in the case of BIS only, wrongful termination or abandonment of the TSA and under an IP infringement indemnity given in favour of SM2020.

4. TRADE MARK LICENCE AGREEMENT

Post Completion, the Smiths Medical Group will require rights to use the Smiths Trade Marks for a certain period. Accordingly, in connection with the Sale, SM2020, as licensee and Smiths, as licensor, will enter into the TMLA, pursuant to which the Smiths Medical Group will be granted two licences to continue using the Smiths Trade Marks. Both of these licences will be non-exclusive, worldwide and non-transferable, but sub-licensable in limited circumstances, such as to other members of the Smiths Medical Group. All use by the Smiths Medical Group of the Smiths Trade Marks will be subject to the customary quality control and other brand protection provisions that are contained in the TMLA.

4.1 Licences

Under the TMLA, Smiths will grant licences to the Smiths Medical Group to use (i) “Smiths” in the corporate names of Smiths Medical Group members where required by medical device laws; (ii) the Smiths Trade Marks on existing medical device and veterinary products and pipeline medical device and veterinary products in development prior to the date that is six months after and including the date of Completion and related materials ((i) and (ii) together, the “**Product Licence**”); and (iii) the Smiths Trade Marks as otherwise currently used in the business of the Smiths Medical Group (the “**Run-off Licence**”). The Product Licence is designed to facilitate the Smiths Medical Group’s transition from compliance with the Medical Devices Directive to compliance with the Medical Devices Regulation in the EU and will, therefore, permit the Smiths Medical Group to manufacture the relevant products until 26 May 2025 and then to sell them: (a) in the EEA until 27 May 2025; and (b) outside the EEA, until the earlier of 1 July 2026 (as that date may be extended by SM2020 for two separate successive six month periods by providing 90 days’ notice to Smiths) and the date on which the relevant regulatory approval for their commercialisation in a particular territory ceases to exist.

The Product Licence will be royalty-free until 27 November 2025 and then royalty bearing for the remainder of its term. The royalties for the Product Licence will be in the form of flat fees of: (i) one million US dollars payable by SM2020 for the period of 28 November 2025 to 1 July 2026, and (ii) seven million US dollars payable by SM2020 for each six-month period post 1 July 2026 during which the Smiths Medical Group has extended its rights to continue to sell the relevant products outside the EEA. The Run-off Licence will be granted for 18 months post-Completion with the option for SM2020 to extend its term following that period for two successive six month periods by providing 90 days’ prior notice to Smiths. The first 18 months of the term of the Run-off Licence will be on a royalty-free basis and the remainder subject to the payment of royalties, calculated on 1.75 per cent. of the Smiths Medical Group’s US net sales and 1 per cent. of the Smiths Medical Group’s rest of the world net sales.

4.2 Termination

Unless terminated earlier, the TMLA will remain in force until the expiry of the Product Licence. Smiths has the right to terminate the TMLA on the occurrence of an insolvency event in relation to SM2020. Smiths also has the right to terminate the Product Licence in relation to a particular jurisdiction or line of products if SM2020 uses the Smiths Trade Marks outside the scope of the Product Licence, or commits a material breach of the quality control provisions in the TMLA, with respect to that jurisdiction or those products, which in each case (if capable of remedy) is not remedied within 60 days of a notice to do so from Smiths. SM2020 may terminate the TMLA for convenience on one month’s prior written notice to Smiths. Where Smiths terminates the TMLA or the Product Licence, SM2020 benefits from a 180-day period to sell-off already manufactured products.

4.3 Liability

SM2020 indemnifies the members of the Smiths Group on an unlimited basis for losses that they suffer or incur arising from SM2020’s breach of the TMLA or from any product liability claims. SM2020 also indemnifies the members of the Smiths Group on an unlimited basis for their reasonably and properly incurred costs and expenses of obtaining legal or other professional advice or other assistance in connection with investigating, defending or mitigating the effects of any allegations or claims made by a third party that result in, or could reasonably be expected to result in, more than immaterial damage to any of the Smiths Trade Marks and that arise out of, or in connection with, the use of the Smiths Trade Marks by any member of the Smiths Medical Group in accordance with the terms of the TMLA.

PART IV FURTHER INFORMATION ON THE SHARE BUYBACK PROGRAMME

If the Sale is approved at the General Meeting, the Board is proposing to return £715 million (equivalent to approximately \$1 billion) of the Net Cash Proceeds from the Sale to Shareholders via a Share Buyback Programme. The Board considered a number of methods for returning value to Shareholders and concluded that the Share Buyback Programme would be the most appropriate method.

It is expected that the timing for the commencement of the Share Buyback Programme will be announced by way of RIS but these steps are expected to be initiated as soon as reasonably practicable, subject to market conditions.

It is intended that the proposed Share Buyback Programme will be effected pursuant to the authority granted by the Share Buyback Resolution and that it will be completed within two years, subject to market conditions.

It is expected that the Share Buyback Programme will involve the on-market purchase of Smiths Shares. Pursuant to the Share Buyback Resolution, the maximum number of Smiths Shares that can be bought back is 59,432,913 Smiths Shares, representing 14.99 per cent. of the issued ordinary share capital of Smiths at the Latest Practicable Date. The maximum price (exclusive of expenses) Smiths can pay for each Smiths Share is the higher of:

- (a) an amount equal to 105 per cent. of the average middle market quotation for a Smiths Share, as derived from the London Stock Exchange Daily Official List, for the five business days prior to the day on which the Smiths Share is purchased; and
- (b) an amount equal to the higher of the price of the last independent trade of a Smiths Share and the highest current independent bid for a Smiths Share on the trading venue where the purchase is carried out.

The minimum price (exclusive of expenses) Smiths can pay for each Smiths Share is the nominal value of each Smiths Share (being 37.5 pence).

Any Smiths Shares bought back pursuant to the Share Buyback Resolution can be cancelled or held in treasury. Treasury shares can be cancelled by Smiths, sold for cash or used for the purposes of an employee share scheme. No dividends are paid on shares held as treasury shares and they do not have any voting rights.

As at the Latest Practicable Date, the total number of options over Smiths Shares was 6,872,689 (representing approximately 1.73 per cent. of Smiths' issued share capital as at the Latest Practicable Date and approximately 2.04 per cent. of Smiths' issued share capital if the full authority proposed by the Share Buyback Resolution was used and the Smiths Shares purchased were cancelled). Smiths currently has no shares in treasury.

The authority under the Share Buyback Resolution will remain in force until 31 December 2023. This authority is in addition to any previous or future general authorities conferred on the Company from time to time in accordance with section 701 of the Companies Act 2006 and, for previous authorities, is without prejudice to any market purchases already made or agreed to be made pursuant to such authorities.

PART V HISTORICAL FINANCIAL INFORMATION RELATING TO SMITHS MEDICAL

The historical financial information relating to the Smiths Medical Group in this Part V (*Historical Financial Information Relating to Smiths Medical*):

- (a) as at and for the six months ended 31 January 2021 has been extracted without material adjustment from the consolidation schedules used in preparing the Smiths Group's unaudited condensed consolidated interim financial statements for the period ended 31 January 2021; and
- (b) for the financial years ended 31 July 2018, 2019 and 2020 and as at 31 July 2020 has been extracted without material adjustment from the consolidation schedules used in preparing the Smiths Group's audited consolidated financial statements for the financial years ended 31 July 2018, 2019 and 2020.

The financial information in this Part V (*Historical Financial Information Relating to Smiths Medical*) for the six months ended 31 January 2021 and the financial years ended 31 July 2018, 2019 and 2020 has been prepared in accordance with the IFRS accounting policies adopted in the Smiths Group's consolidated financial statements for each of the financial periods presented. The financial information reflects, therefore, Smiths Medical's contribution to the Smiths Group during the periods presented, applying the relevant Smiths Group accounting policies and presented net of Smiths Group inter-company eliminations. The income statements and the net asset statement set out below are unaudited.

The financial information contained in this Part V (*Historical Financial Information Relating to Smiths Medical*) does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The audited consolidated statutory accounts of the Smiths Group in respect of the years ended 31 July 2018, 2019 and 2020 have been delivered to the Registrar of Companies. The auditors' reports in respect of those statutory accounts for the three years ended 31 July 2020 were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. PricewaterhouseCoopers LLP was the auditor of the Smiths Group in respect of the statutory accounts for the two years ended 31 July 2019 and KPMG LLP was the auditor of the Smiths Group in respect of the statutory accounts for the year ended 31 July 2020.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part V (*Historical Financial Information Relating to Smiths Medical*).

Financial Information

1. Unaudited income statement information for Smiths Medical

	6 months ended 31 January 2021			6 months ended 31 January 2020		
	Headline £m	Non- headline £m	Total £m	Headline £m	Non- headline £m	Total £m
Revenue	427	—	427	434	—	434
Operating costs	(338)	(1)	(339)	(340)	(11)	(351)
Operating profit	89	(1)	88	94	(11)	83
Finance costs	—	38	38	(2)	68	66
Profit / (loss) before taxation	89	37	126	92	57	149
Taxation	(22)	3	(19)	(22)	6	(16)
Profit for the year	67	40	107	70	63	133

	Year ended 31 July 2020			Year ended 31 July 2019			Year ended 31 July 2018		
	Headline £m	Non- headline £m	Total £m	Headline £m	Non- headline £m	Total £m	Headline £m	Non- headline £m	Total £m
Revenue	918	—	918	874	—	874	869	—	869
Operating costs	(734)	(23)	(757)	(727)	4	(723)	(713)	(4)	(717)
Operating profit	184	(23)	161	147	4	151	156	(4)	152
Finance costs	(4)	62	58	(3)	(38)	(41)	(2)	(2)	(4)
Profit / (loss) before taxation	180	39	219	144	(34)	110	154	(6)	148
Taxation	(41)	22	(19)	(32)	7	(25)	(39)	51	12
Profit for the year	139	61	200	112	(27)	85	115	45	160

Notes:

- The income statements presented above have been extracted without material adjustment from the consolidation schedules used in preparing the unaudited condensed consolidated interim financial statements of the Smiths Group as at 31 January 2021 and the consolidation schedules used in preparing the audited consolidated financial statements of the Smiths Group as at 31 July 2018, 31 July 2019 and 31 July 2020, which were prepared under IFRS.
- In the year ended 31 July 2018 operating profit was stated after charging £38 million of depreciation and amortisation. In the year ended 31 July 2019 operating profit was stated after charging £40 million of depreciation and amortisation. Smiths Medical was classified as a discontinued operation and a business held for distribution to owners in July 2019. As a result of this classification no depreciation or amortisation has been charged on Smiths Medical assets after 1 August 2019.
- The £38 million gain in non-headline finance costs in the 6 months ended 31 January 2021 represents foreign exchange gains on an intercompany loan with the parent entity that directly offsets the foreign exchange loss in Smiths Group continuing operations (6 months ended 31 January 2020: £68 million foreign exchange gain; year ended 31 July 2020: £62 million foreign exchange gain; year ended 31 July 2019: £39 million foreign exchange loss and £1 million other financing gain; year ended 31 July 2018: £2 million foreign exchange loss).

2. Unaudited net asset statement for Smiths Medical as at 31 July 2020 and 31 January 2021

	As at 31 January 2021 £m	As at 31 July 2020 £m
Gross assets for Smiths Medical Group		
Intangible assets	718	734
Property, plant and equipment	151	141
Right of use assets	55	54
Inventories	164	164
Deferred tax assets	12	14
Current tax receivable	3	3
Trade and other receivables	121	148
Cash and cash equivalents	24	20
Financial derivatives	3	1
	<u>1,251</u>	<u>1,279</u>
Total assets		
Gross liabilities for Smiths Medical Group		
Financial liabilities		
— Lease liabilities	(42)	(48)
— Financial derivatives	(4)	(4)
Trade and other payables	(130)	(167)
Current tax payable	(10)	(10)
Deferred tax liabilities	(61)	(53)
Retirement benefit obligations	(5)	(5)
Provisions for liabilities and charges	(5)	(8)
	<u>(257)</u>	<u>(295)</u>
Total liabilities		
Net assets	<u>994</u>	<u>984</u>

Notes:

- The net asset statement presented above has been extracted without material adjustment from the consolidation schedules used in preparing the unaudited condensed consolidated interim financial statements of the Smiths Group as at 31 January 2021 and the consolidation schedules used in preparing the audited consolidated financial statements of the Smiths Group as at 31 July 2020, which were prepared under IFRS.

PART VI UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CONTINUING GROUP

Section A: Unaudited pro forma financial information of the Continuing Group

The unaudited pro forma statement of net assets of the Continuing Group as at 31 January 2021 (the “**unaudited pro forma financial information**”) set out below has been prepared to illustrate the effect of the Sale and the Share Buyback Programme on the consolidated net assets of the Smiths Group as at 31 January 2021, as if the proposed Sale and the Share Buyback Programme had been completed on that date.

The Continuing Group unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not, therefore, represent the Continuing Group’s actual net assets, financial position or results. It may not, therefore, give a true picture of the Continuing Group’s net assets, financial position or results nor is it indicative of the results and financial position that may or may not be expected to be achieved in the future.

The unaudited pro forma financial information of the Continuing Group is based on the unaudited condensed consolidated balance sheet of the Smiths Group as at 31 January 2021. It has been prepared in accordance with the IFRS accounting policies to be adopted in the Smiths Group’s consolidated financial statements for the year ended 31 July 2021, on the basis set out in the notes below and in accordance with the requirements of Listing Rule 13.3.3R and sections 1 and 2 of Annex 20 to the UK version of the Commission Delegated Regulation (EU) 2019/980 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The unaudited pro forma financial information of the Continuing Group does not constitute a financial statement within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole document and not rely solely on the pro forma financial information contained in this Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*).

KPMG’s report on the unaudited pro forma financial information is set out in Section B of this Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*).

Unaudited pro forma statement of net assets of the Continuing Group

	Smiths Group as at 31 January 2021 £m (note 1)	Smiths Medical net assets adjustments as at 31 January 2021 £m (note 2)	Sale adjustments £m (note 3)	Share Buyback Programme adjustments £m (note 4)	Continuing Group pro forma as at 31 January 2021 £m
Non-current assets					
Intangible assets	1,492				1,492
Property, plant and equipment	212				212
Right of use assets	87				87
Interest in associate and other investments	13		119		132
Retirement benefit assets	432				432
Deferred tax assets	97				97
Trade and other receivables	49				49
Financial derivatives ⁽¹⁾	100				100
	2,482	—	119	—	2,601
Current assets					
Inventories	394				394
Current tax receivable	44				44
Trade and other receivables	551				551
Cash and cash equivalents ⁽¹⁾	375		1,283	(715)	943
– financial derivatives	4				4
Assets held for distribution to owners	1,251	(1,251)			—
	2,619	(1,251)	1,283	(715)	1,936
Total assets	5,101	(1,251)	1,402	(715)	4,537
Current liabilities					
Financial liabilities					
– borrowings ⁽¹⁾	(19)				(19)
– lease liabilities ⁽¹⁾	(27)				(27)
– financial derivatives	(3)				(3)
Provisions for liabilities and charges	(39)				(39)
Trade and other payables	(471)				(471)
Current tax payable	(74)				(74)
Liabilities held for distribution to owners	(257)	257			—
	(890)	257	—	—	(633)
Non-current liabilities					
Financial liabilities ⁽¹⁾	(1,486)				(1,486)
Provisions for liabilities and charges	(264)				(264)
Retirement benefit obligations	(134)				(134)
Corporation tax payable	(4)				(4)
Deferred tax liabilities	(22)				(22)
Trade and other payables	(50)				(50)
	(1,960)	—	—	—	(1,960)
Total liabilities	(2,850)	257	—	—	(2,593)
Net assets	2,251	(994)	1,402	(715)	1,944
<i>Supplementary information</i>					
<i>Net debt ⁽¹⁾</i>	<i>(1,057)</i>		<i>1,283</i>	<i>(715)</i>	<i>(489)</i>

Notes:

1. The net assets relating to the Smiths Group have been extracted without material adjustment from the unaudited condensed consolidated interim financial statements of the Smiths Group as at 31 January 2021, which were prepared under IFRS.

Smiths Group Net debt supplementing the statement of net assets has been extracted without material adjustment from Note 10 of the unaudited condensed consolidated interim financial statements of the Smiths Group as at 31 January 2021, and is calculated as the total of all balances marked as (1) in the net assets statement.

Net debt is defined by the Smiths Group as total borrowings (bank, bonds and lease liabilities) less cash balances and derivatives used to manage the interest rate risk and currency profile of the debt.

Note: The financial derivatives in current assets and liabilities are foreign currency forward contracts that are not used to manage the currency profile of borrowings, and therefore are not part of Net debt.

2. This adjustment relates to the separation of Smiths Medical from the Smiths Group by way of the Sale and removes the assets and liabilities of the Smiths Medical Group, which were extracted without material adjustment from the historical financial information of the Smiths Medical Group as at 31 January 2021 contained in Part V (*Historical Financial Information Relating to Smiths Medical*).

3. This adjustment reflects:

- the receipt of the Cash Consideration of £548 million (\$754 million) by the Smiths Group;
- the receipt of the SGIHL Loan Repayment of £817 million (\$1,124 million) owed by SM2020 to the Smiths Group;
- the anticipated SM2020 cash balance at Completion leaving the Smiths Group (including the repayment of any amounts due from Smiths Group to SM2020 as a result of the Sale and Purchase Agreement);
- the cash payment of £30 million (\$41 million) for estimated transaction costs inclusive of VAT; and
- the retained 30 per cent. associate investment in TopCo at a fair value of £119 million (\$163 million).

All USD amounts have been converted using the GBP:USD exchange rate as at the Latest Practicable Date.

The pro-forma net assets adjustments do not take account of the contingent element of the consideration given its uncertain nature.

4. This adjustment assumes a return of £715 million (approximately \$1 billion) to Shareholders by way of a Share Buyback Programme.
5. No account has been taken of any trading or results of the Smiths Group or Smiths Medical since 31 January 2021.
6. This unaudited pro forma statement of consolidated net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Section B: Accountants' Report on the unaudited pro forma financial information of the Continuing Group



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The Directors
Smiths Group plc
4th Floor, 11-12 St. James Square
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31 August 2021

Ladies and Gentlemen

Smiths Group plc

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part VI of the Class 1 circular dated 31 August 2021. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Smiths Group plc.

Responsibilities

It is the responsibility of the directors of Smiths Group plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.



*KPMG LLP
Smiths Group plc
31 August 2021*

Basis of Preparation

The pro forma financial information has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the disposal by Smiths Group plc of Smiths Medical 2020 Limited and the Share Buyback Programme might have affected the financial information presented on the basis of the accounting policies to be adopted by Smiths Group plc in preparing the financial statements for the year ended 31 July 2021.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Smiths Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Smiths Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

KPMG LLP

PART VII ADDITIONAL INFORMATION

1. RESPONSIBILITY

Each of Smiths and the Directors whose names are set out in Section 3 of this Part VII (*Additional Information*) accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of Smiths and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. SMITHS INFORMATION

Smiths Group plc was incorporated and registered on 15 July 1914 under the Companies Acts 1908 and 1913 with the name of S. Smiths & Sons (Motor Accessories) Limited. The name was changed on 2 May 1944 to S. Smiths & Sons (England) Limited and to Smiths Industries Limited on 31 December 1965. Smiths was registered as a public limited company under the Companies Act 1948 on 2 July 1981 and changed its name on 30 November 2000 to Smiths Group plc.

It was incorporated with limited liability in England and Wales and operates as a public limited company under the Companies Act 2006, with registered number 00137013.

Smiths' principal and registered office is at 4th Floor, 11-12 St James's Square, London, England, SW1Y 4LB and the telephone number of its registered office is 020 7004 1600.

The principal laws and legislation under which Smiths operates are the Companies Act 2006 and the regulations made thereunder.

3. DIRECTORS

The Directors of Smiths and their respective functions are as follows:

Name	Position
Sir George Buckley	<i>(Chairman)</i>
Paul Keel	<i>(Chief Executive)</i>
John Shipsey	<i>(Chief Financial Officer)</i>
William Seeger Jr.	<i>(Senior Independent Director)</i>
Pam Cheng	<i>(Non-Executive Director)</i>
Dame Ann Dowling	<i>(Non-Executive Director)</i>
Tanya Fratto	<i>(Non-Executive Director)</i>
Karin Hoeing	<i>(Non-Executive Director)</i>
Mark Seligman	<i>(Non-Executive Director)</i>
Noel Tata	<i>(Non-Executive Director)</i>

4. DIRECTORS' INTERESTS IN THE COMPANY

4.1 Holdings in Smiths Shares

As at the Latest Practicable Date, the interests of the Directors and any persons connected with them, within the meaning of Part 22 of the Companies Act 2006, in Smiths Shares were as follows:

	Number of Smiths Shares	Percentage of existing issued share capital (%)
<i>Directors</i>		
Sir George Buckley	24,053	0.0061
Paul Keel	25,000	0.0063
John Shipsey	38,428	0.0097
William Seeger Jr.	10,000	0.0025
Pam Cheng	3,000	0.0008
Dame Ann Dowling	5,813	0.0015
Tanya Fratto	1,500	0.0004
Karin Hoeing	–	–
Mark Seligman	5,000	0.0013
Noel Tata	4,000	0.0010

4.2 Other interests

Details of options and awards over Smiths Shares held by the Directors are set out below. These options and awards are not included in the interests of the Directors shown in the table above.

As at the Latest Practicable Date, the following options and awards over Smiths Shares have been granted to certain Directors:

Smiths Group 2015 Long Term Incentive Plan (“LTIP”)

Name	Date of Award	No. of Smiths Shares	Performance Test	Exercise Price	Expiry Date
John Shipsey	31/10/2018	95,837	A	n/a	Oct 2021
	3/10/2019	95,837	A	n/a	Oct 2022
	4/11/2020	95,837	B	n/a	Oct 2023

Smiths Group Deferred Bonus Plan 2016

Name	Date of Award	No. of Smiths Shares	Performance Test	Exercise Price	Expiry Date
John Shipsey	31/10/2018	6,393	—	n/a	Oct 2021
	3/10/2019	6,933	—	n/a	Oct 2022
	4/11/2020	3,406	—	n/a	Oct 2023

Smiths Group Sharesave Scheme

Name	Date of Award	No. of Smiths Shares	Performance Test	Exercise Price	Exercise Period
John Shipsey	20/5/2020	1,969	—	914p	1/8/2023 – 1/2/2024

Performance Tests:

- A LTIP awards in 2018 and 2019 – 25 per cent. subject to EPS; 20 per cent. subject to ROCE; 25 per cent. subject to cash conversion; 30 per cent. subject to organic sales growth.
- B LTIP awards in 2020 – 25 per cent. subject to EPS; 25 per cent. to organic growth; 25 per cent. subject to free cash flow; 25 per cent. subject to ROCE
- There are no performance criteria for the Deferred Bonus awards or SAYE.

5. DIRECTORS’ SERVICE AGREEMENTS AND ARRANGEMENTS

Key details on the terms of the Directors’ service contracts and letters of appointment providing for benefits upon termination of employment are summarised below. Except where appointed at a general meeting, Directors stand for election by shareholders at the first Annual General Meeting (“AGM”) following appointment. In accordance with the Company’s articles of association all Directors who are willing to continue in office retire and stand for re-election by the shareholders each year at the AGM.

Smiths has entered into a qualifying third-party indemnity with each of the Directors. The Smiths Group also has appropriate directors’ and officers’ liability insurance in place in respect of the Directors.

5.1 Executive Directors: Service contracts

Paul Keel is employed under a service contract with the Company dated 29 May 2021 and effective from 25 May 2021. John Shipsey is employed under a service contract with the Company dated and effective from 18 October 2017. He became an Executive Director on 1 January 2018.

The service contracts for both Executive Directors may be terminated by 12 months’ notice given by the Company or six months’ notice given by the Director. Paul Keel is paid a base salary of £875,000. John Shipsey is paid a base salary of £538,000. The Company may elect to terminate each contract by making a payment in lieu of notice equal to the Executive Director’s base salary and benefits (including pension

allowance) in respect of any unserved period of notice. The service contracts contain specific provisions enabling a reduction in any phased payments in lieu of notice, if the Executive Director finds alternative employment during the notice period. The Executive Directors may be entitled to annual bonus and share awards in respect of any part of their notice period that they serve.

5.2 Non-Executive Directors: Letters of appointment

The Chairman and Non-Executive Directors serve the Company under letters of appointment and do not have service contracts. Either party can terminate the appointment on one month's written notice and no compensation is payable in the event of an appointment being terminated early.

Non-Executive Director	Date of Appointment
Sir George Buckley	1 August 2013
William Seeger Jr.	12 May 2014
Pam Cheng	1 March 2020
Dame Ann Dowling	19 September 2018
Tanya Fratto	1 July 2012
Karin Hoeing	2 April 2020
Mark Seligman	16 May 2016
Noel Tata	1 January 2017

6. SIGNIFICANT SHAREHOLDERS

The following table sets out the name of each person who is directly, or indirectly, interested in voting rights representing three per cent. or more of the total voting rights in respect of the Company's issued share capital as at the Latest Practicable Date, insofar as it is known to the Company by virtue of notifications made to it pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules or otherwise.

Name	Number of voting rights over Smiths Shares	Percentage of existing issued share capital as at the date Smiths had been notified in accordance with the DTRs
BlackRock, Inc.	23.3m	5.9
Ameriprise Financial, Inc.	20.8m	5.3
Artemis Investment Management LLP	19.8m	5.0
Harris Associates L.P.	19.7m	5.0
Dodge & Cox	19.8m	4.9
Jupiter Asset Management	14.8m	3.8

7. RELATED PARTY TRANSACTIONS

Details of related party transactions that Smiths has entered into are set out below:

- during the financial year ended 31 July 2018, such transactions are disclosed, in accordance with IFRS, in note 7 on page 145 of Smiths' 2018 Annual Report and Financial Statements which is hereby incorporated by reference into this document;
- during the financial year ended 31 July 2019, such transactions are disclosed, in accordance with IFRS, in note 7 on page 160 of Smiths' 2019 Annual Report and Financial Statements which is hereby incorporated by reference into this document;
- during the financial year ended 31 July 2020, such transactions are disclosed, in accordance with IFRS, in note 7 on page 169 of Smiths' 2020 Annual Report and Financial Statements which is hereby incorporated by reference into this document;

- during the period between 31 July 2020 to 31 July 2021, there were no new related party transactions save as set out below in respect of key management compensation:

Key management compensation	Year ended 31 July 2021 £m
Salaries and short-term employee benefits	12.9
Cost of post-retirement benefits	0.9
Cost of share-based incentive plans	4.8
	<u>18.6</u>

- during the period between 1 August 2021 and the Latest Practicable Date, there were no new related party transactions save as follows in respect of key management compensation:

Key management compensation	1 August 2021 pro-rata to the Latest Practicable Date 27/08/2021 £m
Salaries and short-term employee benefits	0.9
Cost of post-retirement benefits	0.1
Cost of share-based incentive plans	0.2
	<u>1.2</u>

8. MATERIAL CONTRACTS

8.1 The Continuing Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Continuing Group either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Continuing Group; or (ii) at any time, which contain any provisions under which any member of the Continuing Group has an obligation or entitlement which is or may be material to the Continuing Group as at the date of this document, save as discussed below.

Sale and Purchase Agreement

A summary of the principal terms and conditions of the Sale and Purchase Agreement is set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Shareholders' Agreement

A summary of the principal terms and conditions of the Shareholders' Agreement is set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Transitional Services Agreement

A summary of the principal terms and conditions of the Transitional Services Agreement is set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Trade Mark Licence Agreement

A summary of the principal terms and conditions of the Trade Mark Licence Agreement is set out in Part III (*Summary of the Principal Terms and Conditions of the Sale*) of this document.

Royal Metal Member Interest Purchase Agreement

On 16 February 2021, Flex-Tek Group (US) LLC (“**Flex-Tek Group**”), a subsidiary of the Smiths Group in the Flex-Tek division, entered into a member interest purchase agreement (the “**MIPA**”) with Royal Metal Holdings, Inc (“**Royal Metal Holdings**”) pursuant to which Flex-Tek Group purchased all of the outstanding member units of Royal Metal Products, LLC (“**Royal Metal**”) from Royal Metal Holdings for a provisional cash consideration of \$107 million, subject to post-completion adjustment. Royal Metal is a manufacturer of metal duct products and flexible ducting used in commercial and residential construction, mainly in the South Eastern states of the US. Signing and completion took place simultaneously on 16 February 2021.

The MIPA contains customary representations and warranties given by Royal Metal Holdings and Royal Metal to Flex-Tek Group including, without limitation, with respect to title, capacity and authority, finance and accounts, liabilities, employment, litigation, material contracts and major customers and suppliers.

Pursuant to the MIPA, Royal Metal Holdings and its controlling shareholder agreed jointly and severally to indemnify Flex-Tek Group with respect to certain losses, subject to customary limitations. Such losses include, amongst others, those arising out of or resulting from any inaccuracy in or breach of the representations and warranties given by Royal Metal Holdings or Royal Metal, or any breach by Royal Metal Holdings of any covenant or obligation. In connection with the MIPA, Flex-Tek Group procured representation and warranties insurance policy cover against losses arising from breach of the representations and warranties given pursuant to the MIPA (the “**R&W Insurance Policy**”), subject to the terms and limitations of the R&W Insurance Policy. The term of the R&W Insurance Policy is three years from the completion date for general representations and warranties and six years from the completion date for fundamental representations. Flex-Tek Group’s sole recourse for losses relating to breach of representations (other than fundamental representations) shall be to an indemnity escrow amount held pursuant to an escrow agreement, and to the R&W Insurance Policy. In addition, indemnification in respect of fundamental representations is capped at \$100 million minus any indemnification amounts paid pursuant to the escrow arrangement.

The agreement is governed by Delaware law.

8.2 The Smiths Medical Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by or on behalf of the Smiths Medical Group, either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Smiths Medical Group; or (ii) at any time, which contain any provisions under which the Smiths Medical Group has an obligation or entitlement which is or may be material as at the date of this document, save as discussed below.

Transitional Services Agreement

Please see the summary of the Transitional Services Agreement above in Part III (*Summary of the Principal Terms and Conditions of the Sale*).

Trade Mark Licence Agreement

Please see the summary of the Trade Mark Licence Agreement above in Part III (*Summary of the Principal Terms and Conditions of the Sale*).

Technology Investment Agreement

On 11 July 2020, Smiths Medical ASD, Inc. (“**Smiths Medical ASD**”), a Smiths Medical Group subsidiary, entered into a technology investment agreement (the “**Technology Investment Agreement**”) with the United States of America, Department of Defense on behalf of the Biomedical Advanced Research and Development Authority (“**BARDA**”). Pursuant to the Technology Investment Agreement, BARDA will invest \$20.6 million in Smiths Medical, to be used to expand capacity and production operations at the Smiths Medical facility in Keene, New Hampshire, for the production of integrated hypodermic needle and syringe products to support the US government’s COVID-19 vaccination efforts.

The partnership pursuant to the Technology Investment Agreement is intended to increase the Smiths Medical Group’s needle and syringe production capacity by up to 125 million units per year. The US federal government will have priority access to this expanded capacity for public health emergencies.

Merger Agreement

On 20 April 2021, Smiths Medical ASD entered into an agreement and plan of merger (as amended, restated or supplemented from time to time, the “**Merger Agreement**”) with, among others, Izoard Sub, Inc. (“**Izoard Sub**”), a subsidiary of Smiths Medical ASD, and Ivenix, Inc., a medical technology company that develops solutions to transform patient infusion delivery (“**Ivenix**”). In addition to the Merger Agreement, Smiths Medical ASD entered into a supply and resale agreement with Ivenix on 26 April 2021, pursuant to which Smiths Medical ASD has been appointed to market and distribute Ivenix’s large volume pump.

Closing of the Merger Agreement is subject to Smiths Medical ASD serving notice to Ivenix (the “**Closing Notice**”) of its intention to consummate the acquisition of Ivenix, which notice is exercisable at Smiths Medical ASD’s sole and absolute discretion, by way of Izoard Sub’s merger with and into Ivenix (the “**Merger**”) for an initial base payment of \$78 million in cash (subject to customary adjustments to the purchase price to account for, among other things, acquiring Ivenix on a cash-free, debt-free basis), in addition to four potential milestone payments with a target base value of approximately \$182 million in aggregate (in each case, subject to upward or downward adjustments in accordance with the terms of the Merger Agreement), payable in yearly instalments over the four year period from the closing date. The Merger is conditional upon a number of conditions precedent, including certain customary closing conditions as well as the following:

Closing of Merger Agreement

Smiths Medical ASD’s obligation to consummate the Merger is subject to Smiths Medical ASD serving the Closing Notice, which may be exercised in its sole and absolute discretion, and Smiths Medical ASD may abandon the transactions contemplated by the Merger Agreement at any time prior to serving the Closing Notice by sending a written notice to Ivenix. The Merger Agreement would automatically terminate if Smiths Medical ASD fails to deliver to Ivenix the Closing Notice in writing on or before 20 July 2022, as may be extended by the mutual written agreement of Ivenix and Smiths Medical ASD (the “**Acquisition Option Period**”).

Note Financing

Simultaneously with the execution of the Merger Agreement and as a material inducement for Ivenix to enter into the Merger Agreement, Ivenix and Smiths Medical ASD entered into a note purchase agreement (the “**Note Purchase Agreement**”), which provided necessary capital for Ivenix to finance ongoing operations and pursuant to which (i) Smiths Medical ASD agreed, subject to certain terms and conditions contained therein, to invest in Ivenix an amount equivalent to approximately \$19 million (comprising (a) \$15 million in cash and (b) the rollover of approximately \$4 million of principal plus interest from an existing convertible promissory note held by Smiths Medical ASD in Ivenix) in consideration for a secured convertible note in Ivenix (the “**First Tranche Note**”) and (ii) Smiths Medical ASD obtained the option to invest an additional \$21 million in cash in consideration for an additional secured convertible note in Ivenix (the “**Second Tranche Note**”) and, together with the First Tranche Note, the “**Notes**” and such investment, the “**Note Financing**”) by providing notice no more than one hundred and eighty (180) days following the consummation of the funding of the First Tranche Note. The Notes are secured under a certain Security Agreement (the “**Security Agreement**”), dated as of the date of the Note Purchase Agreement, between Ivenix and Smiths Medical ASD.

Under the terms of the Note Purchase Agreement if Smiths Medical ASD either (i) does not deliver timely notice that it is funding the Second Tranche Note or (ii) does not fully fund all \$21 million in connection with funding the Second Tranche Note (any such event, a “**Second Tranche Non-Election**”), then at the next equity financing, the Notes shall convert to a class of preferred stock (“**Pari Passu Preferred Stock**”) that are identical in all respects to the class of preferred stock (the “**New Preferred Stock**”) issued at Ivenix’s next equity financing except that the Pari Passu Preferred Stock shall be non-convertible and non-voting (provided further that, if Ivenix provides Smiths Medical ASD with a *pro rata* right to participate in such next equity financing and Smiths Medical ASD declines to exercise such right, then the Notes shall convert to a class of preferred stock that are junior in priority of liquidation only to the New Preferred Stock and are non-convertible and not-voting, but are otherwise identical to the New Preferred Stock). However, subject to the terms of the Note Purchase Agreement, if Smiths Medical ASD funds the Second Tranche Note but does not consummate the Merger, then at the next equity financing, (a) the Notes shall convert to an amount of Pari Passu Preferred Stock equal to the principal and interest due thereon plus an additional \$10,000,000 and (b) Smiths Medical ASD shall also receive an amount of common stock of

Ivenix in an amount equal to 10 per cent. of the outstanding equity value of Ivenix (on a fully diluted basis and after giving effect to the conversion of the Notes described in the preceding sub-clause (a)).

Further, if (a) a Second Tranche Non-Election occurs or (b) Smiths Medical ASD fails to deliver to Ivenix the Closing Notice on or before the last day of the Acquisition Option Period, then (x) the Security Agreement shall automatically terminate in its entirety without any action required by any party thereto and (y) each outstanding Note shall automatically become a general unsecured obligation of Ivenix. Additionally, pursuant to the terms of the Merger Agreement, if the Second Tranche Note has not been invested by Smiths Medical ASD within two hundred and fifty-five (255) days following the issuance of the First Tranche Note, the Merger Agreement may be terminated by Ivenix in its sole and absolute discretion, provided that at any time within fifteen (15) days following Smiths Medical ASD's receipt of Ivenix's notice of its intention to so terminate the Merger Agreement, Smiths Medical ASD may deliver the Closing Notice, in which event Ivenix's termination notice shall be, and shall be deemed to be, automatically revoked, null and void.

9. LITIGATION

9.1 The Continuing Group

Except as set out in this Section 9.1, there are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) during the 12 months immediately prior to the date of this document, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Continuing Group.

(a) John Crane, Inc. litigation

John Crane, Inc. ("**JCI**"), a subsidiary of the Smiths Group, is one of many co-defendants in numerous lawsuits pending in the United States in which plaintiffs are claiming damages arising from alleged exposure to, or use of, products previously manufactured which contained asbestos. Until 2006, the awards, the related interest and all material defence costs were met directly by insurers. In 2007, JCI secured the commutation of certain insurance policies in respect of product liability. Provision is made in respect of the expected costs of defending known and predicted future claims and of adverse judgments in relation thereto, to the extent that such costs can be reliably estimated.

The JCI products generally referred to in these cases consist of industrial sealing product, primarily packing and gaskets. The asbestos was encapsulated within these products in such a manner that causes JCI to believe, based on tests conducted on its behalf, that the products were safe. JCI ceased manufacturing products containing asbestos in 1985.

JCI continues to actively monitor the conduct and effect of its current and expected asbestos litigation, including the effective presentation of its "safe product" defence, and intends to resist asbestos cases based on this defence. The JCI claims experience over the last 40 years shows that, as at 31 January 2021, approximately 304,000 claims against JCI have been dismissed before trial. As at 31 January 2021, JCI was a defendant in cases involving approximately 22,000 claims and cumulative final judgments, after appeals, had been made against JCI since 1979 in 149 cases with cumulative awards amounting to approximately \$175 million. JCI has also incurred significant additional defence costs. The litigation involves claims for a number of allegedly asbestos-related diseases, with awards, when made, for mesothelioma tending to be larger than those for the other diseases. JCI's ability to defend mesothelioma cases successfully is, therefore, likely to have a significant impact on its annual aggregate adverse judgment and defence costs.

At 31 January 2021, the aggregate provision for JCI asbestos litigation, including for adverse judgments and defence costs, amounted to £217 million expressed at the applicable period-end exchange rate. The provision is based on past history of JCI claims and well-established tables of asbestos-related disease incidence projections. The provision is determined using advice from asbestos valuation experts. The assumptions made in assessing the appropriate level of provision include: the period over which the expenditure can be reliably estimated; the future trend of legal costs; the rate of future claims filed; the rate of successful resolution of claims; and the average amount of judgments awarded. The provision utilised in the period is lower than previous periods, principally due to court closures and trial delays arising from the COVID-19 pandemic.

The provision may be subject to potentially material revision from time to time if new claims arise and/or new information becomes available as a result of future events. There can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may

be incurred because of the significant uncertainty associated with the future level of asbestos claims, the success or otherwise of current and future claims, and the costs arising out of related litigation. As such, as at the Latest Practicable Date, the exact claim amounts and liability and cost of this litigation are not quantifiable.

(b) Titeflex Corporation litigation

Titeflex Corporation, a subsidiary of the Smiths Group in the Flex-Tek division, has received a number of claims in the United States from insurance companies seeking recompense on a subrogated basis for the effects of damage allegedly caused by lightning strikes in relation to its flexible gas piping product. It has also received product liability claims regarding this product in the United States, some in the form of purported class actions. Titeflex Corporation sells flexible gas piping with extensive installation and safety guidance designed to assure the safety of the product and minimise the risk of damage associated with lightning strikes. Titeflex Corporation believes that its products are a safe and effective means of delivering gas when installed in accordance with the manufacturer's instructions and local and national codes. However, some claims have been settled on an individual basis without admission of liability. Equivalent third-party products in the US market-place face similar challenges.

The continuing progress of claims and the pattern of settlement, together with recent market-place activity, provide sufficient evidence to recognise a liability in the accounts. At 31 January 2021, a provision of £54 million has been made for the costs which the Smiths Group expects to incur in respect of these claims to the extent that such costs can be reliably estimated. The assumptions made in assessing the appropriate level of provision include: the period over which the expenditure can be reliably estimated; the number of future settlements; the average amount of settlements; and the impact of statutes of repose and safe installation initiatives on the expected number of future claims. The assumptions relating to the number of future settlements exclude the use of recent claims history due to the uncertain impact that the COVID-19 lockdown has had on the number of claims.

The significant uncertainty associated with the future level of claims, the success or otherwise of current and future claims, and of the costs arising out of related litigation means that there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred. Therefore, the provision may be subject to potentially material revision from time to time, if new claims arise and/or new information becomes available as a result of future events. As such, as at the Latest Practicable Date, the exact claim amounts and liability and cost of these claims are not quantifiable.

9.2 The Smiths Medical Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) during the 12 months immediately prior to the date of this document, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Smiths Medical Group.

However, in June 2020, the Smiths Medical Group initiated a Class I recall of certain Medfusion® 3500 and 4000 syringe pumps with specific firmware versions due to a software error. Following the Smiths Medical Group's Class I recall, the US Food and Drug Administration (the "FDA") initiated an inspection at the Smiths Medical Group's Minneapolis, Minnesota site. As a result of, and at the conclusion of, the inspection, the FDA issued Form 483 observations on 30 April 2021 to the Smiths Medical Group's Minneapolis, Minnesota site. On 21 May 2021, the Smiths Medical Group submitted an initial written response to the FDA, in which the Smiths Medical Group described the actions it had already completed, as well as a number of promised actions to address each of the FDA's observations and discussion items. The Smiths Medical Group has and continues to undertake significant remediation actions, and commit significant resources, to address each of the FDA's observations and discussion items and to strengthen its quality systems. Key areas of activity include improving procedures relating to complaint management as well as those relating to updating and maintaining design history files and design risk documentation. The Smiths Medical Group is aiming to complete the outstanding remediation actions to address the specific Form 483 observations it described in its response to the FDA by the end of 2023. The Smiths Medical Group is unable to control the timing of FDA responses and other regulatory communications, and there can be no assurance that the FDA will accept as adequate the Smiths Medical Group's responses to the Form 483 observations or any remediation actions that the Smiths Medical Group has or may continue to take in relation thereto. While the Company is not currently aware of any pending or threatened action, including any potential fines or penalties, as a follow-up or pursuant to the foregoing, there can be no assurance that no such action will be taken in the future. If the FDA is not satisfied with the Smiths

Medical Group’s responses to the Form 483 observations or any remediation actions that the Smiths Medical Group takes, the Smiths Medical Group could be subject to additional FDA actions including issuing a warning letter and which could prohibit the Smiths Medical Group from selling the affected Medfusion® products (which represented c.3 per cent. of the Smiths Medical Group revenues in the twelve months to 31 July 2020) until the FDA is satisfied with the Smiths Medical Group’s remediation activities. Any such action could have a significant effect on the Smiths Medical Group’s reputation, financial position or profitability.

10. DETAILS OF KEY INDIVIDUALS FOR SMITHS MEDICAL

The following individuals are deemed to be key individuals at Smiths Medical:

Name	Position
JehanZeb Noor	<i>Chief Executive Officer</i>
James Mortensen	<i>Interim Chief Financial Officer</i>

11. WORKING CAPITAL

Smiths is of the opinion that, taking into account the Net Cash Proceeds from the Sale, the working capital available to the Continuing Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

12. NO SIGNIFICANT CHANGE

12.1 The Continuing Group

Save as disclosed in Section 9 of Part I (*Letter from the Chairman of Smiths*) and Section 8.2 (*Merger Agreement*) of Part VII (*Additional Information*) of this document, there has been no significant change in the financial performance or financial position of the Continuing Group since 31 January 2021, being the date to which the last published unaudited financial information for the Smiths Group was prepared.

12.2 Smiths Medical Group

Save as disclosed in Section 9 of Part I (*Letter from the Chairman of Smiths*) and Section 8.2 (*Merger Agreement*) of Part VII (*Additional Information*) of this document, there has been no significant change in the financial performance or financial position of the Smiths Medical Group since 31 January 2021, being the date to which the last published unaudited financial information for the Smiths Medical Group in Part V (*Historical Financial Information Relating to Smiths Medical*) of this document was prepared.

13. CONSENTS

KPMG has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited pro forma statement of net assets of the Continuing Group set out in Section B of Part VI (*Unaudited Pro Forma Statement of Net Assets of the Continuing Group*) of this document in the form and context in which it appears.

Goldman Sachs has given, and not withdrawn, its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

J.P. Morgan Cazenove has given, and not withdrawn, its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Gleacher Shacklock has given, and not withdrawn, its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on Smiths’ website at www.smiths.com from the date of this document up to and including the date of the General Meeting:

- (a) this document;
- (b) the Company’s articles of association;

- (c) the consent letters referred to in Section 13 of this Part VII (*Additional Information*) of this document;
- (d) the report of KPMG set out in Section B of Part VI (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document; and
- (e) the audited financial statements of the Smiths Group for each of the financial years ended 31 July 2018, 31 July 2019 and 31 July 2020.

These documents and the Sale and Purchase Agreement will also be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of Smiths at 4th Floor, 11-12 St James's Square, London, England, SW1Y 4LB.

Dated 31 August 2021

PART VIII INFORMATION INCORPORATED BY REFERENCE

Information from the following documents has been incorporated into this document by reference, so as to provide the information required under the Listing Rules. These documents are also available at www.smiths.com.

Document	Information incorporated by reference	Page number in this document
Company's 2018 Annual Report	Information on related party transactions in note 7 on page 145 of Smiths' 2018 Annual Report and Financial Statements	46
Company's 2019 Annual Report	Information on related party transactions in note 7 on page 160 of Smiths' 2019 Annual Report and Financial Statements	46
Company's 2020 Annual Report	Information on related party transactions in note 7 on page 169 of Smiths' 2020 Annual Report and Financial Statements	46
Company's interim financial statements for the period ended 31 January 2021	Company's unaudited condensed consolidated interim financial statements for the period ended 31 January 2021, published on 26 March 2021	19

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART IX DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“A Share”	the one A share in TopCo to be held by Smiths following Completion
“Acquisition Option Period”	has the meaning given to it in Section 8.2 of Part IV (<i>Additional Information</i>)
“AGM”	the annual general meeting of the Company
“Antitrust Conditions”	has the meaning given to it in Section 1.3 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“APM”	alternative performance measure
“BARDA”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“BIS”	Smiths Business Information Services Limited
“Board”	the board of Directors of Smiths as set out in Section 1 of Part VII (<i>Additional Information</i>)
“Cash Consideration”	has the meaning given to it in Section 1.2 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Chairman”	the chairman of the Board
“Closing Notice”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Completion”	completion of the Sale in accordance with the terms of the Sale and Purchase Agreement
“Conditions”	has the meaning given to it in Section 3 of Part I (<i>Letter from the Chairman of Smiths</i>)
“Consideration”	has the meaning given to it in Section 1.2 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Continuing Group”	Smiths and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Smiths Medical Group after Completion), being the continuing business of the Smiths Group following Completion
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system, and supplied by Euroclear to users and participants thereof
“CREST Proxy Instruction”	a proxy appointment or instruction made via CREST, authenticated in accordance with Euroclear’s specifications and containing the information set out in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Directors”	the Executive Directors and Non-Executive Directors of Smiths at the date of this document
“Disclosure Guidance and Transparency Rules” or “DTRs”	the Disclosure Guidance and Transparency Rules produced by the Financial Conduct Authority and forming part of the FCA Handbook
“Drag-along Right”	has the meaning given to it in Section 2.5 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Euroclear”	Euroclear UK and Ireland Limited, the operator of CREST

“Executive Directors”	the executive directors of Smiths, who are referred to as such, and whose details are set out in Section 3 of Part VII (<i>Additional Information</i>)
“FCA”	the Financial Conduct Authority of the UK and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority
“FDA”	has the meaning given to it in Section 9.2 of Part VII (<i>Additional Information</i>)
“FDI”	has the meaning given to it in Section 1 of Part I (<i>Letter from the Chairman of Smiths</i>)
“FDI Conditions”	has the meaning given to it in Section 1.3 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“First Tranche Note”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Flex-Tek Group”	has the meaning given to it in Section 8.1 of Part VII (<i>Additional Information</i>)
“Form of Proxy”	the form of proxy in connection with the General Meeting, which accompanies this document
“Fundamental Warranties”	has the meaning given to it in Section 1.4 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“FSMA”	the UK Financial Services and Markets Act 2000, as amended from time to time
“General Meeting”	the general meeting of Smiths to be held at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 11.00 a.m. on 17 September 2021, as described in the Notice of General Meeting
“Gleacher Shacklock”	Gleacher Shacklock LLP
“Goldman Sachs”	Goldman Sachs International
“Headline EBITDA”	has the meaning given to it on page 4 of this document
“Headline operating profit”	has the meaning given to it on page 5 of this document.
“IFRS”	the International Financial Reporting Standards
“IPO”	initial public offering
“IT Transformation Services”	has the meaning given to it in Section 3.1 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Ivenix”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Izoard Sub”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc
“JCI”	John Crane, Inc.
“Joint Financial Advisers”	Goldman Sachs, J.P. Morgan Cazenove and Gleacher Shacklock
“Joint Sponsors”	Goldman Sachs and J.P. Morgan Cazenove
“KPMG”	KPMG LLP, incorporated in England and Wales with registered number OC301540 and whose registered address is at 15 Canada Square, London, E14 5GL

“Latest Practicable Date”	27 August 2021 (being the latest practicable date prior to the publication of this document)
“Listing Rules”	the listing rules issued by the FCA pursuant to section 73A of FSMA
“Locked Box Date”	has the meaning given to it in Section 1.2 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Long Stop Date”	has the meaning given to it in Section 1 of Part I (<i>Letter from the Chairman of Smiths</i>)
“LTIP”	Smiths Group 2015 Long Term Incentive Plan
“Medical Device Directive”	means the EU Council Directive 93/42/EEC and national law enactments thereof
“Medical Device Regulation”	means Regulation (EU) 2017/745
“Merger”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Merger Agreement”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“MIPA”	has the meaning given to it in Section 8.1 of Part VII (<i>Additional Information</i>)
“Net Cash Proceeds”	has the meaning given to it in Section 1 of Part I (<i>Letter from the Chairman of Smiths</i>)
“Net debt”	has the meaning given to it on page 5 of this document
“New Preferred Stock”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Nominated Person”	has the meaning given to it on page 64 of this document
“Non-Executive Directors”	the non-executive directors of Smiths, whose details are set out in Section 3 of Part VII (<i>Additional Information</i>)
“Note Financing”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Note Purchase Agreement”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Notes”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Notice of General Meeting”	the notice of the General Meeting, as set out in Part X (<i>Notice of General Meeting</i>) of this document, to be held at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 11.00 a.m. on 17 September 2021
“Pari Passu Preferred Stock”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“PFIC”	passive foreign investment company
“PRA”	the Prudential Regulation Authority of the UK and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Prudential Regulation Authority
“Preferential Warranties”	has the meaning given to it in Section 1.4 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“PricewaterhouseCoopers LLP”	PricewaterhouseCoopers LLP, incorporated in England and Wales with registered number OC303525 and whose registered address is at 1 Embankment Place, London WC2N 6RH

“Product Licence”	has the meaning given to it in Section 4.1 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Purchaser”	Trulli Bidco Limited, a wholly owned subsidiary of funds advised by TA Associates LLP
“R&W Insurance Policy”	has the meaning given in Section 8.1 of Part VII (<i>Additional Information</i>)
“Record Time”	the record time for entitlement to vote at the General Meeting being 6.30 p.m. on 15 September 2021
“Registrar”	Equiniti Limited, incorporated in England and Wales with registered number 06226088 and whose registered address is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
“Regulatory Information Service” or “RIS”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of listed companies
“Resolutions”	the Sale Resolution and the Share Buyback Resolution
“Retained Interest”	has the meaning given to it in Section 1 of Part I (<i>Letter from the Chairman of Smiths</i>)
“Royal Metal”	has the meaning given to it in Section 8.1 of Part VII (<i>Additional Information</i>)
“Royal Metal Holdings”	has the meaning given to it in Section 8.1 of Part VII (<i>Additional Information</i>)
“Run Services”	has the meaning given to it in Section 3.1 of Part III (<i>Summary of the principal terms and conditions of the Sale</i>)
“Run-off Licence”	has the meaning given to it in Section 4.1 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Sale”	the proposed sale by the Seller of the Smiths Medical Group to the Purchaser pursuant to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 August 2021 entered into between, among others, the Seller and the Purchaser in connection with the Sale, as described in more detail in Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>) of this document
“Sale Resolution”	the resolution being proposed at the General Meeting to approve the Sale and to grant the Directors authority to implement the Sale
“Schemes”	SIPS and TIGPS
“Second Tranche Non-Election”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Second Tranche Note”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“Security Agreement”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“SGIHL” or the “Seller”	Smiths Group International Holdings Limited, a direct subsidiary of Smiths
“SGIHL Loan Repayment”	has the meaning given to it in Section 1.2 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Share Buyback Programme”	the on-market share buyback programme to apply an amount not exceeding £715,000,000 to purchase Smiths Shares for the purpose of returning a proportion of the cash proceeds from the Sale to Shareholders

“Share Buyback Resolution”	the ordinary resolution to be proposed at the General Meeting to provide the Directors with specific authority to implement the Share Buyback Programme, as set out in the Notice of General Meeting
“Shareholder Approval Condition”	has the meaning given to it in Section 1.3 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>) of this document
“Shareholders”	the holders of Smiths Shares from time to time
“Shareholders’ Agreement”	the shareholders’ agreement between SGIHL and TA to be entered into on Completion
“SIPS”	Smiths Industries Pension Scheme
“SM2020”	Smiths Medical 2020 Limited, a private limited company incorporated in England and Wales with registered number 12103805, whose registered office is at 1500 Eureka Park, Lower Pemberton, Ashford, Kent, TN25 4BF
“Smiths” or “Company”	Smiths Group plc, incorporated in England and Wales with registered number 00137013 and whose registered office is at 4 th Floor, 11-12 St James’s Square, London, England, SW1Y 4LB
“Smiths ADR”	an American depositary share representing one Smiths Share, evidenced by an American depositary receipt
“Smiths ADR Deposit Agreement”	the deposit agreement between Smiths, the US Depository and holders and beneficial owners from time to time of Smiths ADRs issued thereunder
“Smiths ADR Holder”	a registered holder of Smiths ADRs on the books of the US Depository
“Smiths Group”	in respect of any time prior to Completion, Smiths and its consolidated subsidiaries and subsidiary undertakings and, in respect of any time following Completion, the Continuing Group
“Smiths Group Pension Plan”	Smiths Group Pension Plan, which is a US pension scheme governed by the plan documentation as amended and restated effective as at 1 January 2017 (as amended from time to time)
“Smiths Group Share Schemes”	LTIP; Smiths Group plc Restricted Stock Plan 2014; Smiths Group Deferred Bonus Plan 2016; and Smiths Group Sharesave Scheme
“Smiths Group Sharesave Scheme”	Smiths Group Sharesave Scheme 2015
“Smiths Medical”	the Medical division of Smiths which is held by SM2020
“Smiths Medical ASD”	Smiths Medical ASD. Inc.
“Smiths Medical Group”	SM2020 together with its subsidiaries and subsidiary undertakings from time to time
“Smiths Shares”	the ordinary shares of 37.5 pence each in the capital of Smiths
“Smiths Trade Marks”	the “Smiths Medical”, “Smiths” and “bringing technology to life” trade marks owned by Smiths
“subsidiary” or “subsidiaries” or “subsidiary undertaking(s)”	has the meaning given to it in the Companies Act 2006
“TA”	TA Associates LLP
“Tag-along Right”	has the meaning given to it in Section 2.5 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Technology Investment Agreement”	has the meaning given to it in Section 8.2 of Part VII (<i>Additional Information</i>)
“TIGPS”	TI Group Pension Scheme
“TopCo”	Trulli Topco Limited

“TopCo Group”	TopCo and members of its group
“TopCo Shares”	has the meaning given to it in Section 1 of Part I (<i>Letter from the Chairman of Smiths</i>)
“Trade Mark Licence Agreement” or “TMLA”	the trade mark licence agreement to be entered into on Completion between Smiths and SM2020 as described in Section 4 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>) of this document
“Transition Services”	has the meaning given to it in Section 3.1 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>)
“Transitional Services Agreement” or “TSA”	the transitional services agreement to be entered into on Completion between BIS and SM2020 as described in Section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Sale</i>) of this document
“unaudited pro forma financial information”	has the meaning given to it on page 39 of this document
“Uncertificated” or “in Uncertificated form”	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“underlying revenue”	has the meaning given to it on page 6 of this document
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Depository”	J.P. Morgan Chase Bank, N.A., as depository for the Smiths ADR program
“US Holder”	a beneficial owner of Smiths Shares or Smiths ADRs that is, for US federal income tax purposes (a) a citizen or individual resident of the United States, (b) a corporation or other business entity treated as a corporation created or organised under the laws of the United States, any state thereof, or the District of Columbia, (c) a trust subject to the control of one or more US persons and the primary supervision of a US court, or (d) an estate the income of which is subject to US federal income tax without regard to its source

PART X NOTICE OF GENERAL MEETING

Smiths Group plc

(registered in England and Wales with registered number 00137013)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Smiths Group plc (“**Smiths**” or the “**Company**”) will be held at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 11.00 a.m. on 17 September 2021, for the purposes of considering and, if thought fit, passing the following resolutions (the “**Resolutions**”). The Resolutions will be proposed as ordinary resolutions.

Due to the continuing potential health risks from public gatherings because of the COVID-19 pandemic, shareholders are encouraged to appoint the Chairman of the General Meeting as their proxy and to give their instructions on how they wish the Chairman of the General Meeting to vote on the Resolutions on their behalf. Smiths will also be offering a facility for shareholders to follow the General Meeting remotely via a live webcast, should they wish to do so. This can be done by accessing Smiths’ website at www.smiths.com and following the link to the webcast. Please note that viewing the General Meeting electronically via the webcast will not constitute formal attendance by shareholders at the General Meeting and shareholders will not be able to vote or ask questions via the webcast. For further information on joining the webcast of the General Meeting, please refer to *Information on Joining the Webcast of the General Meeting* on page 67 of this Notice of General Meeting.

ORDINARY RESOLUTIONS

Resolution 1 – the Sale Resolution

THAT the proposed sale by Smiths Group plc (the “**Company**”), through its wholly-owned subsidiary Smiths Group International Holdings Limited (“**SGIHL**” or the “**Seller**”), of Smiths Medical 2020 Limited to Trulli Bidco Limited (the “**Purchaser**”), a wholly owned subsidiary of funds advised by TA Associates LLP (the “**TA Funds**”) (the “**Sale**”), on the terms and subject to the conditions contained in the sale and purchase agreement dated 2 August 2021 (as amended, modified, restated or supplemented from time to time) entered into between, among others, the Seller and the Purchaser in connection with the Sale (the “**Sale and Purchase Agreement**”), as described in more detail in the circular sent to shareholders dated 31 August 2021 and the associated and ancillary arrangements related thereto (including the terms of the shareholders’ agreement to be entered into between, among others, SGIHL and the TA Funds in connection with the Sale containing the right of the TA Funds to require SGIHL to sell all of its shares in the parent company of the Purchaser, Trulli Topco Limited, at the same time as and on terms no less favourable to SGIHL than those applicable to the TA Funds on a future sale by the TA Funds of a controlling interest in Trulli Topco Limited) be and are hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority, and that each and any of the directors of the Company (the “**Directors**”) and the secretary of the Company (or a duly authorised committee of the Directors) be and are hereby authorised to:

- (a) take all such steps, execute all such agreements and make all such arrangements as may seem to them necessary, expedient, appropriate or desirable for the purpose of giving effect to, or otherwise in connection with, this resolution, the Sale, the Sale and Purchase Agreement and/or the associated and ancillary agreements and arrangements relating thereto; and
- (b) agree and make such modifications, variations, revisions, waivers, extensions, additions and/or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material for the purposes of Listing Rule 10.5.2) as they may in their absolute discretion think necessary, expedient, appropriate or desirable.

Resolution 2 – the Share Buyback Resolution

THAT the Company be and is hereby generally authorised for the purposes of section 701 of the Companies Act 2006 to apply an amount not exceeding £715,000,000 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 37.5 pence each in the capital of the Company on such terms and in such manner as the Directors may determine for the purpose of returning a proportion of the proceeds of the Sale to shareholders provided that:

- (a) the maximum number of shares which may be purchased is 59,432,913;
- (b) the maximum price (exclusive of expenses) which may be paid for each share shall not be more than the higher of:
 - (i) an amount equal to 105 per cent. of the average middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days prior to the day on which the ordinary share is purchased; and
 - (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;
- (c) the minimum price (not including expenses) the Company can pay for each ordinary share is the nominal value of each ordinary share;
- (d) this authority shall expire on 31 December 2023; and
- (e) a contract for the purchase of shares under this authority may be made before the expiry of this authority and concluded wholly or in part after the expiry of this authority.

This authority is in addition to any previous or future general authorities conferred on the Company from time to time in accordance with section 701 of the Companies Act 2006 and, for previous authorities, is without prejudice to any market purchases already made or agreed to be made pursuant to such authorities.

By order of the Board

Matthew Whyte
Company Secretary
31 August 2021

Registered Office
4th Floor
11-12 St James's Square
London
England
SW1Y 4LB

Notes

1. The shorter notice period of 14 clear days as approved at the Company's last annual general meeting has been used for the purposes of this General Meeting as the Directors believe the flexibility offered by the shorter notice period is merited by the time-sensitive nature of the Sale and is in the best interests of shareholders as a whole, taking into account the circumstances and business of the General Meeting.
2. Due to the continuing potential health risks from public gatherings because of the COVID-19 pandemic, shareholders are encouraged to exercise their votes by submitting their proxy voting instructions in advance of the meeting either electronically or by post. We recommend that all shareholders appoint the Chairman of the General Meeting to act as their proxy and to give their instructions on how they wish the Chairman of the General Meeting to vote on the Resolutions on their behalf.
3. Persons who are not shareholders of the Company (or their appointed proxy) will not be able to attend the General Meeting unless prior arrangements have been made with the Company.
4. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. However, in the light of the continuing potential health risks from public gatherings because of the COVID-19 pandemic, shareholders are encouraged to appoint the Chairman of the General Meeting as their proxy. The Chairman of the General Meeting will vote in accordance with the voting instructions of the shareholder. If the Chairman of the General Meeting is appointed as a proxy without the shareholder indicating how they should vote on the resolution, the Chairman of the General Meeting will exercise his discretion as to how he votes.
5. If you would like to submit your vote electronically in advance of the General Meeting, you can submit your instruction by visiting www.sharevote.co.uk. You will need to use the series of numbers made up of your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. You are advised to read the terms and conditions of use. All advance electronic proxy votes should be submitted by no later than 11.00 a.m. on 15 September 2021. If you return paper and electronic instructions, those received last by the Company's registrar, Equiniti Limited, before 11.00 a.m. on 15 September 2021 will take precedence.
6. A proxy need not be a shareholder of the Company. However, shareholders are encouraged to appoint the Chairman of the General Meeting as their proxy with their voting instructions to ensure that their vote is counted. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti Limited on 0333 207 5963 if calling from the UK. From outside the UK, call the Equiniti overseas helpline on +44 333 207 5963. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls to this Shareholder Helpline from outside the UK are charged at the applicable international rates.
7. In order to be valid any proxy form or other instrument appointing a proxy must be received by one of the following methods:
 - (a) in hard copy form (together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof) using the reply-paid envelope or otherwise by post (in which case postage will be payable), by courier or (during normal business hours only) by hand to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
 - (b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below; or
 - (c) by appointing and registering the proxy vote electronically by visiting www.sharevote.co.uk (the on-screen instructions will give details on how to complete the appointment and voting process).

IMPORTANT: in any case, to be effective, a proxy form or a proxy appointment submitted via the internet or a CREST Proxy Instruction must be received by the Company's Registrar before

11.00 a.m. on 15 September 2021 (or, in the event of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

8. The return of a completed proxy form, other such instrument, any CREST Proxy Instruction (as described in paragraph 13 below) or the appointment of a proxy electronically will not prevent a shareholder attending the General Meeting and voting in person if he or she wishes to do so.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy of that shareholder for the General Meeting. However, it is strongly recommended that only the Chairman of the General Meeting should be appointed as a proxy. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 4 to 8 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.
11. In order to vote at the General Meeting or any adjourned meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6.30 p.m. on 15 September 2021 (or, in the event of any adjournment, 6.30 p.m. on the date which is two days before the time of the reconvening of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the voting rights of any person at the meeting.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Company’s agent (CREST Participant ID: RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting (being 11.00 a.m. on 15 September 2021). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members (and, where applicable, their CREST sponsors, or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular

time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that if two or more representatives purport to vote in respect of the same shares:
 - (a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
 - (b) in other cases, the power is treated as not exercised.
17. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Availability of documents and other information

18. The documents listed in Section 14 of Part VII (*Additional Information*) of the circular dated 31 August 2021 will be available for inspection at www.smiths.com and the Sale and Purchase Agreement will (subject to COVID-19 restrictions and guidance followed by the Company) be available for inspection at the offices of the Company at 11-12 St James's Square, London, England, SW1Y 4LB during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including the date of the General Meeting.
19. In accordance with section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting and, if applicable, members' statements, members' resolution or members' matters of business received by the Company after the date of this Notice of General Meeting will be available on the Company's website at www.smiths.com. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, these notes.
20. You may not use any electronic address provided either in this Notice of General Meeting or in any related documents (including the enclosed proxy form) to communicate with the Company for any purposes other than those expressly stated in this Notice or in such other related documents.

Total voting rights

21. As at 27 August 2021 (being the latest practicable date prior to publication of this Notice of General Meeting), the Company's issued share capital consisted of 396,483,747 ordinary shares of 37.5 pence each, carrying one vote each. The Company does not hold any ordinary shares in treasury, and therefore the total voting rights in the Company as at 27 August 2021 were 396,483,747.
22. The Resolutions to be put to the meeting will be voted on by poll. A poll reflects the number of voting rights exercisable by each member and is in line with corporate governance recommendations. The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on our website, www.smiths.com, on 17 September 2021 or shortly thereafter.

Questions at the General Meeting

23. Under section 319A of the Companies Act 2006, any member attending the meeting has the right to ask questions. At the General Meeting the Company must answer any such question relating to the business being dealt with at the meeting, but no such answer need be given if:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

24. Shareholders will also be able to follow the General Meeting remotely via a live webcast, should they wish to do so. Please note that viewing the General Meeting electronically via the webcast will not constitute formal attendance by shareholders at the General Meeting and shareholders will not be able to vote via the webcast. Shareholders planning to view the webcast should submit their proxies as early as possible appointing the Chairman of the General Meeting as their proxy.
25. Please see *Information on Joining the Webcast of the General Meeting* on page 67 below for further information on following the General Meeting remotely via the webcast.

INFORMATION ON JOINING THE WEBCAST OF THE GENERAL MEETING

1. At present, public health guidance and legislation issued by the UK Government in relation to the COVID-19 pandemic would permit public gatherings and travel at the date of the General Meeting. However, given the constantly evolving nature of the COVID-19 pandemic, Smiths will also be offering a facility for shareholders to follow the General Meeting remotely via a live webcast, should they wish to do so.
2. The webcast of the General Meeting will begin at 11.00 a.m. on 17 September 2021. To access and join the webcast, shareholders will need to visit Smiths' website at www.smiths.com and follow the link to the webcast. The website will then prompt you to enter some registration details in order to access the webcast, such as name and email address. The webcast will be broadcast in video format. Once logged in, and at the commencement of the General Meeting, you will be able to view, and listen to, the proceedings of the Meeting on your device. Please note that viewing the General Meeting electronically via the webcast will not constitute formal attendance by shareholders at the General Meeting and shareholders will not be able to vote or ask questions via the webcast.
3. The General Meeting will be filmed for webcast purposes. If shareholders attend the General Meeting in person, they may be included in the webcast. By attending the General Meeting, you consent to being filmed.
4. Shareholders will be able to access the webcast of the General Meeting online using most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Microsoft Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone.
5. An active internet connection is required at all times in order to allow you to watch the webcast of the General Meeting.
6. Smiths will continue to monitor closely the impact of the COVID-19 pandemic, including the latest guidance from the UK government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, this will be notified to shareholders on Smiths' website and/or via a Regulatory Information Service.