

Anthony Fitzpatrick and Mark Robinson discuss inorganic opportunities and organic investment to deliver our strategy



Mark Robinson is President Global Operations

MR With a focus on flexible manufacturing processes, Croda's operations differ from most of our peers, ensuring that our business remains profitable and cash generative even in the most challenging economic conditions. In the more favourable environment we have seen this year, we have delivered a record performance, benefitting from significant investment in previous years, notably in sustainability.

The demands of this rapid recovery combined with the ongoing challenges of managing through COVID-19 created added challenges to our operational teams. To our employees, thank you for stepping up to the challenges and making a significant contribution to our results and delivering for our customers.

We are reinvesting for growth, particularly disciplined organic investment in new capacity, product innovation and attractive geographic markets such as Asia. We are focused on consumer and life science markets which provide the opportunity to deliver stronger and more profitable growth.

At an operational level, this means building on our position as a sustainability leader including executing against the decarbonisation road maps we will have in place for all of our major sites by the end of 2022. In addition, the top priority in Life Sciences is to scale our world-leading delivery systems for patient health.

COVID-19 has demonstrated the benefits of local manufacturing, and we have identified new projects to build operational flexibility and resilience in key countries such as China.

 See Business model P16

AF We complement organic investment with innovation-rich acquisitions capable of delivering higher, profitable growth under Croda's ownership. The strength of our performance in 2021 reflects this consistent strategy with the prior year acquisitions of Avanti and Iberchem making a significant contribution.

Avanti has enabled us to play an important role in the roll out of COVID-19 drugs and vaccines, something that we are very proud of. This platform opens up significant opportunities in next generation areas such as mRNA and gene therapy.

Iberchem's focus on higher-growth emerging markets will drive significant value in the coming years. Integration is progressing well and we are on track to realise the expected revenue synergies by 2025, further enhanced by our add-on acquisition of Parfex, a premium fragrance business. In 2021 we also acquired Alban Muller, boosting our natural ingredients portfolio in Beauty Actives.

In May, we announced a strategic review of our Performance Technologies and Industrial Chemicals (PTIC) businesses to determine the best future ownership structure. The sale we announced in December 2021 for the majority of PTIC provides a strong new supportive owner for its future growth and is also a significant milestone in Croda's transition to a dedicated life science and consumer business.

We will continue to target exciting innovation-led acquisitions to continue our journey as a knowledge-based business, with a selective focus on Life Sciences and at the top end of Consumer Care.



Anthony Fitzpatrick is President Corporate Development and Performance Technologies & Industrial Chemicals

Investing in mRNA

As the core of our lipid systems capability within the Health Care business, Avanti is primarily focused on developing innovative lipid-based products of unparalleled purity to address specific medical challenges that are not resolved by current technology.

The lipid systems and synthesis expertise we bolstered with the Avanti acquisition has contributed approximately US\$200m of sales in 2021, primarily for our principal vaccine customers. With over 200 lipid-based vaccines and drugs in clinical trials, and a similar number in research, there is a huge opportunity for us to move to the forefront of the biologics delivery market.

We have reinforced our market leading position through R&D investment and

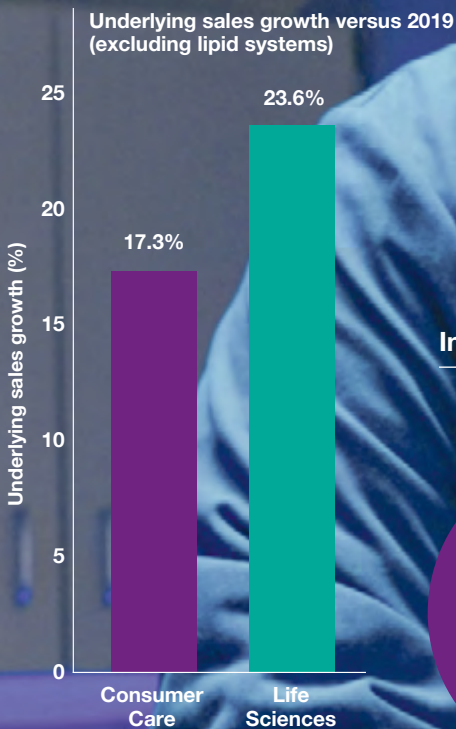
innovation augmented by £60m of capital investment since we acquired Avanti in August 2020. This investment expands our GMP manufacturing and quality assessment facilities, increasing production capacity for existing projects and also enhancing our innovation pipeline for new projects.

The scale of the opportunity in future mRNA and gene therapy applications is reflected in the market size which has grown rapidly since the onset of COVID-19. We are investing to maintain and enhance our first mover advantage. Justin Martin, Development Scientist at Avanti (pictured, right-hand page), said: "Backed by our extensive history of supplying high quality lipids for clinical research and small-scale commercial applications, we

were able to meet the challenges associated with large-scale commercial manufacture of novel lipid components critical to the formulation of life-saving COVID-19 vaccines. With the onset of widespread use of lipid system technology in future therapeutics, I am thrilled to see what the future holds for lipids in worldwide health care."



Sustainability + Innovation = Growth



Investing for future growth

£1.2bn

invested in acquisitions and capacity expansion in the last two years

Annual organic capital investment increased by 31% in 2021 to almost

£160m

£70m

invested in 2021 to scale up manufacturing capacity for our three patient health care platforms