

Press Release

24 February 2026

Results for the year ended 31 December 2025

Encouraging early progress delivering on our plan to grow earnings and improve returns

Croda International Plc (“Croda” or the “Group”), the company that uses smart science to create high-performance ingredients and solutions that improve lives, announces its full year results for the year ended 31 December 2025 and sets out a financial framework for the next three years.

Highlights

Full year ended 31 December	Statutory results (IFRS)			Adjusted results			
	2025	2024	change	2025	2024	Constant currency change	change
Sales (£m)	1,699.4	1,628.1	4.4%	1,699.4	1,628.1	6.6%	4.4%
EBITDA (£m)				396.6	378.3	7.1%	4.8%
EBITDA as a % of sales				23.3%	23.2%	–	0.1ppts
Operating profit (£m)	110.1	227.5	(51.6)%	295.3	279.7	7.9%	5.6%
Operating profit margin (%)				17.4%	17.2%	–	0.2ppts
Profit before tax (£m)	91.0	207.8	(56.2)%	276.2	260.0	8.4%	6.2%
Basic earnings per share (p)	44.4	113.5	(60.9)%	146.2	142.6	–	2.5%
Ordinary dividend per share (p)	111.0	110.0	0.9%				
Free cash flow (£m)				161.6	169.6*	–	(4.7)%
Net debt (£m)				523.8	532.3	–	(1.6)%

*Restated to include cash costs of exceptional items in free cash flow, see page 4

Steve Foots, Chief Executive Officer, commented:

“I am encouraged by the early progress we have made in 2025 delivering on our plan to grow earnings and improve returns in an uncertain trading environment. Our differentiated business model and higher-growth portfolio have underpinned progress with Consumer Care and Life Sciences both growing sales, adjusted margins and profits. Our efforts to drive more consistent growth and transform the business are beginning to deliver results and whilst there is much more to do, our confidence in realising further improvements in performance is highlighted by the three-year financial framework we have set out today.”

Continued progress in an uncertain market

- **Group sales +6.6% at constant currency comprising:**
 - Consumer Care sales +8%
 - Beauty Actives +6%, Beauty Care +4%, F&F +15%, Home Care +2%
 - Life Sciences sales +8%
 - Pharma +4%, Crop Protection +14%, Seed Enhancement +8%
 - Industrial Specialties sales (2)%
 - Q425 sales +5%
- **Adjusted operating profit +7.9% at constant currency**
 - Adjusted operating margin 17.4% (2024: 17.2%); Consumer Care and Life Sciences margin improving
 - Adjusted profit before tax +8.4% to £276.2m (2024: £260.0m); equivalent to £282.0m at constant currency
 - IFRS operating profit of £110.1m (2024: £227.5m); adjustments included £107.3m impairment charges, £44.6m related to optimising lipids capacity, with an associated onerous contract provision of £15.9m
- **Cash flow improved in the second half year**
 - £161.6m free cash flow (2024: £169.6m restated*), £133.6m in H2 with lower working capital and capex
 - Leverage ratio fell to 1.3x from 1.5x at 30 June 2025
 - Full year dividend increased 1p to 111p (2024: 110p)

Confident of delivering further improvements to financial performance over the next three years

- **Driving more consistent sales growth** (2025 % sales increases at constant currency)
 - Refocusing innovation with rigorous new framework and reallocation of R&D resources
 - New & Protected Product (NPP) sales +5%: patented sales +9%, new ingredient sales +10%
 - 12% increase in average pipeline value of customer co-creation projects
 - Improving customer experience; customer net promoter score +43 (2024: +32)
 - Maximising returns from recent investments; period of heightened investment has come to an end
 - Driving consistent sales growth in key markets
 - Reinvigorating Beauty – internationalising Beauty Actives capabilities and delivering benefits to masstige brands; refocusing innovation in Beauty Care
 - Rebalancing Pharma – renewed focus on Pharma Ingredients (ingredients for consumer health and excipients representing ~70% Pharma sales)
- **Delivering our transformation programme to enhance growth and efficiency**
 - £28m gross benefits realised in 2025 (target: £25m) of ~£100m total annualised benefits for FY28
 - Commenced working capital improvement programme targeting ~£50m reduction for FY28
- **New financial framework to full year 2028 (at constant currency) based on current market conditions**
 - Consistent sales growth: 3-6% organic sales growth CAGR 2026-28
 - Enhanced profitability: Group adjusted operating margin >20% (2025: 17.4%) for full year 2028
 - Growing cashflows: free cash flow-to-sales ratio >12% (2025: 9.5%) for full year 2028
 - Improving Return on Invested Capital (ROIC): >10% (2025: 8.2%) for full year 2028

2026 outlook

- For full year 2026 we expect:
 - Group organic sales growth within our 3-6% range
 - Versus a strong Q125 comparator, when sales were up 9% at constant currency, we expect sales in Q126 to be similar to the prior year at constant currency
 - A further increase in Group adjusted operating margin driven by improving profitability in Consumer Care and Life Sciences and the benefits of our transformation programme
 - Group full year 2026 adjusted operating profit in line with current market expectations¹ at constant currency

¹Current market expectations based on company-compiled consensus available at [Croda website](#).

Technical foreign exchange guidance

The financial framework to 2028 and guidance for Group performance in 2026 are provided on a constant currency basis. Constant currency expectations are based on the Group's average exchange rates through 2025 which were US\$1.32 and €1.17. The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure. We estimate that the average annual currency translation impact on adjusted operating profit is £1m per Dollar cent movement per annum and £1m per Euro cent movement per annum. The impact from movements in remaining smaller currencies is broadly aligned with the impact from movements in the US Dollar. If foreign exchange rates in the period from February 2026 to December 2026 were to reflect the same levels as January 2026 closing rates, it is anticipated that there would be a negative impact of approximately £8m on reported operating profit.

Further information:

An investor presentation will be available via webcast at 0900 GMT on 24 February 2026 at www.croda.com/investors. Croda will provide an update on first quarter sales performance at the AGM on 22 April 2026.

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Financial summary

Q425 sales by business

Sales	Q425 £m	Q424 £m	Constant Currency Change	Change
Consumer Care	239.3	223.5	8.9%	7.1%
Life Sciences	137.4	129.3	7.9%	6.3%
Industrial Specialties	42.2	52.8	(18.6)%	(19.9)%
Group	418.9	405.6	5.0%	3.3%

FY25 sales by business

Sales	FY25 £m	Price/mix	Volume	Constant currency change	Currency	FY24 £m	Change
Consumer Care	972.7	(1.1)%	9.0%	7.9%	(2.2)%	920.0	5.7%
Life Sciences	532.2	(5.3)%	13.0%	7.7%	(2.2)%	504.3	5.5%
Industrial Specialties	194.5	(10.1)%	7.7%	(2.4)%	(2.1)%	203.8	(4.6)%
Group	1,699.4	(3.0)%	9.6%	6.6%	(2.2)%	1,628.1	4.4%

FY25 and Q425 sales by region

% change in sales versus the prior year	FY25 Constant currency change	FY25 Change	Q425 Constant currency change	Q425 Change
EMEA	9%	9%	7%	10%
North America	5%	2%	5%	1%
Latin America	7%	4%	2%	(2)%
Asia	4%	0%	3%	(2)%
Group	7%	4%	5%	3%

FY25 adjusted profit

Adjusted profit	FY25 £m	Constant currency change	Currency impact	FY24 £m	Change
Consumer Care	169.8	7.4%	(1.4)%	160.2	6.0%
Life Sciences	116.5	15.6%	(3.6)%	104.0	12.0%
Industrial Specialties	9.0	(38.7)%	(3.2)%	15.5	(41.9)%
Operating profit	295.3	7.9%	(2.3)%	279.7	5.6%
Net interest	(19.1)			(19.7)	
Profit before tax	276.2	8.4%	(2.2)%	260.0	6.2%

Notes:

Market information is company compiled, informed by a range of third party sources.

Alternative Performance Measures (APMs): We use a number of APMs to assist in presenting information in this statement. We use such measures consistently at the half year and full year, and reconcile them as appropriate. Whilst the Board believes the APMs used provide a meaningful basis upon which to analyse the Group's financial performance and position, which is helpful to the reader, it notes that APMs have certain limitations, including the exclusion of significant recurring items, and may not be directly comparable with similarly titled measures presented by other companies. The measures used in this statement include:

- **Constant currency results:** these reflect current year performance for existing business translated at the prior year's average exchange rates. Constant currency results are the primary measure used by management to monitor the performance of overseas business units, since they remove the impact of currency translation into Sterling, the Group's reporting currency, over which those overseas units have no control. Constant currency results are similarly useful to shareholders in understanding the performance of the Group excluding the impact of movements in currency translation over which the Group has no control. Constant currency results are reconciled to reported results in the review of financial performance below. The APMs are calculated as follows:
 - a. For constant currency profit, translation is performed using the entity reporting currency before the application of IAS 29 hyperinflation and any associated one-off foreign exchange gains or losses;
 - b. For constant currency sales, local currency sales are translated into the most relevant functional currency of the destination country of sale (for example, sales in Latin America are primarily made in US Dollars, which is therefore used as the functional currency). Sales in functional currency are then translated into Sterling using the prior year's average rates for the corresponding period;
- **Organic results:** these reflect constant currency values adjusted to exclude the impact of acquisitions or disposals in the first year of impact. They are used by management to measure the performance of each sector before the impact of portfolio changes are included, in order to assess the like-for-like performance of the business, thereby providing a consistent basis on which to make year-on-year comparison. They are seen as similarly useful to shareholders in assessing the performance of the business;
- **Adjusted results:** these are stated before exceptional items (as disclosed in the review of financial performance below) and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results;
- **EBITDA:** this represents Earnings Before Interest, Tax, Depreciation and Amortisation, calculated as adjusted operating profit plus depreciation and amortisation. It is used by management and shareholders to assess Group's cash operating profit performance. EBITDA is a widely used APM, commonly used by our peers, and is a helpful measure for shareholders that allows for an easier comparison of the operational performance between companies by excluding non-cash items and financing effects;
- **Adjusted operating margin:** this is adjusted operating profit divided by sales, at reported currency. Management uses the measure to assess the profitability of each sector and the Group, as part of its drive to grow profit by more than sales value, in turn by more than sales volume as set out in the Group performance section below;
- **Net debt:** comprises cash and cash equivalents (including bank overdrafts), current and non-current borrowings and lease liabilities. Management uses this measure to monitor debt funding levels and compliance with the Group's funding covenants which also use this measure. It believes that net debt is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- **Leverage ratio:** this is the ratio of net debt to adjusted EBITDA adjusted to include EBITDA from acquisitions or disposals in the last 12 month period. Calculations and reconciliations are provided in the five-year record of the Group's Annual Report. The Board monitors the leverage ratio against the Group's debt funding covenants and overall appetite for funding risk, in approving capital expenditure and acquisitions. It believes that the APM is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- **Free cash flow:** comprises net cash generated from operating activities, less the cash effect of exceptional items, net capital expenditure and payment of lease liabilities, plus interest received. The definition of free cash flow has been revised in the year to deduct exceptional items as part of free cash flow to demonstrate the level of cash available to shareholders and better align this APM with the Group's peers. Comparative information has been restated to reflect the new definition, resulting in restated free cash flow of £169.6m for 2024 (previously £181.1m). Calculations and reconciliations are provided in the five-year record of the Group's Annual Report. The Board uses free cash flow to monitor the Group's overall cash generation capability, to assess the ability of the Company to pay dividends and to finance future expansion, and, as such, it believes this is useful to shareholders in their assessment of the Group's performance;
- **Free cash flow-to-sales ratio:** this is free cash flow divided by sales. This is a new APM and has been included as the Board considers this metric to assess the level of cash conversion and to evaluate the quality of sales growth. The Board believes it is useful to shareholders in assessing the financial performance of the Group;
- **Return on invested capital (ROIC):** this is adjusted operating profit net of tax divided by the average adjusted invested capital. Adjusted invested capital represents net assets adjusted for net debt and net retirement benefit assets/(liabilities) and is the average of the opening and closing balances. The definition of ROIC has been revised in the year to remove the adjustment for earlier goodwill written off to reserves and accumulated amortisation of acquired intangible assets (both net of deferred tax) to make the definition more comparable with the Group's peers. Comparative information has been restated to reflect the new definition, resulting in restated ROIC of 7.7% in 2024 (previously 7.1%). Calculations and reconciliations are provided in the five-year record of the Group's Annual Report. The Board believes that ROIC is a key measure of efficient capital allocation and that it is useful to shareholders in assessing the returns delivered by the Group and the impact of deploying more capital to grow future returns faster; and,
- **New and Protected Products (NPP):** these are products which are protected by virtue of being either newly launched ('new'), protected by intellectual property ('patented') or by unique quality characteristics ('protected'). NPP is used by management to measure and assess the level of innovation across the Group.

CEO Review

We use a number of APMs to assist in presenting information in this statement which are defined on page 4.

FY25 results – continued progress in an uncertain market

We are encouraged by early progress in 2025 as we implement our plan to grow earnings and returns. In an uncertain trading environment, Group sales were up 7% at constant currency. Although margins are still significantly below their medium-term potential, they improved in both key businesses, contributing to an 8% increase in Group adjusted operating profit. Adjusted profit before tax was £276.2m (2024: £260.0m), or £282.0m at constant currency, in line with guidance. Whilst free cash flow (post exceptionals) of £161.6m was £8m lower than the (restated) prior year, it improved in the second half year due to lower working capital and capex, with the debt leverage ratio falling to 1.3x EBITDA (31 Dec 2024: 1.4x; 30 Jun 2025: 1.5x). The Board is proposing a one pence per share increase to the full year dividend to 111p (2024: 110p).

Consumer Care and Life Sciences grew sales, adjusted operating margins and profits, with sales up 8% in both businesses at constant currency. In Consumer Care, Fragrances and Flavours (F&F) continues to outperform peers, and growth in Beauty was supported by more robust consumer sentiment in North America in the second half year. In Life Sciences, Crop Protection benefited from a recovery in demand from larger customers following an extended period of destocking, and Pharma delivered its strongest performance of the year in the final quarter despite the US regulatory environment continuing to create uncertainty for our customers.

Growing earnings and improving returns

We are driving growth and transforming the Business to deliver consistent sales growth, enhanced profitability and increased cashflows. Our financial framework to full year 2028 targets 3-6% organic sales CAGR over three years and at least 20% adjusted operating margin, 12% free cash flow-to-sales ratio (post exceptionals) and 10% Return on Invested Capital for full year 2028.

Building on our strengths

Our plan builds on the strengths of Croda, both our differentiated business model with its core capabilities, and a higher-growth portfolio.

Our business model is highly differentiated and enables us to create value through direct selling and customer-focused innovation. We use mainly natural raw materials and proprietary downstream processes across derivatisation, refinement and purification, to provide ~6,000 specialty ingredients to more than 17,000 customers. A key source of competitive advantage is our direct sales team who work closely with our customers and R&D colleagues globally to tailor ingredients for specific applications and formulate multiple ingredients into solutions.

Our eight business units leverage core capabilities to meet customer needs. Ingredients sold to Beauty Care, Home Care, Crop Protection and Industrial Specialties customers, as well as some Pharma ingredients, are produced at shared manufacturing facilities, accounting for ~60% of our sales and ~70% of our sales volumes. We go to market in a similar way across all businesses, creating value for customers by leveraging shared R&D expertise (for example in biotechnology), formulation advice, and testing to verify the performance claims customers make based on the solutions we provide.

We have come to the end of a period of heightened investment over the last five years, **repositioning our portfolio for higher growth**. This has reinforced our leadership in innovation (with sales of patented ingredients increasing 9% in-year, leveraging over 1,700 patents) and sustainability (as validated by external rankings including our longstanding 'triple A' rating from MSCI). In 2025:

- 89% of our sales were to consumer, pharma and agriculture markets compared with 73% in 2019
- Local and regional customers (L&Rs), who are growing more strongly than multinational companies (MNCs) and bringing more products to market, now represent 82% of Consumer Care sales (2019: 73%) and 56% of Crop Protection sales (2019: 44%)
- Our footprint outside Europe and North America has also increased to 48% of sales (2019: 37%), enabling us to access higher-growth countries in Asia, the Middle East and Latin America

Through this transition, we have moved closer to higher-growth markets, niches, customers and regions.

So why has our performance been inconsistent over the last three years and **what have we learnt?** Sales have been impacted by the market environment, due to volatile demand post the CV19 pandemic, and a gap in sales volumes compounded by the divestment of the majority of our Industrials business in 2022. The drivers of our recent profit

performance are more specific to Croda, with operating profit margins adversely impacted by a higher cost base (particularly operating costs), but product and gross margins remaining relatively stable, demonstrating the quality of our business. 2020-25 was also a period of heightened investment which has positioned us for growth but increased our invested capital base and contributed to lower returns on invested capital. 2023 was the post-CV19 low point for sales and profit, with progress in 2024 gathering further momentum in 2025.

Building on the five-point plan we communicated in 2025, we are **stepping up execution** to improve performance, by driving growth and transforming the Business, which enables us to take out costs to enhance profitability, alongside delivering structural change.

Driving consistent growth

To deliver more consistent growth, we are refocusing innovation, leveraging our proximity to customers, and maximising returns following a period of peak investment. As outlined in the Business Reviews, we are also **driving consistent growth in key markets**, reinvigorating Beauty – to take advantage of the full range of opportunities globally, and rebalancing Pharma – to put a greater emphasis on our core pharma ingredients (ingredients for consumer health and excipients which represent 70% of sales and grow well at high margins). Our Business is already well invested so we are not having to ramp up investment to deliver consistent growth.

Through the pandemic and immediately afterwards, customers prioritised supply and demand challenges ahead of innovation. With demand having returned, we are **refocusing innovation**, introducing a new rigorous Group-wide framework for prioritising innovation and rebalancing R&D resources to ensure innovation is more customer focused. This puts greater emphasis on co-creation with customers and finding new markets for existing ingredients, as well as the development of new ingredients. It also recognises that sustainable innovation should be focused on objectives that customers value most and where we can have the biggest impact, for example augmenting the low carbon footprint of our ingredients by further reducing the associated scope 3 emissions. Key metrics demonstrate the good early progress we have made in 2025.

- Our approach to customer co-creation leverages our ability to tailor individual ingredients and formulate multiple ingredients to meet specific customer requirements. The average pipeline value of each customer co-creation project increased by 12% in 2025, with projects including co-creating PEG-free variants of existing ingredients
- We optimise our existing ingredient range to meet the needs of particular regions, markets or customers. Projects included developing our existing lipids range for the pharma generics market
- We develop new ingredients to fulfil unmet needs, with sales of new ingredients increasing by 10% this year at constant currency. New launches included Kerabio K31 from our Beauty Care business, a biomimetic bond-builder for hair that enables brands to compete with market leaders in the hair repair market, which has a high selling price, more in line with an active ingredient, providing the potential to enhance profitability

Our direct-to-customer sales model, together with the close alignment of sales and R&D, represents a significant source of competitive advantage, with customer retention data showing that we retained ~90% of larger customers from 2019-24 despite significant market volatility. We **are improving customer experience**, by gaining a clearer understanding of customer segmentation and introducing tailored solutions and bespoke service packages for L&Rs, regional 'giants' and MNCs.

- For local customers, we are regionalising claims testing and formulation support, for example replicating the world-leading claims testing that we undertake at our Beauty Actives site in Paris, in other locations in Asia. Sales to L&R customers grew by 9% in Consumer Care at constant currency in 2025
- We are deepening relationships with 'Asian giants' across Beauty, Pharma and Crop Protection with sales to the top 5 Asian Beauty 'giants' growing 19% over the last 2 years and Crop sales to tier '2' customers up 36% in 2025 both at constant currency
- We have strong relationships with MNCs across our key markets and are a strategic partner to every major Beauty brand. In 2025, we grew sales with 4 of the top 5 Beauty customers and by 14% with our major Crop Protection customers at constant currency

The strength of our customer relationships is demonstrated by customer Net Promoter Scores (NPS) which have continued to improve as we play to our strengths. Customers rate us highly for product quality – the most important customer need where we rank top of the industry benchmark, as well as innovative products, sustainability and trust – where we rank in the top quartile. Through transformation we are driving best practice in order delivery, customer service and access to information. NPS results for 2025, based on ~3,500 responses, were:

- Consumer Care +42 (2024: +31)
- Life Sciences +49 (2024: +41)
- Industrial Specialities +32 (2024: +26)
- Croda Group +43 (2024: +32)

We are **maximising returns from investments** made over the last five years as we have transitioned our portfolio, to ensure that they deliver incremental sales and profit growth. This period of heightened investment included both acquisitions – to enhance our capabilities and accelerate growth in Consumer Care and Pharma, and growth-focused capex – notably in Asia and post-acquisition investment to scale up pharma lipids.

- Acquisitions made during this period delivered good growth in 2025, with F&F sales up 15% in constant currency and Avanti lipid sales for drug research growing double-digit percentage CAGR at constant currency in the last three years despite customer uncertainty caused by the US regulatory environment. Sales of ceramides, acquired in 2023 with Solus Biotech, were up 36% at constant currency as we globalise sales, provide data for existing ceramides and launch new ceramides for scalp and hair health in addition to skin care
- We are investing selectively in manufacturing as we rebalance our footprint away from more mature regions to higher-growth countries. We recently commissioned a new low emissions production centre in Dahej in India which has a lower cost per unit than our existing manufacturing facility in India, and have begun commissioning a new F&F and Actives facility in Guangzhou, China, both of which we can leverage to deliver fast growth across Asia
- Capital expenditure in large-scale pharma lipid manufacturing across multiple sites globally has positioned us for potential break-out growth and was supported by significant funding from the US and UK Governments under their pandemic preparedness programmes. Whilst we expect to sales of lipids for drug research to continue to grow, projects requiring the production at significant scale are expected to take longer to materialise. As a result, we have taken the decision to put Lamar lipids facility in the USA on standby, resulting non-cash exceptional charges totalling £60.5m but minimising future costs while enabling us to fulfil our pandemic-preparedness commitments to the US Government. Other impairments, as outlined in the CFO Review, principally related to stopping certain inflight capital programmes and the exit of a UK distribution centre as streamline the Business and tighten discipline

Delivering transformation

We are driving structural transformation to enhance both growth and efficiency, making Croda a better business for the long term. The programme is fully established with an experienced transformation team and the whole business has responded well as we push hard to deliver change quickly. Underpinned by actions to enhance our high-performance culture, and to leverage AI, data and digitalisation to support decision-making, we are implementing clearly defined action plans for each of the pillars of the programme. We continue to expect to deliver total annualised efficiency benefits of ~£100m and a reduction in working capital of ~£50m both for full year 2028.

- We are simplifying and **optimising our customer and product portfolios** to sharpen our commercial focus. To optimise customers 'at the tail', we have introduced minimum order values and accelerated the adoption of 'CrodaOn,' a low cost-to-serve online portal for lower value orders which is now used by over 10% of our customer base. To rationalise our product portfolio, we are targeting a significant reduction in SKUs in 2026, building on recent successful pilots
- We are **optimising our supply chain** to enhance customer service, creating an end-to-end supply chain that will drive efficiencies and improve working capital. Optimisation of production capacity is underway focused on our 11 shared manufacturing sites where we are rationalising processes and headcount. We are globalising procurement, scaling up improvements across raw materials, logistics and packaging. We are also exiting a UK distribution centre following a review of our distribution networks
- We are **simplifying our organisation** to realign our cost base by streamlining enabling functions, headcount and management layers. We are professionalising and streamlining structures in enabling functions and expect to deliver further efficiencies in 2026 as we implement our rationalisation plans and through structural savings in indirect costs

With comprehensive action plans in place and the benefits delivered in 2025 slightly ahead of expectations, delivery of our transformation programme will make an important contribution to enhancing profitability, meaning a significant proportion of future margin improvement is 'self help,' in our control, and not dependent on market recovery.

Outlook

Financial framework to full year 2028

With encouraging early progress in 2025 and actions underway to drive consistent growth and transform the business, we are confident of delivering an improving performance over the next three years. Our financial framework to full year 2028, on a constant currency basis, comprises:

- **Consistent sales growth** from our strengthened portfolio, targeting an organic increase in sales of 3-6% CAGR 2026 to 2028 assuming current economic conditions continue
- **Enhanced profitability** driven by growth and transformation, targeting a Group adjusted operating margin over 20% for full year 2028
- **Sustainable and growing cashflows**, targeting a free cash flow-to-sales ratio (post exceptionals) of over 12% for full year 2028, driven by improved profitability, low capital expenditure and structural improvements to working capital
- **Improving returns on capital**, targeting a Return on Invested Capital of at least 10% for full year 2028

Guidance for 2026

- For full year 2026 we expect:
 - Group organic sales growth within our 3-6% range
 - Versus a strong Q125 comparator, when sales were up 9% at constant currency, we expect sales in Q126 to be similar to the prior year at constant currency
 - A further increase in Group adjusted operating margin driven by improving profitability in Consumer Care and Life Sciences and the benefits of our transformation programme
 - Group full year 2026 adjusted operating profit in line with current market expectations¹ at constant currency

¹Current market expectations based on company-compiled consensus available at [Croda website](#).

Technical foreign exchange guidance

The financial framework to 2028 and guidance for Group performance in 2026 are provided on a constant currency basis. Constant currency expectations are based on the Group's average exchange rates through 2025 which were US\$1.32 and €1.17. The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure. We estimate that the average annual currency translation impact on adjusted operating profit is £1m per Dollar cent movement per annum and £1m per Euro cent movement per annum. The impact from movements in remaining smaller currencies is broadly aligned with the impact from movements in the US Dollar. If foreign exchange rates in the period from February 2026 to December 2026 were to reflect the same levels as January 2026 closing rates, it is anticipated that there would be a negative impact of approximately £8m on reported operating profit.

CFO Review

Focused on execution

With a comprehensive transformation programme that is driving both growth and efficiencies, we are firmly focused on execution. Progress so far has been encouraging, and we are setting out a financial framework to full year 2028 that outlines further improvements in financial performance. Our ambitions go beyond these targets, but they provide a roadmap for the next three years and a framework for tracking future progress.

Sales

Q4 2025 sales by business

Sales	Q425 £m	Q424 £m	Constant Currency Change	Change
Consumer Care	239.3	223.5	8.9%	7.1%
Life Sciences	137.4	129.3	7.9%	6.3%
Industrial Specialties	42.2	52.8	(18.6)%	(19.9)%
Group	418.9	405.6	5.0%	3.3%

Sales in the fourth quarter were slightly stronger than anticipated. Q4 sales growth was strongest in Consumer Care, up 8.9% at constant currency, against a modest comparator. Sales were up 7.9% in Life Sciences at constant currency, also improving sequentially. By contrast, Industrial Specialties sales were down 18.6% compared with a particularly strong quarter in the prior year.

FY25 sales by business

Sales	FY25 £m	Price/mix	Volume	Constant currency change	Currency	FY24 £m	Change
Consumer Care	972.7	(1.1)%	9.0%	7.9%	(2.2)%	920.0	5.7%
Life Sciences	532.2	(5.3)%	13.0%	7.7%	(2.2)%	504.3	5.5%
Industrial Specialties	194.5	(10.1)%	7.7%	(2.4)%	(2.1)%	203.8	(4.6)%
Group	1,699.4	(3.0)%	9.6%	6.6%	(2.2)%	1,628.1	4.4%

Group sales increased to £1,699.4m (2024: £1,628.1m), up 4.4% or 6.6% at constant currency, in an uncertain trading environment impacted by geopolitical tensions, the imposition of US trade tariffs and foreign exchange volatility. Sales growth at constant currency comprised a 7.9% increase in Consumer Care, a 7.7% increase in Life Sciences and a 2.4% decrease in Industrial Specialties.

As part of the actions that we have taken throughout the year to increase utilisation at our shared production sites, we have been driving targeted sales of ingredients in Beauty Care, Crop Protection and Industrial Specialties. Alongside strong sales in Fragrances and Flavours (F&F) this resulted in a 9.6% increase in sales volumes. As a result of these actions, price/mix was 3.0% lower with adverse mix the larger component, comprising both adverse product and business mix. As anticipated, volume growth moderated in the second half of the year, and price/mix was less adverse than in the first half year, with like-for-like prices remaining largely consistent with the prior period.

FY25 sales and Q425 sales by region

% change in sales versus the prior year	FY25 Constant currency change	FY25 Change	Q425 Constant currency change	Q425 Change
EMEA	9%	9%	7%	10%
North America	5%	2%	5%	1%
Latin America	7%	4%	2%	(2)%
Asia	4%	0%	3%	(2)%
Group	7%	4%	5%	3%

Regional sales growth was led by EMEA, with full year sales up 9%, driven by good demand for Beauty and F&F ingredients in both Europe and the Middle East, and a recovery in demand from MNCs in Crop Protection, particularly in the first half year. Sales growth in the Americas improved in the second half year, supported by a recovery in Beauty demand, particularly in North America. Asia lagged other regions as exporters in pharma and industrial markets were adversely affected by the imposition of US trade tariffs.

Quarterly sales (reported) £m	Consumer Care	Life Sciences	Industrial Specialties	Group
Q1 2024	236.8	121.8	49.9	408.5
Q2 2024	231.6	124.4	51.4	407.4
Q3 2024	228.1	128.8	49.7	406.6
Q4 2024	223.5	129.3	52.8	405.6
Q1 2025	255.1	134.5	52.7	442.3
Q2 2025	236.7	126.5	50.3	413.5
Q3 2025	241.6	133.8	49.3	424.7
Q4 2025	239.3	137.4	42.2	418.9

Profit and margin

	2025			2024		
	IFRS £m	Adjustments £m	Adjusted £m	IFRS £m	Adjustments £m	Adjusted £m
Sales	1,699.4	–	1,699.4	1,628.1	–	1,628.1
Cost of sales	(953.7)	–	(953.7)	(894.2)	–	(894.2)
Gross profit	745.7	–	745.7	733.9	–	733.9
Operating costs	(635.6)	(185.2)	(450.4)	(506.4)	(52.2)	(454.2)
Operating profit	110.1	(185.2)	295.3	227.5	(52.2)	279.7
Net interest charge	(19.1)	–	(19.1)	(19.7)	–	(19.7)
Profit before tax	91.0	(185.2)	276.2	207.8	(52.2)	260.0
Tax	(26.3)	43.2	(69.5)	(48.2)	11.6	(59.8)
Profit after tax	64.7	(142.0)	206.7	159.6	(40.6)	200.2

Operating profit/(loss)	2025			2024		
	IFRS £m	Adjustments £m	Adjusted £m	IFRS £m	Adjustments £m	Adjusted £m
Consumer Care	95.5	(74.3)	169.8	128.4	(31.8)	160.2
Life Sciences	16.3	(100.2)	116.5	85.5	(18.5)	104.0
Industrial Specialties	(1.7)	(10.7)	9.0	13.6	(1.9)	15.5
Group	110.1	(185.2)	295.3	227.5	(52.2)	279.7

Adjustments	2025 £m	2024 £m
Restructuring and transformation costs	(26.3)	(6.5)
Environmental provision	–	(8.5)
Impairment charges	(107.3)	–
Onerous contract provision	(15.9)	–
Exceptional items	(149.5)	(15.0)
Amortisation of intangible assets arising on acquisition	(35.7)	(37.2)
Total adjustments	(185.2)	(52.2)

Adjusted profit	FY25 £m	Constant currency change	Currency impact	FY24 £m	Change
Consumer Care	169.8	7.4%	(1.4)%	160.2	6.0%
Life Sciences	116.5	15.6%	(3.6)%	104.0	12.0%
Industrial Specialties	9.0	(38.7)%	(3.2)%	15.5	(41.9)%
Operating profit	295.3	7.9%	(2.3)%	279.7	5.6%
Net interest	(19.1)	–	–	(19.7)	–
Profit before tax	276.2	8.4%	(2.2)%	260.0	6.2%

Following two years of raw material cost deflation in 2023 and 2024, average raw materials costs were stable in 2025. We expect a small reduction in the average cost of raw materials in the first quarter of 2026, but then for them to be broadly stable for the remainder of the year. People costs were up ~3%, principally reflecting inflationary salary rises. Both energy and freight costs, which represent around 2.5% of sales respectively, increased in the period, predominantly due to higher sales.

IFRS operating profit was £110.1m (2024: £227.5m). IFRS operating profit included a charge for adjusting items of £185.2m (2024: £52.2m) including a charge for amortisation of acquired intangibles of £35.7m (2024: £37.2m), and ongoing restructuring costs associated with business transformation of £26.3m (2024: £6.5m).

Impairment charges in 2025 totalled £107.3m (2024: £nil) including £44.6m associated with the decision to place the Lamar lipids facility in the USA on standby (meaning it is capable of start-up and production within three months) with an associated onerous contract provision of £15.9m. The decision minimises future costs and enables us to fulfil our commitments to the US Government, which provided the majority of the funding for the facility under its pandemic-preparedness programme. Lamar is one of four GMP facilities globally where we are able to produce pharma-grade lipids (two in the USA, and one each in the UK and South Korea), meaning we have ample capacity for future production. Whilst we expect sales of lipids for drug research to continue to grow, customer projects requiring production at significant scale are expected to take longer to materialise. Other impairment charges were a £28.7m charge related to the decision to cease investments into certain assets under construction following a detailed review of future capital expenditure projects, a £22.2m charge associated with the rationalisation of supply chain infrastructure, including ceasing operations at a leased distribution facility in the UK, and a £10.9m charge following the reallocation of R&D resources away from the development of two acquired technology assets. A number of other capacity optimisation projects are being considered as part of the transformation programme where decisions that could be made in the future may result in a reassessment of the carrying value of certain assets.

Group adjusted EBITDA increased 5% to £396.6m (2024: £378.3m) at an adjusted EBITDA margin of 23.3% (2024: 23.2%). Group adjusted operating profit was up 6% to £295.3m (2024: £279.7m) or 8% at constant currency, with encouraging sales growth augmented by improved profitability in Consumer Care and Life Sciences. Whilst Group adjusted operating margin remains significantly below its medium-term potential, it improved to 17.4% (2024: 17.2%) benefitting from improved asset utilisation at our 11 shared manufacturing sites, partly offset by adverse price/mix and foreign exchange.

Our transformation programme contributed gross benefits of £28m to operating profit in 2025 (at a cash cost of £26m taken as an exceptional item). Our target remains ~£100m of total annualised pre-tax benefits by the end of 2027 which annualises in full year 2028. Benefits delivered comprised ~£10m from optimising supply chain (versus a total opportunity of ~£65m) and ~£15m from simplifying our organisation (total opportunity: ~£35m), leaving ~£75m gross benefits to be realised 2026-28 at an additional cash cost of ~£55m over that period.

Net finance costs were £19.1m (2024: £19.7m). Profit before tax (on an IFRS basis) was £91.0m (2024: £207.8m) and adjusted profit before tax increased 6% to £276.2m (2024: £260.0m) or by 8% at constant currency to £282.0m. The effective tax rate on adjusted profit was 25.2% (2024: 23.0%) and the effective tax rate on IFRS profit was 28.9% (2024: 23.2%). We continue to expect an effective tax rate on adjusted profit of 26% in future years. IFRS basic earnings per share (EPS) were 44.4p (2024: 113.5p) and adjusted basic EPS were 146.2p (2024: 142.6p).

Currency impact

Sterling strengthened against the US Dollar, at US\$1.32 (2024: US\$1.28) and was broadly flat against the Euro, at €1.17 (2024: €1.18) but weakened against both the US Dollar and the Euro in the second half year meaning the impact of currency translation was less than we anticipated. Currency translation reduced full year sales by £35.4m, adjusted operating profit by £6.4m and adjusted profit before tax by £5.8m. This was driven by the strength of Sterling against the US Dollar and by the impact of changes in exchange rates for other smaller currencies including the effect of the application of IAS 29 ('Financial Reporting in Hyperinflationary Economies') to reporting in Argentina and Turkey. We estimate that the average annual currency translation impact on adjusted operating profit is £1m per Dollar cent movement per annum and £1m per Euro cent movement per annum. The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure with the impact from movements in smaller currencies is broadly aligned with the impact from movements in the US Dollar.

Retirement benefits

The post-tax asset on retirement benefit plans at 31 December 2025, measured on an accounting valuation basis under IAS-19, was £85.5m (31 Dec 2024: £77.7m). Cash funding of the various plans is driven by the schemes' ongoing actuarial valuations. The triennial actuarial valuation of the largest pension plan, the UK Croda Pension Scheme, was performed as at 30 September 2023 and indicated that the funding position of the scheme had significantly improved. The scheme was 120.6% funded on a technical provisions basis. Consequently, the cash cost of providing benefits has fallen and no deficit recovery plan is required.

Cash flow and balance sheet

Cash flow	Full year ended 31 December	
	2025 £m	2024 (restated) £m
Adjusted operating profit	295.3	279.7
Depreciation and amortisation	101.3	98.6
Adjusted EBITDA	396.6	378.3
Working capital	(7.7)	20.9
Interest & tax paid	(81.1)	(84.4)
Non-cash pension expense	(1.0)	2.9
Share-based payments	5.0	5.0
Business transformation costs	(24.9)	(9.9)
Other cash movements	(0.4)	6.6
Net cash generated from operating activities	286.5	319.4
Net capital expenditure	(108.2)	(137.9)
Interest received	3.0	6.9
Payment of lease liabilities	(18.1)	(17.5)
Other non-operating cash movements	(1.6)	(1.3)
Free cash flow	161.6	169.6 ¹
Dividends	(154.9)	(152.2)
Business disposal	–	(6.8)
Other cash movements	(8.9)	(3.9)
Net cash flow	(2.2)	6.7
Net movement in borrowings	29.3	(9.0)
Net movement in cash and cash equivalents	27.1	(2.3)

¹Restated to include cash costs of exceptional items in free cash flow, see page 4

Free cash flow (post exceptionals) reduced 5% to £161.6m (2024: £169.6m restated) with a working capital outflow of £7.7m compared with an inflow of £20.9m in 2024 driven by the settlement of a £48m CV19 receivable from 2023. £133.6m of free cash flow was generated in the second half of 2025 with lower capex and working capital. As part of transformation, we are targeting structural improvements to reduce working capital by ~£50m for full year 2028. This will be delivered by improving supplier terms and payments, standardising receivables terms and optimising collection, and realising inventory benefits under the modernising supply chain pillar of the programme.

Following a detailed review of in-flight and future investments, capital expenditure fell to £108.2m (2024: £137.9m), 6% of Group sales. We expect future capital expenditure to be ~6% of sales, in line with historic norms prior to the recent period of heightened investment, and that depreciation will increase by ~£10m in 2026 as the final recent investments come on stream.

Building on our record of consistent distribution to shareholders, the Board is proposing a one pence per share increase to the full year dividend to 111p (2024: 110p), despite the payout ratio of 76% being above our stated policy of 40-50% of adjusted earnings.

Closing net debt was £523.8m (2024: £532.3m), with the debt leverage ratio falling to 1.3x EBITDA (31 Dec 2024: 1.4x; 30 June 2025: 1.5x). As at 31 December 2025, the Group had committed funding in place of £1,066.6m, with undrawn long-term committed facilities of £400.9m and £172.8m in cash.

Our capital allocation framework is unchanged, but we are applying it with greater rigour to improve discipline over:

1. Organic investment to support growth
2. Ordinary dividends to shareholders representing 40-50% of adjusted earnings through the cycle, with the ordinary dividend at least maintained as we restore earnings and reduce the payout ratio from the current level
3. Small, selective technology acquisitions from the medium term as we focus on maximising returns from recent investments in the short term
4. Maintaining leverage in the 1-2x EBITDA range, providing opportunities for the return of excess capital to shareholders as we generate free cash flow

Future financial framework

Our financial framework to full year 2028 reflects our confidence in delivering consistent sales growth, improving profitability, growing cash flows and improving returns on capital (all on a constant currency basis).

Financial KPIs

Sales. Assuming current economic conditions continue, we expect to deliver consistent sales growth from our strengthened portfolio and are targeting an organic increase in sales of 3-6% CAGR over three years. We expect both higher sales volumes and positive price/mix to contribute to sales growth over the period. Expected organic growth rates (2026-28) by business are:

- Consumer Care 3-6% CAGR
- Life Science 4-7% CAGR
- Industrial Specialties (3)-3% CAGR

Adjusted operating margin. We are enhancing profitability through the benefits driven by our transformation programme and growing sales. We are targeting a Group adjusted operating margin over 20% by full year 2028, compared with 17.4% in 2025. This is equivalent to an EBITDA margin over 25%, compared with 23.3% in 2025. We expect both growth and transformation savings to contribute to margin recovery.

Free cash flow. We expect to deliver growing, sustainable cashflows, driven by higher profits, lower working capital and low capital expenditure. In line with peers, our measure is the ratio of free cash flow to sales inclusive of exceptional cash costs. We expect to structurally reduce working capital by ~£50m for full year 2028 and capital expenditure to be around 6% of sales in the period. This, combined with higher profits, means we are targeting a free cash flow-to-sales ratio (post exceptionals) of over 12% for full year 2028, compared with 9.5% in 2025.

Returns on Invested Capital. We are targeting a Return on Invested Capital (ROIC) of at least 10% by full year 2028, compared with 8.2% in 2025. To enhance comparability with peers, we now define ROIC as adjusted operating profit net of tax divided by average adjusted invested capital, where adjusted invested capital is net assets plus net debt minus the net pension asset. For further information see page 4.

Non-financial KPIs

Safe workplace. Our target is a Total Recordable Injury Rate of 0.3 by 2026. In 2025, TRIR increased to 0.61 (2024: 0.47) due to six of our manufacturing sites seeing an increased number of recordable incidents. Fortunately, the associated injuries were of low severity with limited lost time, but we are disappointed with the step back in performance and are committed to living safety as a value.

Innovation-led. Sales of New and Protected Products increased 5% at constant currency, with new ingredient sales up 10%, patented sales up 9%, but protected sales only up slightly as product mix was impacted by our targeted action to increase utilisation at shared manufacturing assets, particularly in Crop Protection and Industrial Specialties. NPP sales were 35% of total sales (2024: 35%). Our innovation metrics are currently being reviewed to ensure alignment with our new innovation framework. For 2026, and in line with the associated remuneration measure, we are targeting organic growth in NPP sales at least in line with total organic sales growth, to incentivise continued portfolio differentiation.

Focusing our sustainability strategy. Listening to our customers, we are adopting a more focused sustainability strategy to 2030, driving deeper impact across fewer corporate targets. These are reductions in GHG emissions (scopes 1, 2, 3, E&I, and FLAG (covering land-related upstream impacts)) and in water use impact at our operations in areas with high water risk. With most of our environmental (and social) risks embedded in our supply chain, we are also targeting >75% of raw materials from renewable carbon, and zero deforestation risks in our key bio-based supply chains. Our KPI is total scope 3 GHG emissions, where we are targeting a 26.3% reduction by 2030 from a 2022 baseline in line with our revalidated science-based targets. In 2025, scope 3 GHG emissions were 1,330,561 MTCO₂e (2024: 1,190,132 MTCO₂e), rising in the short term due to continued sales volume recovery but 6.4% lower than the 2022 baseline. We continue to be recognised as a sustainability leader in external rankings with a 'triple A' rating from MSCI and 'A-' from CDP in climate and water.

Satisfied customers. Our customer satisfaction KPI is a Net Promoter Score based on a comprehensive customer survey. In 2025, it improved to +43 (2024: +32), based on ~3,500 responses, with increases in all three businesses. Our longer-term KPI for customer NPS is currently being developed. For 2026, and in line with the associated remuneration measure, we are targeting a further NPS increase for a subset of our larger customers, where the data is most robust, and will ensure that the sample size continues to be representative.

Engaged employees. Employee engagement is measured by a new tool. Our overall employee Net Promoter Score increased from +11 in March 2025, when the metric was introduced to +21 in December. We are targeting a score of +24 by 2028, ensuring that managers continue to prioritise engagement during a period of change for our employees as we deliver our transformation programme.

Business review – Consumer Care

Consumer Care comprises four business units:

- **Beauty Actives** provides peptides – the most effective ingredient for preventing skin ageing, biotech-derived ingredients, botanicals, and ceramides for rapid skin moisturisation
- **Beauty Care** comprises ‘effect’ ingredients – such as hair care proteins and mineral sunscreens, and ‘formulation’ ingredients such as emulsifiers and emollients which make up the structural chassis of customer formulations, many of which are differentiated by their performance claims and sustainability profile
- **Fragrances and Flavours (F&F)** goes to market as Iberchem with its wide range of fragrances and niche positioning with L&R customers, Parfex for fine, premium skin care and natural fragrances, and Scentium for Flavours
- **Home Care** is focused on two technology platforms which provide improved efficacy and sustainability – fabric care, with proteins that increase the lifetime of clothes; and household care, with sustainable surfactants

Performance in 2025

% change in sales versus the prior year	FY25 Constant currency change	FY25 Change	Q425 Constant currency change	Q425 Change
Beauty Actives	6%	5%	12%	11%
Beauty Care	4%	2%	5%	3%
F&F	15%	13%	15%	13%
Home Care	2%	0%	(3)%	(5)%
Total Consumer Care	7.9%	5.7%	8.9%	7.1%

Full year sales in Consumer Care increased by 5.7% to £972.7m (2024: £920.0m) or 7.9% at constant currency. F&F was the standout performer, delivering 15% sales growth at constant currency. This was driven by strong demand for Parfex’s fine fragrances and for Flavours particularly in EMEA, with momentum continuing in the fourth quarter. Beauty Actives sales were up 6% at constant currency with sales growth improving in the second half year against a lower comparator and supported by more robust consumer sentiment in North America. Beauty Care sales were up 4% at constant currency driven by higher sales volumes and aided by our deliberate actions to optimise plant utilisation in certain parts of the portfolio. Pricing in both of our Beauty businesses was positive in Q4. Sales grew 2% at constant currency in Home Care, the smallest business unit in Consumer Care, with a weaker performance in the second half following completion of a major product relaunch by a customer, compounded by order phasing.

Adjusted operating profit increased by 6.0% to £169.8m (2024: £160.2m) or by 7.4% at constant currency. Although the adjusted operating margin of 17.5% (2024: 17.4%) remains significantly below its medium-term potential, it improved slightly compared with both the prior year and H125 due to a stronger performance in Beauty. IFRS operating profit was £95.5m (2024: £128.4m).

Strategic priorities and progress

In line with Group priorities, we are driving more consistent growth in Consumer Care by refocusing innovation, improving customer experience and maximising returns from recent investments. We are also reinvigorating Beauty and enabling continued fast growth in F&F to take full advantage of opportunities in these key Consumer Care markets.

Refocusing innovation

We are refocusing innovation, introducing a new rigorous Group-wide framework and re-balancing R&D resources to place greater emphasis on co-creation with customers and finding new markets for existing ingredients, as well as ramping up the development of new ingredients.

- Customer co-creation involves application-focused innovation, where we work in close collaboration with customers to meet their performance requirements or help them realise a specific opportunity. An example of bespoke ingredients created in this way is a PEG-free rheology modifier that we developed in collaboration with a global beauty brand
- To accelerate the sales of an existing ingredient, we enhanced the performance of Silverfree, a peptide that reduces grey hair, opening up a new opportunity with an FMCG multinational
- We have ramped up the development of new ingredients with sales increasing by 10% at constant currency. Launches included:

- Zenakine, an active which enhances skin's resistance to physical and emotional stress, thereby reducing skin fatigue and premature ageing, with customer launches in Europe and Asia
- Kerabio K31, a patented biomimetic bond builder for hair repair, a market which is growing 9% a year. We are first-to-market with a multi-customer ingredient that enables brands to compete with market leaders, which has been sampled by 500 customers since its launch in March 2025
- We seek to leverage sustainability to drive commercial value through the creation of new sustainable ingredients and verification data to prove our claims. We now provide carbon footprint data for over 1,500 product codes in Beauty Care and over 750 in Home Care, enabling customer decision making

Improving customer experience

We are improving customer experience through our transformation programme, which is sharing best practice, and clearer customer segmentation, enabling us to tailor solutions to differing customer needs.

- With a direct sales force and innovation centres close to customers in key countries globally, our business model is optimised to support customers of all sizes, particularly L&R customers who are continuing to grow strongly. Our prices are normally higher to smaller customers because we provide them with additional support, so less concentration in our customer base is providing more opportunities for us at good margins:
 - Sales to L&R customers increased 9% in constant currency
 - They now represent 82% of Consumer Care sales (2024: 80%)
- We are particularly focused on fast-growing 'regional giants' in key Asian markets such as China, Japan, South Korea, Indonesia and India, where we have grown sales to our top 5 regional customers by 19% CAGR at constant currency over the last two years
- As a strategic partner to all major Beauty brands, we grew with four of the top five beauty customers, reflecting their renewed appetite for innovation

The Consumer Care customer Net Promoter Score (NPS), our KPI for customer service, increased to +42 (2024: +31).

Maximising returns from investments

We are maximising returns from recent investments which have included both acquisitions, to expand Beauty Actives and establish an F&F business, and a period of heightened capital expenditure, particularly in fast-growth countries in Asia.

Our capability in ceramides, active ingredients for skin barrier protection and rapid moisturisation, was acquired with Solus Biotech in 2023, with commercialisation initially taking longer than anticipated. With ceramides now being sold across our global sales network and upgraded data packages to verify performance claims, sales were up 36% at constant currency albeit from a low base. We are driving further growth by:

- Leveraging the R&D and formulation expertise across Croda to develop new actives, production methods and mechanisms to deliver ceramides to the skin
- Expanding the pipeline of new launches across skin, hair and dermatological applications, including new ceramides that enhance scalp health for stronger hair, the first application beyond skin care

Asia represents the highest-growth Beauty market and has been the fastest-growing region for Croda Beauty over the last three years. We have supported that growth with selective expenditure in new manufacturing capacity including a new low emissions production facility in Dahej, India which is now fully operational and will enable further growth across Asia. We are also commissioning a new facility in Guangzhou, China for fragrances and actives.

Accelerating growth in key markets

Reinvigorating Beauty

Our Beauty businesses have a ~10% share in the \$8bn beauty ingredients with top three positions in niches growing faster (3-7%) than the beauty retail market (2.7%) at profit margins that are accretive to the Group. Following a period of inconsistent performance in volatile markets, they delivered an improved performance in 2025 with sales up 6% in Beauty Actives and by 4% in Beauty Care both at constant currency. To deliver consistent sales growth we are reinvigorating Beauty, building on its reputation for innovation and strong customer relationships to capitalise on the full range of opportunities globally. With greater demand outside Europe, we are internationalising our Actives capabilities beyond the traditional centre in Paris, including regionalising testing and claims substantiation capabilities particularly in Asia to enable greater tailoring to specific country needs. We are also delivering benefits to masstige products, which helped support increased sales growth in the second half year particularly in North America, and where the margins that we make are similar to when we supply ingredients to prestige brands. In Beauty Care, we have the broadest portfolio of

innovative ingredients. Enabled by the new innovation framework, we are commercialising and scaling up our biotech pipeline. We are also showcasing Beauty Care as delivery systems for Actives, leveraging our ability to deliver tailor-made solutions to customers comprising multiple ingredients.

Enabling continued fast growth in F&F

F&F is a small but fast-growing player in a \$25bn addressable market and is focused on L&R customers mainly in emerging markets who are growing twice as fast as the market as a whole (3.3% CAGR). The business continued to grow ahead of peers in 2025, delivering 15% sales growth at constant currency, comprising a 13% increase in sales of fragrances and 24% increase in sales of flavours. Demand was particularly strong in Europe, the Middle East and Africa. To enable continued fast growth in F&F, we are leveraging its core strengths which include its agile model for higher-growth L&R customers and strong focus on fast-growth emerging markets. This is being supported by light-touch capital expenditure to expand manufacturing capacity and geographic footprint, following major investments over the last three years. Recent investments have included the expansion of fine fragrances at our dedicated innovation and production facilities in Grasse in France, as well as the new manufacturing facility in Guangzhou, China due to commence operations in 2026. F&F is also a focus area for R&D investment particularly for innovation in micro-encapsulation and odour-neutralising fragrances.

Future sales growth

Assuming current economic conditions continue, we are targeting an organic increase in sales in Consumer Care of 3-6% CAGR 2026-28.

Business review – Life Sciences

Life Sciences focuses on providing delivery systems for active pharmaceutical and agricultural products. It comprises three business units:

- **Pharma** provides ingredients and solutions for a wide range of different drugs and vaccines leveraging our expertise in synthesis, purification, formulation and application technology know-how. These include speciality excipients, vaccine adjuvants and lipids for drug delivery, as well as ingredients used in health care
- **Crop Protection** offers adjuvants and formulation aids that improve performance and delivery of crop protection products
- **Seed Enhancement** provides seed coating systems and enhancement technologies to improve germination, stimulate development of seeds and increase crop yields

Performance in 2025

% change in sales versus the prior year	FY25 Constant currency change	FY25 Change	Q425 Constant currency change	Q425 Change
Pharma	4%	2%	7%	5%
Crop Protection	14%	11%	12%	11%
Seed Enhancement	8%	7%	4%	4%
Total Life Sciences	7.7%	5.5%	7.9%	6.3%

Full year sales in Life Sciences were increased 5.5% to £532.2m (2024: £504.3m) or by 7.7% at constant currency. Pharma sales grew by 4% at constant currency, with the regulatory environment in the USA creating uncertainty for our customers and impacting sales, particularly for vaccine adjuvants. The fourth quarter was Pharma's strongest quarter of 2025, driven by higher excipient sales for both small molecule and biologic applications. Lipid sales for drug research also improved in Q4. Full year sales in Crop Protection were up 14% at constant currency driven by the recovery in demand from larger crop science customers following an extended period of destocking, aided by our proactive actions. Although momentum in Crop continued into the fourth quarter, demand in 2026 is not expected to benefit from the customer inventory rebuild that positively impacted our performance in 2025. Seed Enhancement grew sales by 8% at constant currency, with its predominantly services business model continuing to deliver consistent sales growth.

Adjusted operating profit increased by 12.0% to £116.5m (2024: £104.0m) or by 15.6% at constant currency. Although the adjusted operating margin of 21.9% (2024: 20.6%) remains significantly below its medium-term potential, margin improved compared with both the prior year and H125 driven by the recovery in Crop volumes despite the associated negative impact on business mix. IFRS operating profit was £16.3m (2024: £85.5m).

Strategic priorities and progress

To take full advantage of opportunities in key Life Sciences markets we are rebalancing Pharma and driving differentiation in our Agriculture businesses. Across the Life Sciences portfolio we are refocusing innovation, improving customer experience and maximising returns from investments in line with Group priorities. Reflecting the progress we have made in improving customer experience, the customer Net Promoter Score (NPS) for Life Sciences increased to +49 (2024: +41).

Rebalancing Pharma

Pharma has a ~15% share of a \$2bn advanced excipients, adjuvants and delivery systems market and a top three supplier in niches growing at least 5% CAGR. We are rebalancing Pharma, allocating resources to accelerate sales of longer-standing ingredients for consumer health and small molecule APIs, as well as our advanced solutions for the delivery of novel biologic drugs and gene therapies which have been our principal focus in recent years. This rebalancing, augmented by the relaunch of our flagship ingredients in core markets, contributed to sales growth in 2025. It also recognises that each sub-segment has the potential for at least mid-single digit percentage sales growth at margins that are accretive to Group return on sales.

Improving customer experience

In a market that is growing but also becoming more complex, we are improving customer experience by evolving our Pharma business into two portfolio-led focus areas. These are:

1. Pharma Ingredients, representing over two thirds of total Pharma sales, and providing core consumer health ingredients and advanced excipients principally for established drugs. This is now organised on a regional basis, leveraging long-standing customer relationships and Croda's regional model

- Pharma Solutions, with just under one third of Pharma sales, providing lipid technologies and vaccine adjuvants. This is now organised as a specialised global business working closely with customers and partners principally on new drugs in development

Refocusing innovation

We are refocusing innovation, optimising our approach for each of the different sub-segments:

- In Core Ingredients, we are leveraging Croda's broader skin care expertise for topical applications
- To strengthen our leadership in Advanced Ingredients, we are creating new high-purity excipients for injectables and new bioprocessing aids. For example, our recently commissioned super refining process at our site in Leek, UK has supported the launch of Super Refined Poloxamer 188, used as both an aid to cell growth during upstream bioprocessing as well as an excipient
- In lipid technologies, we are expanding our range of more than 2,000 lipids for drug research, for example through a recent partnership with Certest, and targeting further markets for lipids, for example in the generics segment
- To accelerate development of sustainable vaccine adjuvants, we are working with external partners with recent portfolio additions including sustainable squalene which has demonstrated extended stability compared with competitors' shark-based alternatives

Maximising returns from recent investments

Capital has been allocated to Pharma during the recent period of heightened investment through both focused capex and M&A. Acquisitions during this period were:

- Avanti Research, in 2020. Sales of lipids for drug research have grown double-digit percentage CAGR over the last three years
- Phospholipids, acquired with Solus Biotech in South Korea in 2023, which are used as delivery systems and for intravenous nutrition. The clarification of the go-to-market model for Pharma Ingredients will help maximise the value of the phospholipids as we globalise sales through our regional sales network

Capital expenditure has been focused on full-scale lipids production at multi-purpose cGMP sites in Lamar, Pennsylvania, and Leek, UK, as well on a smaller scale at the Avanti site in Alabama (our global centre for lipid development). The total cost to Croda of the programme is ~£150m over the last five years, below previous estimates as we have revised the scope, of which ~£140m had been spent to end of 2025. The scale-up capacity at Lamar was mainly funded by the US Government under its pandemic preparedness programme to support vaccine production in the event of a future pandemic. The Leek expansion also received similar UK Government support. The investment has provided us with a significant competitive advantage for future break-out growth and assets in all major regions (in the USA, UK, and the site in Korea where we produce phospholipids). With drug development timescales having reverted to their pre-pandemic norms and clinical programmes taking longer to commercialise, our assessment is that whilst demand for lipids for drug research will continue to grow, large-scale production capacity outstrips current needs. We have therefore decided to put the new Lamar plant on standby to address overcapacity and minimise costs.

Driving differentiation in our Agriculture businesses

Our Agriculture businesses have a ~9% share of a \$4bn addressable market with a top three position in niches growing at least 1.5x market growth (2.6% CAGR). As regulations tighten and crop care formulations become more complex, Agriculture customers have significant development needs providing us with opportunities to innovate. This is reflected in strong demand for the highly differentiated ingredients at the top end of our portfolio, which have grown at ~10% CAGR since 2019. We are therefore driving further differentiation in Crop Protection and Seed Enhancement, our two Agriculture businesses.

Refocusing innovation

In Crop Protection, we are focused on enhancing portfolio differentiation, by developing new adjuvant effects that meet unmet needs (for example for rain-fastness), expanding our portfolio through technology partnerships, and enhancing supporting data to prove performance. The lower carbon footprint is also an important point of differentiation, particularly at the lower end of the portfolio.

In Seed Enhancement, innovation is focused on adding to our range of seed coatings that are free from micro-plastics, strengthening our position ahead of the European ban on microplastics in seeds in 2028, as well as countering abiotic stress in seeds due to extreme heat, drought and high soil salinity. We are also applying AI modelling techniques to

accelerate the development of new priming, pelleting and X-ray processes, meaning we can derive commercial benefits from innovation during the same planting season.

Improving customer experience

The customer environment in Agriculture has been changing with MNCs focusing on their core activities, the rise of generic manufacturers, particularly in China, and ongoing consolidation of smaller biopesticide specialists. We are responding to this dynamic customer environment through comprehensive customer segmentation and the continued regionalisation of our R&D and formulation expertise.

Aided by inventory rebuild by our larger customers following an extended period of destocking, sales to MNCs grew by 14% at constant currency in 2025, with a 36% increase in sales 'tier 2' customers. Local and Regional customers now represent 56% of sales, in line with the prior year, and up from 44% in 2019.

Maximising returns from recent investments

Our Agriculture businesses have limited capital requirements but the new production centre in Dahej, India will support Crop Protection growth in Asia.

Future sales growth

Assuming current economic conditions continue, we are targeting an organic increase in sales in Life Sciences of 4-7% CAGR 2026-28.

Business review – Industrial Specialties

Industrial Specialties (IS) contributes to the efficiency of our manufacturing model with sales exclusively from our shared manufacturing sites leveraging available capacity and core chemistries into target markets. Full year sales in Industrial Specialties were down 4.6% to £194.5m (2024: £203.8m) or by 2.4% at constant currency. This comprised growth in core sales offset by a reduction in sales via a supply agreement. Sales volumes were 7.7% higher but price/mix was 10.1% lower, adversely impacted by a higher proportion of by-product and co-stream sales. Q4 sales were 18.6% lower at constant currency against a particularly strong comparator and primarily reflecting the phasing of co-stream sales. Full year adjusted operating profit was £9.0m (2024: £15.5m), with the prior year comparator benefiting from particularly favourable product mix, and IFRS loss was £(1.7)m (2024: £13.6m profit). Assuming current economic conditions continue, we are targeting an organic increase in sales in Industrial Specialties of (3)-3% CAGR 2026-28, which is expected to include an increase in core sales as we target selective growth opportunities.

Other matters

Principal risks

Our risk management processes, policies and the principal risks and uncertainties facing the Group are set out in the Group's Annual Report and Accounts. Our risk management processes and policies remain largely consistent with the prior year, with minor adjustments being made in conjunction with the deployment of a new integrated risk management system.

The Group's principal risks are: revenue generation; product and technology innovation and protection; digital technology innovation; delivering sustainable solutions – Climate, Land, and People Positive; management of business change; our people – culture, wellbeing, talent development and retention; product quality; loss of a significant manufacturing site; ethics and compliance; and security of business information and networks.

Four principal risks intensified during 2025:

- While our direct exposure to tariffs is limited by our well-balanced local manufacturing and procurement model, increased geopolitical tensions and the threat of a trade war have made the global economic outlook more uncertain, increasing our principal risk of revenue generation
- Security of business information and networks risk also heightened in likelihood because of evolving technologies and increasingly sophisticated malicious activities worldwide
- As we accelerate our transformation programme, both our management of business change and people principal risks can increase if not properly managed

Croda International Plc

Summary Financial Statements for the Year Ended 31 December 2025

Group Income Statement

for the year ended 31 December 2025

		2025	2025	2025	2024	2024	2024
	Note	Adjusted £m	Adjustments £m	Reported Total £m	Adjusted £m	Adjustments £m	Reported Total £m
Revenue	2	1,699.4	–	1,699.4	1,628.1	–	1,628.1
Cost of sales		(953.7)	–	(953.7)	(894.2)	–	(894.2)
Gross profit		745.7	–	745.7	733.9	–	733.9
Operating costs		(450.4)	(185.2)	(635.6)	(454.2)	(52.2)	(506.4)
Operating profit	2	295.3	(185.2)	110.1	279.7	(52.2)	227.5
Financial costs	3	(28.3)	–	(28.3)	(31.0)	–	(31.0)
Financial income	3	9.2	–	9.2	11.3	–	11.3
Profit before tax		276.2	(185.2)	91.0	260.0	(52.2)	207.8
Tax	4	(69.5)	43.2	(26.3)	(59.8)	11.6	(48.2)
Profit after tax for the year		206.7	(142.0)	64.7	200.2	(40.6)	159.6
Attributable to:							
Non-controlling interests		2.7	–	2.7	1.1	–	1.1
Owners of the parent		204.0	(142.0)	62.0	199.1	(40.6)	158.5
		206.7	(142.0)	64.7	200.2	(40.6)	159.6

Adjustments relate to exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon. Details are disclosed in note 2.

		Pence	Pence	Pence	Pence
		Adjusted	Reported Total	Adjusted	Reported Total
Earnings per 10.61p ordinary share					
Basic	5	146.2	44.4	142.6	113.5
Diluted		146.1	44.4	142.5	113.5
Ordinary dividends paid in the year					
Interim	6		48.0		47.0
Final	6		63.0		62.0

Group Statement of Comprehensive Income

for the year ended 31 December 2025

	2025 £m	2024 £m
Profit after tax for the year	64.7	159.6
Other comprehensive income/(expense):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of post-retirement benefit obligations	2.5	15.5
Tax on items that will not be reclassified	(0.5)	(3.9)
	2.0	11.6
<i>Items that have been or may be reclassified subsequently to profit or loss:</i>		
Currency translation	(2.8)	(90.3)
	(2.8)	(90.3)
Other comprehensive expense for the year	(0.8)	(78.7)
Total comprehensive income for the year	63.9	80.9
Attributable to:		
Non-controlling interests	2.2	0.9
Owners of the parent	61.7	80.0
	63.9	80.9
Arising from:		
Continuing operations	63.9	80.9

Group Balance Sheet

at 31 December 2025

	Note	2025 £m	2024 £m
Assets			
<i>Non-current assets</i>			
Intangible assets	7	1,284.2	1,310.6
Property, plant and equipment	8	985.8	1,082.9
Right of use assets		63.3	85.0
Investments		1.9	1.9
Deferred tax assets		31.0	14.7
Retirement benefit assets	9	137.7	130.0
		2,503.9	2,625.1
<i>Current assets</i>			
Inventories		370.5	367.9
Trade and other receivables		363.8	349.5
Cash and cash equivalents		172.8	166.8
		907.1	884.2
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		(280.5)	(274.0)
Borrowings and other financial liabilities		(148.1)	(35.0)
Lease liabilities		(14.5)	(13.2)
Provisions		(6.8)	(6.5)
Current tax liabilities		(6.7)	(7.8)
		(456.6)	(336.5)
Net current assets		450.5	547.7
<i>Non-current liabilities</i>			
Borrowings and other financial liabilities		(470.3)	(580.2)
Lease liabilities		(63.7)	(70.7)
Other payables		(1.0)	(1.1)
Retirement benefit liabilities	9	(23.4)	(25.7)
Provisions		(29.4)	(17.3)
Deferred tax liabilities		(164.5)	(180.9)
		(752.3)	(875.9)
Net assets		2,202.1	2,296.9
Equity			
Ordinary share capital		15.1	15.1
Share premium account		707.7	707.7
Reserves		1,464.3	1,559.7
Equity attributable to owners of the parent		2,187.1	2,282.5
Non-controlling interests in equity		15.0	14.4
Total equity		2,202.1	2,296.9

Group Statement of Changes in Equity

for the year ended 31 December 2025

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Non controlling interests £m	Total equity £m
At 1 January 2024		15.1	707.7	(10.3)	1,640.0	15.6	2,368.1
Profit after tax for the year		–	–	–	158.5	1.1	159.6
Other comprehensive (expense)/income for the year		–	–	(90.1)	11.6	(0.2)	(78.7)
Total comprehensive (expense)/income for the year		–	–	(90.1)	170.1	0.9	80.9
Transactions with owners:							
Dividends on equity shares	6	–	–	–	(150.7)	–	(150.7)
Share-based payments		–	–	–	1.6	–	1.6
Transactions in own shares		–	–	–	(9.8)	–	(9.8)
Total transactions with owners		–	–	–	(158.9)	–	(158.9)
Changes in ownership interests:							
Dividends paid to non-controlling interest		–	–	–	–	(2.1)	(2.1)
Total changes in ownership interests		–	–	–	–	(2.1)	(2.1)
Total equity at 31 December 2024		15.1	707.7	(100.4)	1,660.1	14.4	2,296.9
At 1 January 2025		15.1	707.7	(100.4)	1,660.1	14.4	2,296.9
Profit after tax for the year		–	–	–	62.0	2.7	64.7
Other comprehensive (expense)/income for the year		–	–	(2.3)	2.0	(0.5)	(0.8)
Total comprehensive (expense)/income for the year		–	–	(2.3)	64.0	2.2	63.9
Transactions with owners:							
Dividends on equity shares	6	–	–	–	(154.9)	–	(154.9)
Share-based payments		–	–	–	5.1	–	5.1
Transactions in own shares		–	–	–	(7.3)	–	(7.3)
Total transactions with owners		–	–	–	(157.1)	–	(157.1)
Changes in ownership interests:							
Dividends paid to non-controlling interest		–	–	–	–	(1.6)	(1.6)
Total changes in ownership interests		–	–	–	–	(1.6)	(1.6)
Total equity at 31 December 2025		15.1	707.7	(102.7)	1,567.0	15.0	2,202.1

Other reserves include the Capital Redemption Reserve of £0.9m (2024: £0.9m) and the Translation Reserve of £(103.6)m (2024: £(101.3)m).

Group Statement of Cash Flows

for the year ended 31 December 2025

	Note	2025 £m	2024 £m
Cash generated by operations			
Adjusted operating profit		295.3	279.7
Exceptional items	2	(149.5)	(15.0)
Amortisation of intangible assets arising on acquisition		(35.7)	(37.2)
Operating profit		110.1	227.5
Adjustments for:			
Depreciation and amortisation		137.0	135.8
Impairments on intangible assets and property, plant and equipment		107.3	–
Loss on disposal and write-offs of intangible assets and property, plant and equipment		–	0.6
Net provisions charged		24.6	13.4
Share-based payments		5.0	5.0
Non-cash pension expense		(1.0)	2.9
Net-monetary adjustment		1.5	5.0
Cash paid against operating provisions		(9.2)	(7.3)
Movement in inventories		(7.3)	(39.3)
Movement in receivables		(16.6)	21.3
Movement in payables		16.2	38.9
Cash generated by operations		367.6	403.8
Interest paid		(25.3)	(28.5)
Tax paid		(55.8)	(55.9)
Net cash generated from operating activities		286.5	319.4
Cash flows from investing activities			
Purchase of property, plant and equipment		(117.7)	(178.4)
Receipt of government grants		11.4	43.0
Purchase of other intangible assets		(2.2)	(3.4)
Proceeds from sale of property, plant and equipment		0.3	0.9
Tax paid on business disposals		–	(6.8)
Cash paid against non-operating provisions		(1.6)	(1.3)
Interest received		3.0	6.9
Net cash used in investing activities		(106.8)	(139.1)
Cash flows from financing activities			
New borrowings		181.8	440.4
Repayment of borrowings		(152.5)	(449.4)
Payment of lease liabilities		(18.1)	(17.5)
Net transactions in own shares		(7.3)	(1.8)
Dividends paid to equity shareholders	6	(154.9)	(152.2)
Dividends paid to non-controlling interests		(1.6)	(2.1)
Net cash used in financing activities		(152.6)	(182.6)
Net movement in cash and cash equivalents			
Cash and cash equivalents brought forward		27.1	(2.3)
Exchange differences		141.7	150.2
		(0.2)	(6.2)
Cash and cash equivalents carried forward		168.6	141.7
Cash and cash equivalents carried forward comprise:			
Cash at bank and in hand		172.8	166.8
Bank overdrafts		(4.2)	(25.1)
		168.6	141.7

Group Statement of Cash Flows continued

Reconciliation to net debt

	Note	2025 £m	2024 £m
Net movement in cash and cash equivalents		27.1	(2.3)
Net movement in borrowings and other financial liabilities		(11.2)	26.5
Change in net debt from cash flows		15.9	24.2
Non-cash movement in lease liabilities		(14.1)	(18.2)
Exchange differences		6.7	(0.7)
		8.5	5.3
Net debt brought forward		(532.3)	(537.6)
Net debt carried forward		(523.8)	(532.3)

Notes to the Summary Financial Statements

1. Basis of preparation

The Company is a public limited company (Plc) incorporated and domiciled in the UK. The address of its registered office is Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA. The Company is listed on the London Stock Exchange. The financial information set out above does not constitute the Group's statutory financial statements for the years ended 31 December 2025 or 2024 but is derived from those financial statements. Statutory financial statements for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the Company's Annual General Meeting. The auditor has reported on those financial statements; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) of the Companies Act 2006.

Going concern basis

The consolidated financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

At 31 December 2025 the Group had £1,066.6m of committed debt facilities available from its banking group, USPP bondholders and lease providers, with principal maturities between 2026 and 2030, of which £400.9m (2024: £418.0m) was undrawn, together with cash balances of £172.8m (2024: £166.8m). The Group's debt facilities have funding covenant requirements, principally the leverage covenant with a maximum level of 3.5x net debt to covenant EBITDA, and interest cover. USPP debt of £131.0m is due to mature in June 2026 which has been assumed to be renewed as part of the Group's going concern assessment, however sufficient headroom exists within the revolving credit facility throughout the forecast period were this debt not to be refinanced.

The Directors have reviewed the liquidity and covenant forecasts for the Group's going concern assessment period covering at least 12 months from the date of approval of the financial statements. Given the time horizon of these forecasts, the risk of climate change is not expected to have a material impact on these forecasts. Based on these forecasts, the Group continues to have significant liquidity headroom and strong financial covenant headroom under its debt facilities.

A reverse stress testing scenario has been performed which assesses that adjusted operating profit would need to fall by almost 80% to trigger an event of default prior to 30 June 2027. This scenario includes some mitigating actions to conserve cash, including reducing dividends and capital expenditure. Throughout this scenario, the Group continues to have significant liquidity headroom. The Directors do not consider this a plausible scenario. This is consistent with the bottom-up risk scenario modelling for the long-term viability statement which considered severe but plausible, individual, and combined scenarios, none of which trigger an event of default. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Climate change

The Group has long recognised the scale of the climate emergency and considers this to offer both opportunities and risks in the future. The Group's current climate change strategy focuses on reducing its carbon footprint and increasing its use of bio-based raw materials, whilst the benefits in using its ingredients will enable more carbon to be saved than is emitted through operations and supply chain.

The impact of climate change has been considered in the preparation of these financial statements, including the risks identified as part of the Task Force on Climate-related Financial Disclosures (TCFD). None of these risks had a material effect on the consolidated financial statements of the Group. In particular, the Directors have considered the impact of climate change in respect of the following areas:

- Going concern and viability of the Group over the next three years;
- Post-retirement benefit obligations;
- Carrying value and useful economic lives of property, plant and equipment; and
- The discounted cashflows included in the value in use calculation used in the annual goodwill impairment testing.

Whilst there is currently no material impact expected from climate change, the Group is aware of the ever-changing risks related to climate change and will continue to develop its assessment of the impact on the financial statements.

1. Basis of preparation continued

Changes in accounting policy

In preparing this financial information, management has used the principal accounting policies that will be detailed in the Group's Annual Report for 2025 and which are unchanged from the prior year.

(a) New and amended standards adopted by the Group

One amendment to accounting standards and interpretations is effective for annual periods beginning on or after 1 January 2025 and have been applied in preparing these consolidated financial statements. This did not have a significant effect on the consolidated financial statements of the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2026 and have not been applied in preparing the consolidated financial statements. The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 January 2026 or 1 January 2027 as applicable.

2. Segmental information

The Group's sales, marketing and research activities are organised into three global market sectors, being Consumer Care, Life Sciences and Industrial Specialties. These are the segments for which summary management information is presented to the Group's Executive Committee, which is deemed to be the Group's Chief Operating Decision Maker.

There is no material trade between segments. Segmental results include items directly attributable to a specific segment as well as those that can be allocated on a reasonable basis.

	2025 £m	2024 £m
Income statement		
Revenue		
Consumer Care	972.7	920.0
Life Sciences	532.2	504.3
Industrial Specialties	194.5	203.8
Total Group revenue	1,699.4	1,628.1
Adjusted operating profit		
Consumer Care	169.8	160.2
Life Sciences	116.5	104.0
Industrial Specialties	9.0	15.5
Total Group operating profit (before exceptional items and amortisation of intangible assets arising on acquisition)	295.3	279.7
Exceptional items and amortisation of intangible assets arising on acquisition	(185.2)	(52.2)
Total Group operating profit	110.1	227.5

In the following table, revenue has been disaggregated by sector and destination. This is the primary management information that is presented to the Group's Executive Committee.

	Europe, Middle East & Africa £m	North America £m	Latin America £m	Asia £m	Reported Total £m
Revenue 2025					
Consumer Care	427.2	190.0	103.5	252.0	972.7
Life Sciences	188.8	170.3	76.0	97.1	532.2
Industrial Specialties	69.1	40.8	7.2	77.4	194.5
Total Group revenue	685.1	401.1	186.7	426.5	1,699.4
Revenue 2024					
Consumer Care	383.2	188.7	100.7	247.4	920.0
Life Sciences ¹	167.8	166.8	72.5	97.2	504.3
Industrial Specialties	75.5	37.5	7.3	83.5	203.8
Total Group revenue	626.5	393.0	180.5	428.1	1,628.1

¹Group revenue of £10.7m recognised in 2024 (within the Life Sciences sector) has been reclassified from EMEA (£5.7m) and Asia (£5.0m) to North America following a review of the destination of the Group's commercial relationships for certain customers.

2. Segmental information continued

Adjustments

	2025 £m	2024 £m
Exceptional items – operating profit		
Restructuring costs	–	(3.0)
Business transformation costs	(26.3)	(3.5)
Environmental provision	–	(8.5)
Onerous contract provision	(15.9)	–
Intangible asset impairment (note 7)	(10.9)	–
Property, plant and equipment impairment (note 8)	(78.9)	–
Right of use asset impairment	(17.5)	–
Exceptional items	(149.5)	(15.0)
Amortisation of intangible assets arising on acquisition	(35.7)	(37.2)
Total adjustments	(185.2)	(52.2)

The exceptional items in the current year relate to:

- business transformation costs as part of the Group-wide transformation programme which commenced in the prior year. The programme is expected to continue until 2027 and involves right-sizing and optimising the organisation. The costs of £26.3m include £10.0m redundancy alongside other costs such as legal and professional and project management costs;
- property, plant and equipment (£78.9m), right of use assets (£17.5m) and intangible assets (£10.9m) impairments. Further detail on these impairments is included in notes 7 and 8; and
- the recognition of an onerous contract provision related to unavoidable costs at the lipids scale up facility in the USA following the decision in the year to place the site on standby. The Group is required to adhere to the provisions of the pandemic preparedness agreement with the US Government and ensure the facility is capable of production within three months' notice for a period of 10 years and requires a minimum level of costs are incurred to meet these requirements without any anticipated income stream.

The exceptional items in the prior year related to business transformation costs, restructuring costs related to changes in the Group's operating model and an increase to environmental provisions in the Americas.

3. Net financial costs

	2025 £m	2024 £m
Financial costs		
Interest payable on borrowings	24.0	25.8
Interest on lease liabilities	2.8	2.8
Other bank loans and overdrafts	1.4	2.3
Preference share dividend	0.1	0.1
	28.3	31.0
Financial income		
Bank interest receivable and similar income	(3.0)	(6.9)
Net interest on post-retirement benefits	(6.2)	(4.4)
	(9.2)	(11.3)
Net financial costs	19.1	19.7

4. Tax

	2025 £m	2024 £m
Analysis of tax charge for the year		
United Kingdom current tax	1.8	(0.8)
Overseas current tax	54.7	60.8
Global minimum top-up tax	0.5	1.2
Deferred tax	(30.7)	(13.0)
	26.3	48.2

The effective adjusted corporate tax rate before exceptional items of 25.2% (2024: 23.0%) is in line with the UK's standard tax rate of 25.0%. The reported corporate tax rate after exceptional items is 28.9% (2024: 23.2%).

The reported corporate tax rate after exceptional items was lower in the prior year due to a higher prior year over-provisions credit.

Croda operates in many tax jurisdictions other than the UK, both as a manufacturer and distributor and it is the exposure to these different tax rates that makes it difficult to forecast the Group's future tax rate with any certainty given the unpredictable nature of exchange rates, individual economies and tax legislators. The Group's non-UK profits are taxed at an average rate that is lower than the UK statutory tax rate of 25%.

Croda's effective corporate tax rate has increased as a result of incurring non-deductible expenditure. Otherwise, there are no significant adjustments between the Group's expected and reported tax charge based on its reported accounting profit. Given the global nature of the Group, and the number of associated cross-border transactions between connected parties, we are exposed to potential adjustments to the price charged for those transactions by tax authorities. However, the Group carries appropriate provisions relating to the level of risk.

5. Earnings per share

	2025 pence	2024 pence
Adjusted earnings per share	146.2	142.6
Impact of exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon	(101.8)	(29.1)
Basic earnings per share	44.4	113.5

6. Dividends paid

	Pence per share	2025 £m	Pence per share	2024 £m
Ordinary				
Interim				
2024 interim, paid October 2024	–	–	47.0	65.6
2025 interim, paid October 2025	48.0	67.0	–	–
Final				
2023 final, paid May 2024	–	–	62.0	86.6
2024 final, paid May 2025	63.0	87.9	–	–
	111.0	154.9	109.0	152.2

The Directors are recommending a final dividend of 63p per share amounting to a total of £87.9m in respect of the financial year ended 31 December 2025. Subject to shareholder approval, the dividend will be paid on 27 May 2026 to shareholders registered on 10 April 2026. The total proposed dividend for the year ended 31 December 2025 will be 111p per share amounting to £154.9m.

7. Intangible assets

	2025 £m	2024 £m
Opening net book amount	1,310.6	1,408.5
Exchange differences	22.6	(61.3)
Additions	2.2	3.4
Disposals and write offs	–	(0.1)
Reclassifications from property, plant and equipment	1.2	2.4
Amortisation charge for the year	(41.5)	(42.3)
Impairments	(10.9)	–
Closing net book amount	1,284.2	1,310.6

Intangible asset amortisation is recorded in operating costs.

An impairment of £10.9m has been recognised relating to two acquired technology process assets which are no longer expected to generate the benefits originally anticipated at acquisition. Linked to the business transformation programme, a decision has been made to stop further development of these technology assets as it has been determined that resources can be more effectively engaged on other development projects. The assets have been determined to have no value in use and therefore the impairment has been determined on a fair value less costs to sell basis with a fair value hierarchy of Level 3 with no market observable data. The fair value less costs to sell has been determined to be £nil on the basis the technology cannot be sold at its current stage of development. Impairment of £7.5m is recognised in relation to Consumer Care with the remaining £3.4m related to Life Sciences. The impairments were recorded in the income statement within exceptional operating costs.

8. Property, plant and equipment

	2025 £m	2024 £m
Opening net book amount	1,082.9	1,044.0
Exchange differences	(33.1)	(12.1)
Additions	98.0	132.1
Disposals and write offs	(0.5)	(1.3)
Reclassifications to intangible assets and right of use assets	(1.2)	(2.5)
Depreciation charge for the year	(81.4)	(77.3)
Impairments	(78.9)	–
Closing net book amount	985.8	1,082.9

During the year the Group recognised government grant funding of £9.7m (2024: £36.8m) relating to the US cGMP scale up project and UK Pharma production capacity expansion project. Grant income is deducted from the cost of the associated asset within the additions line above.

Impairments of £78.9m have been recognised during the period where decisions made resulted in the requirement for impairment:

- An impairment of £44.6m related to the Group's decision in the year to place the lipids scale up facility on standby at Lamar, Pennsylvania in the USA in the Life Sciences sector. A capacity review of lipid manufacturing facilities across the Group identified that excess capacity exists versus anticipated medium-term demand and resulted in the decision to place the site on standby to ensure optimisation of the Group's global footprint and to minimise costs, aligned with the principles of the wider transformation programme. The recoverable amount of the asset has been determined as £nil on both a fair value less costs to sell and a value in use basis. The value in use is £nil as some costs must still be incurred to comply with the Group's obligations in relation to the pandemic preparedness agreement with the US Government, but the site will not generate any income whilst in standby mode (an onerous contract provision has been recognised in relation to these costs, further detail is included in note 3). The fair value less costs to sell have also been determined to be £nil due to restrictions in place linked to the contract with the US Government for the next 10 years. The fair value hierarchy of the valuation has been determined to be Level 3 as observable market data is not available.
- Impairments of £28.7m related to several assets under construction following a detailed examination of the Group's capital expenditure spend. The review resulted in the decision in the period to stop or amend the planned scale of specific projects as they have been assessed to no longer represent the most effective investment of resources in the current market environment. The impairments have all been recognised on the basis of fair value less costs to sell of £nil as it is not possible to sell the assets in their current stage of development because they are specific to the Group, are incomplete or are part of a wider production site and therefore cannot be separated. The fair value hierarchy has therefore been determined to be Level 3 as observable market data is not available. The value in use of these assets has also been determined to be £nil. These impairment losses relate to the Consumer Care, Life Sciences and Industrial Specialties market sectors.

- An impairment of £5.6m related to property, plant and equipment (with a further £16.6m related to right of use assets) relates to the critical assessment of the Group's supply chain infrastructure as part of the business transformation programme and subsequent decision in the current period to optimise the Group's warehousing footprint and cease operations at a leased warehouse located in the UK, resulting in the partial impairment of the related property, plant and equipment and right of use asset. The impairment has been determined on a value in use basis with a recoverable amount of £6.7m (against both property, plant and equipment and right of use assets) and utilised a discount rate of 9.8%. The impairment loss relates to a shared asset and therefore the charge has been recognised in each of the Group's market sectors.

These impairments were recorded in the income statement within exceptional operating costs. The impairment recognised at Lamar could reverse in the future if profitable manufacturing commences at the site. However, currently the Group does not consider there a reasonable scenario where that could occur.

Under the Group's business transformation programme, a number of other capacity optimisation projects are being considered where decisions could be made in the future that may indicate a change in the planned use of certain assets to optimise our manufacturing footprint. Management will continue to assess this position on an ongoing basis but have concluded that indicators of impairment do not currently exist in relation to these assets.

9. Significant accounting judgements and estimates

The Group's significant accounting policies under UK-adopted international accounting standards have been set by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Under UK-adopted international accounting standards an estimate or judgement may be considered significant if it has a significant effect on the amounts recognised in the financial statements or if the estimates have a risk of material adjustment to assets and liabilities within the next financial year.

There were no significant accounting judgements required when preparing the Group's accounts.

In the prior year, significant judgement was required in relation to the determination of CGUs for goodwill impairment purposes due to a change in the way the Group monitors strategy and financial performance. There have been no such changes in the way the Group monitors strategy and financial performance in the period.

The significant accounting estimates required when preparing the Group's accounts in both the current and prior year are as follows:

Post-retirement benefits

The Group's principal retirement benefit schemes are of the defined benefit type. Year end recognition of the liabilities under these schemes require a number of significant assumptions to be made. These assumptions are made by the Group in conjunction with the schemes' actuaries and the Directors are of the view that any estimation should be appropriate and in line with consensus opinion.

The critical accounting estimate specifically relates to the Group's UK scheme, given the size of the liabilities and their sensitivity to underlying assumptions. Small changes in these assumptions could result in a material adjustment to carrying values in the next financial year.

9. Significant accounting judgements and estimates continued

	2025 £m	2024 £m
Opening net retirement benefit surplus	104.3	86.7
Current service cost	(8.4)	(10.1)
Past service cost	3.9	–
Net interest income	6.2	4.4
Employer contributions	5.1	7.1
Benefits paid	0.4	0.2
Remeasurements	2.5	15.5
Exchange differences on overseas schemes	0.3	0.5
Closing net retirement benefit surplus	114.3	104.3
Total market value of assets	888.0	897.6
Present value of scheme liabilities	(763.0)	(781.4)
Net pension plan asset	125.0	116.2
Post-employment medical benefits	(10.7)	(11.9)
Net retirement benefit surplus	114.3	104.3
Analysed in the balance sheet as:		
Retirement benefit assets	137.7	130.0
Retirement benefit liabilities	(23.4)	(25.7)
Net retirement benefit surplus	114.3	104.3

At the end of 2025 the Scheme introduced a Pension Increase Exchange (PIE) option, allowing eligible members the option to exchange future pension increases that the Scheme offers for lower increases and a higher pension at retirement. This re-design of the Scheme's retirement options represented a plan amendment and resulted in a past service cost, recognised in the Income Statement as a credit of £3.9m.

The sensitivity of the defined benefit obligation to changes in the significant assumptions is as follows:

	Impact on retirement benefit obligation		
	Sensitivity	Of increase	Of decrease
Discount rate	0.5%	5.7%	6.2%
Inflation rate	0.5%	3.9%	3.9%
Mortality (assumes a one-year change in life expectancy)	1 year	3.9%	4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the retirement benefit obligation recognised in the Group balance sheet.

The Group's accounts include other areas of estimation. While these areas do not meet the definition of significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions. The other areas of accounting estimates in both the current and prior year are:

Goodwill impairment review of the Fragrances & Flavours CGU

The recoverable amount, and therefore level of headroom, is predominantly dependent upon estimates used in arriving at the cash flow projections, terminal value growth rate, and the discount rate.

10. Financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks; currency risk, interest rate risk, liquidity risk, and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Risk Management Committee. Detailed financial risk management is then delegated to the Group Finance department which has a specific policy manual that sets out guidelines to manage financial risk. Regular reports are received from all sectors and regional operating units to enable prompt identification of financial risks so that appropriate action may be taken. In the management definition of capital the Group includes ordinary and preference share capital and net debt.

These summary financial statements do not include all financial risk management information; full disclosures will be available in the Group's annual financial statements for the year ended 31 December 2025.

Financial instruments measured at fair value use the following hierarchy;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments are classed as level 2 with the exception of other investments, which are classed as level 3.

Fair values

For financial instruments with a remaining life of greater than one-year, fair values are based on cash flows discounted at prevailing interest rates. Accordingly, the fair value of cash deposits and short-term borrowings approximates to the book value due to the short maturity of these instruments. The same applies to trade and other receivables and payables (excluding contingent consideration which is discounted using a risk-adjusted discount rate).

Where there are no readily available market values to determine fair values, cash flows relating to the various instruments have been discounted at prevailing interest and exchange rates to give an estimate of fair value.

The table below details a comparison of the Group's financial assets and liabilities where book values and fair values differ.

	Book value 2025 £m	Fair value 2025 £m	Book value 2024 £m	Fair value 2024 £m
US\$100m 3.75% fixed rate 10 year note	(74.2)	(70.8)	(79.9)	(71.2)
€70m 1.43% fixed rate 10 year note	(61.0)	(60.6)	(57.9)	(56.6)
£70m 2.80% fixed rate 10 year note	(70.0)	(69.3)	(70.0)	(67.2)
€50m 1.18% fixed rate 8 year note	(43.6)	(42.5)	(41.3)	(39.6)
£65m 2.46% fixed rate 8 year note	(65.0)	(62.6)	(65.0)	(60.3)
US\$60m 3.70% fixed rate 10 year note	(44.5)	(42.9)	(47.9)	(44.3)

11. Related party transactions

The Group has no related party transactions, with the exception of remuneration paid to key management and Directors.