



Growing earnings and improving returns

CRODA FULL YEAR 2025 RESULTS;
FINANCIAL FRAMEWORK 2026-28

24 February 2026



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We use a number of APMs to assist in presenting information in this statement in an easily analysable and comparable form. These APMs are non-IFRS measures used by management for internal performance analysis. They should be considered as supplemental to, not a substitute for, or superior to, statutory measures reported in accordance with IFRS.

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 presentation are defined in Croda's results statement for the full year ended 31 December 2025.

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Agenda



- 1 FY25 results
- 2 Our plan to grow earnings and improve returns
- 3 Transformation programme and financial framework
- 4 Conclusion
- 5 Q&A

Continued progress in an uncertain market

FY25 RESULTS

- Portfolio starting to deliver good growth
- Refocused innovation – patented ingredient sales +9%
- Improving customer experience – net promoter score +11 pts
- Margins increased in two key businesses
- Adjusted profit before tax in line with guidance
- Stronger free cash flow generation in the second half year

Encouraging early progress as we deliver on our plan

FY25 results

Stephen Oxley
Chief Financial Officer



Full year performance summary

SALES

£1,699m

Up 7% (constant FX)

ADJUSTED
OPERATING PROFIT

£295m

Up 8% (constant FX)

ADJUSTED PROFIT
BEFORE TAX

£276m

Up 8% (constant FX)

ADJUSTED EPS

146p

Up 3%

FREE
CASH FLOW¹

£162m

Down 5%

ROIC²

8.2%

(2024: 7.7%)

DIVIDEND PER
SHARE

111p

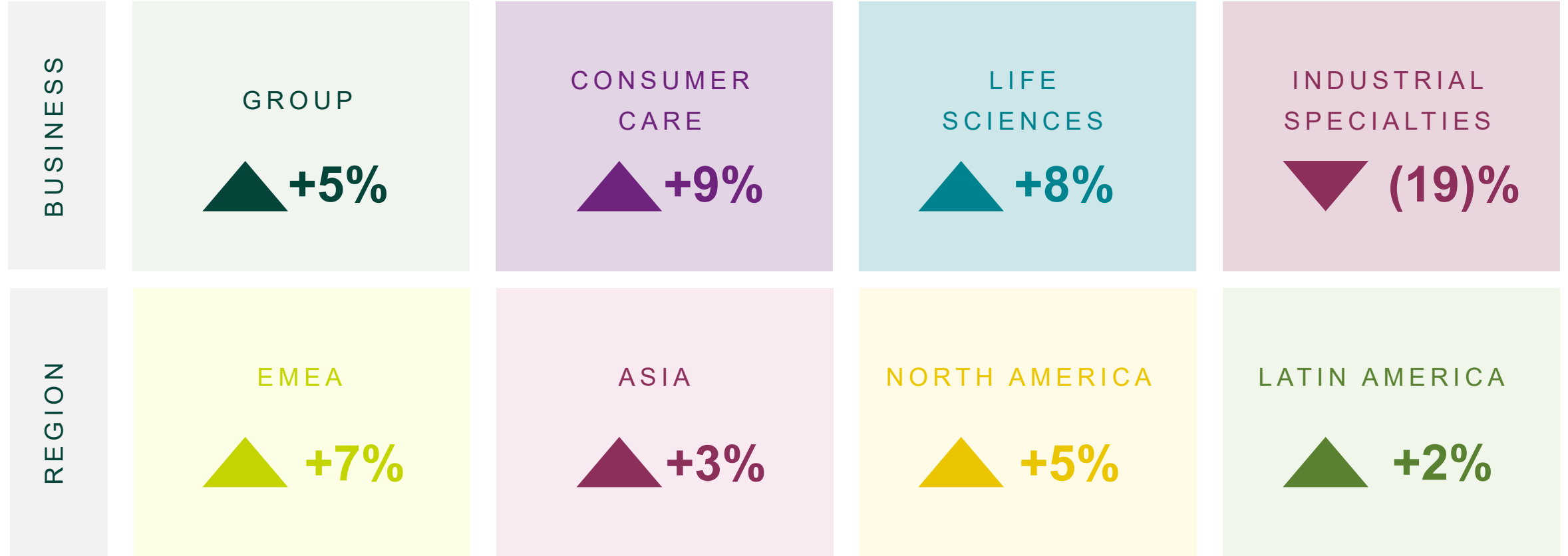
Up 1%

NET DEBT

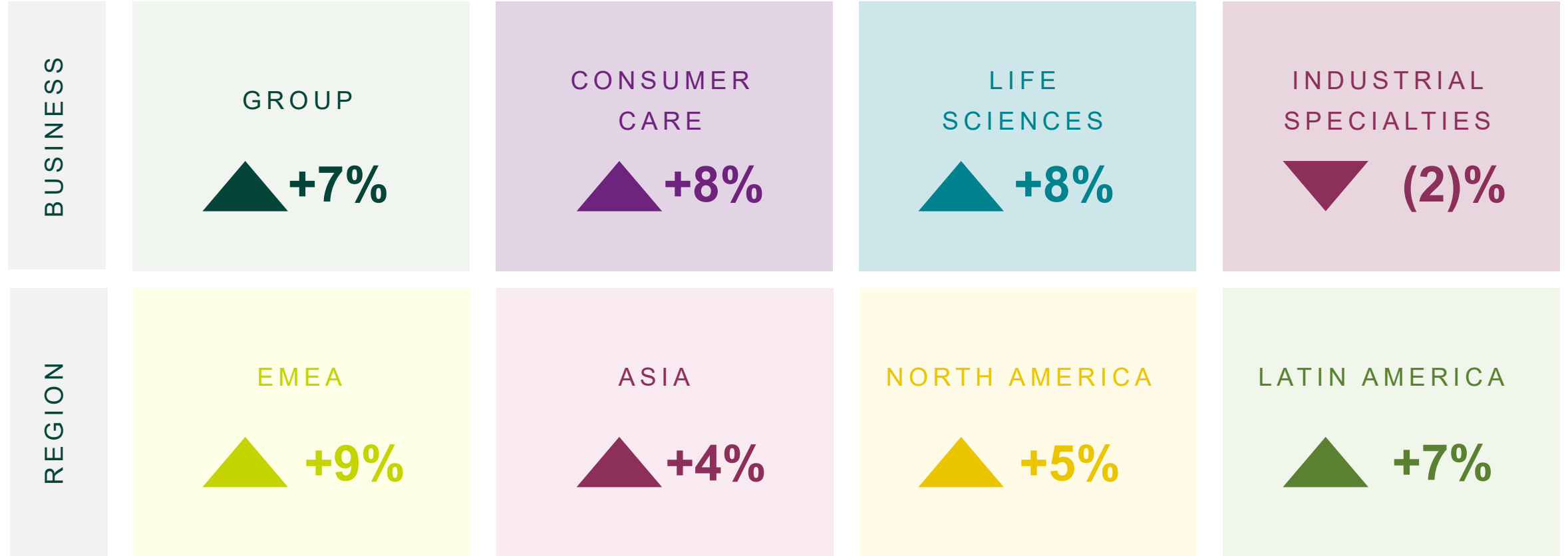
£524m

Leverage 1.3x EBITDA

Q4 2025 sales growth by business and region

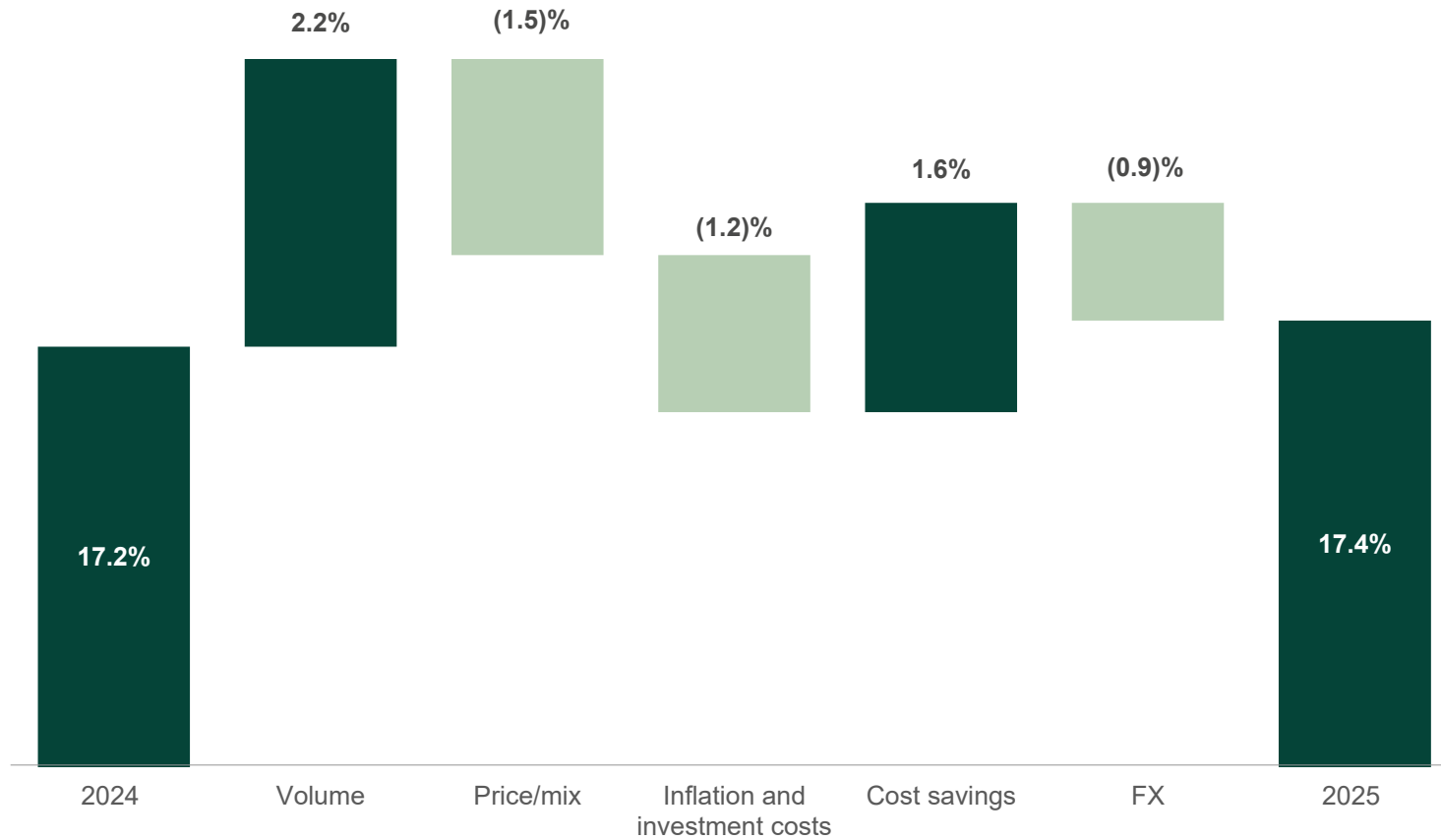


FY 2025 sales growth by business and region

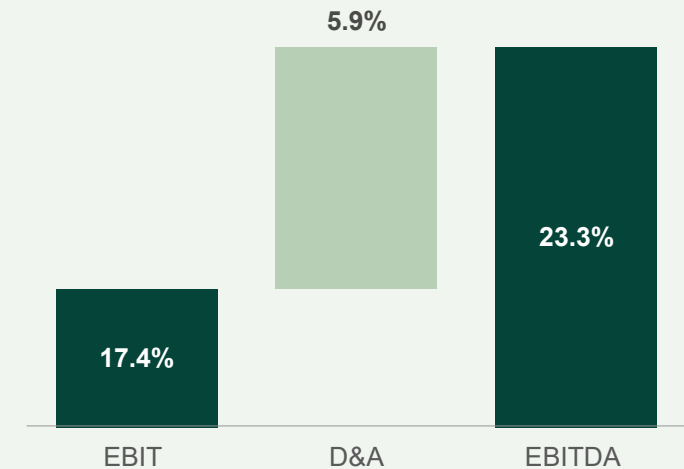


Operating margin bridge

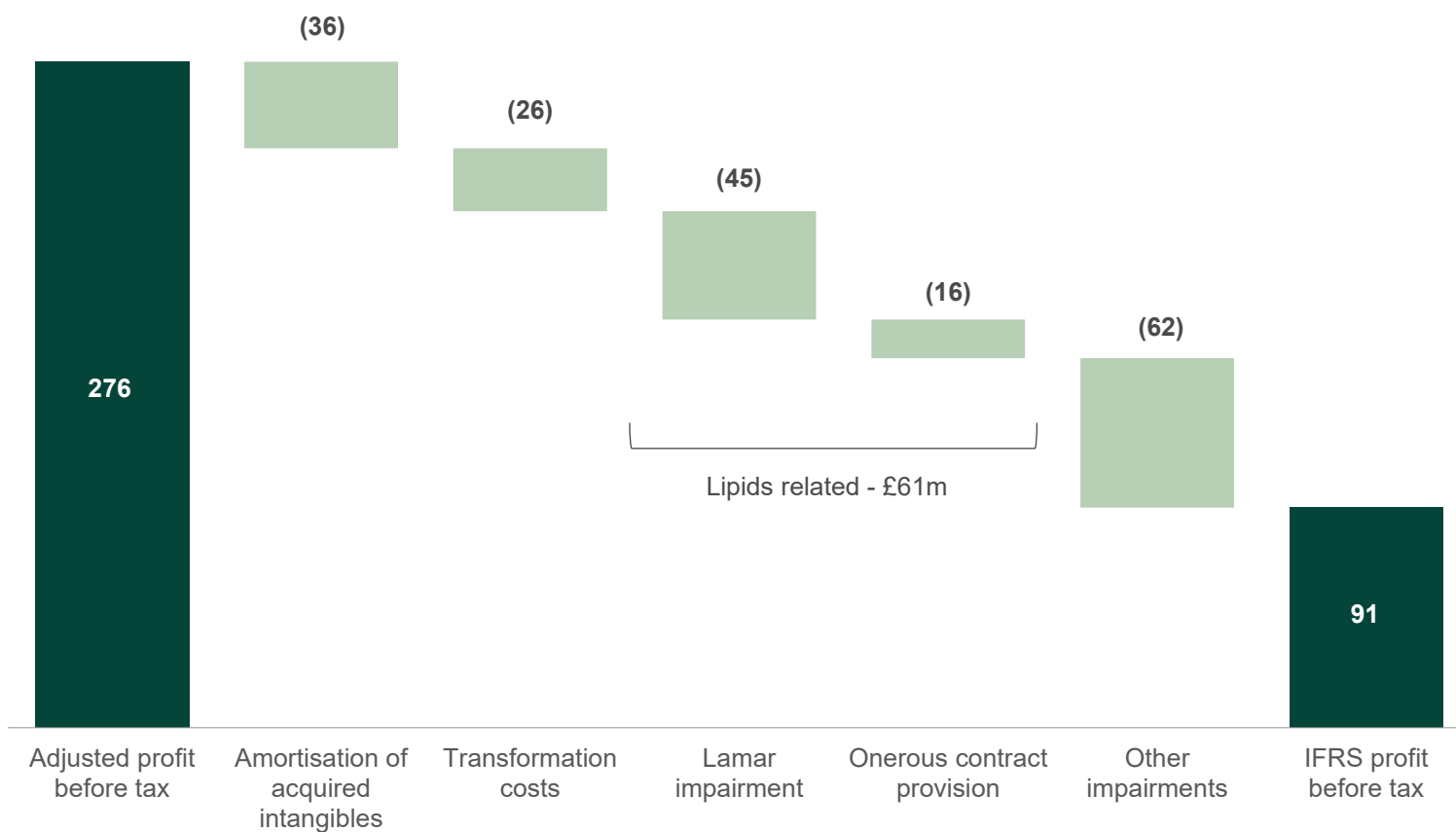
ADJUSTED OPERATING MARGIN (%)



2025 EBITDA margin



Adjusted to reported profit before tax



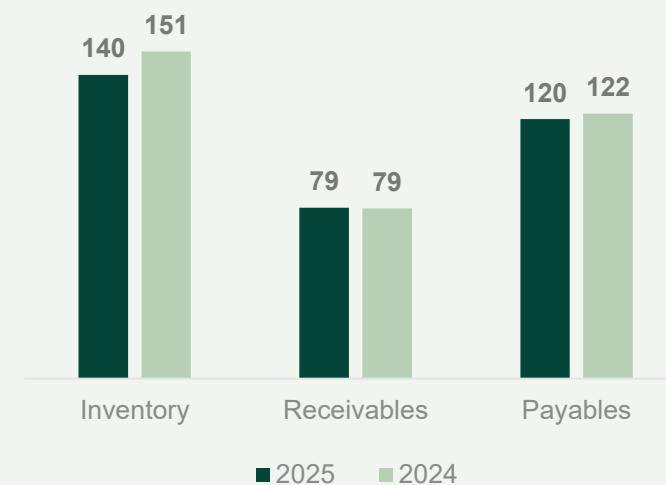
- Transformation programme on track – £28m benefits in 2025 at cost of £26m including restructuring costs
- £45m impairment of US lipid scale-up site following decision to put asset on stand-by
 - Minimises future costs
 - Fulfils commitment to US Government; related onerous contract provision
- £62m other impairments:
 - £29m assets under construction
 - £22m distribution network
 - £11m acquired tech intangible assets

Free cash flow and net debt

Cash flow, £m	2025	2024
Adjusted operating profit	295	280
Depreciation and amortisation	101	99
EBITDA	397	378
Working capital	(8)	21
Interest & tax	(81)	(84)
Transformation costs	(25)	(10)
Other cash movements	4	14
Net cash from operating activities	287	319
Net capital expenditure	(108)	(138)
Interest received	3	7
Payment of lease liabilities	(18)	(18)
Other non-operating cash movements	(2)	(1)
Free cash flow¹	162	170
Dividends	(155)	(152)
Business disposal	–	(7)
Other cash movements ²	(9)	(4)
Net cash flow	(2)	7
Net debt	524	532
Net debt/EBITDA	1.3x	1.4x

CASH FLOW	£ M
Inventories	(7)
Receivables	(17)
Payables	16
Working capital	(8)

Days cover



2026 Guidance

2026 OUTLOOK

- For full year 2026, we expect adjusted operating profit in line with current market expectations¹ at constant currency², with:
 - 3-6% organic sales growth
 - A further increase in Group adjusted operating margin

For full outlook statement, see slide 44

¹Current market expectations are based on company-compiled consensus available at Croda website

²Please note technical foreign exchange guidance on slide 45

FIRST QUARTER 2026 COMMENTARY

- 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

QUARTER	REPORTED SALES	% CHANGE AT CONSTANT CURRENCY	% CHANGE
Q1 2025	442.3	9%	8%
Q2 2025	413.5	6%	2%
Q3 2025	424.7	7%	4%
Q4 2025	418.9	5%	3%

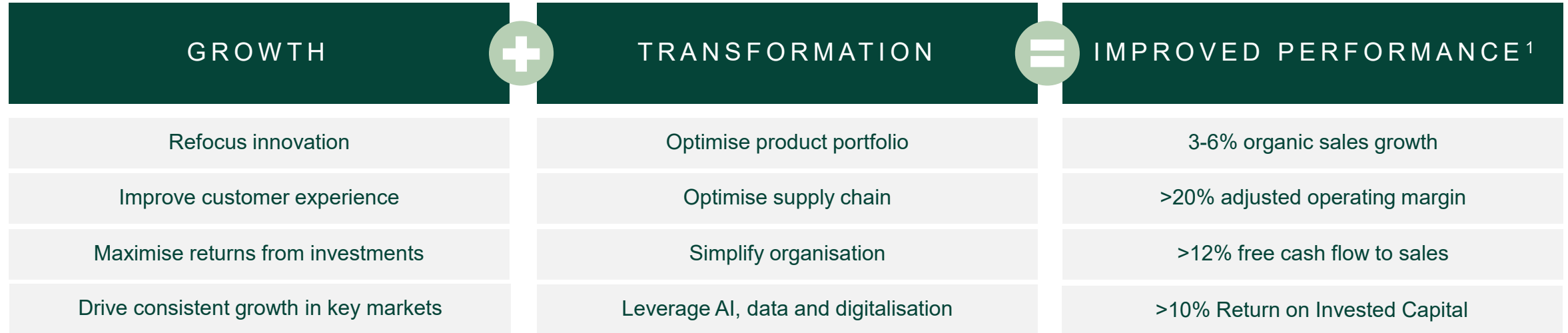
Growing earnings and improving returns

Steve Foots
Chief Executive Officer



Delivering on our plan to grow earnings and improve returns

BUILDING ON OUR STRENGTHS



Building on our strengths

DIFFERENTIATED BUSINESS MODEL

Direct sales model driving
unrivalled customer intimacy

Enabling world-class claims to transform
the value of our customers' brands

CORE CAPABILITIES

Innovation-led approach with rich IP
to co-develop solutions with customers

Sustainability at the core of decision making

HIGHER-GROWTH PORTFOLIO

Niche positioning in attractive markets

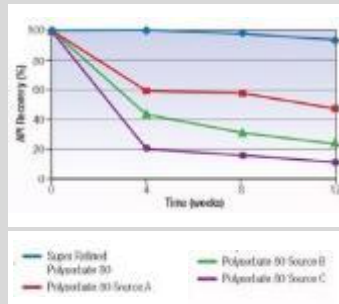
Global reach with local presence

Driving growth through unrivalled customer proximity and customer-focused innovation in attractive markets

Our differentiated business model



Proprietary refinement & purification



Higher purity excipients
= more effective drug delivery

High through-put screening



Can screen 7,800 marine micro-organisms for unique performance benefits

Tailoring ingredients for specific applications



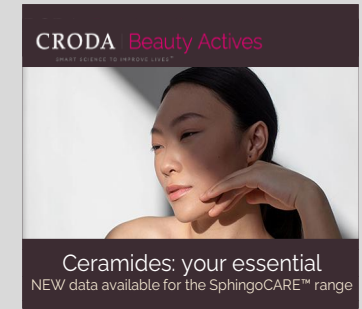
Tuning polarity of Crop delivery systems for individual pesticides

Formulating ingredients into solutions



Formulating multiple ingredients for milder baby shampoos

World-leading claims testing

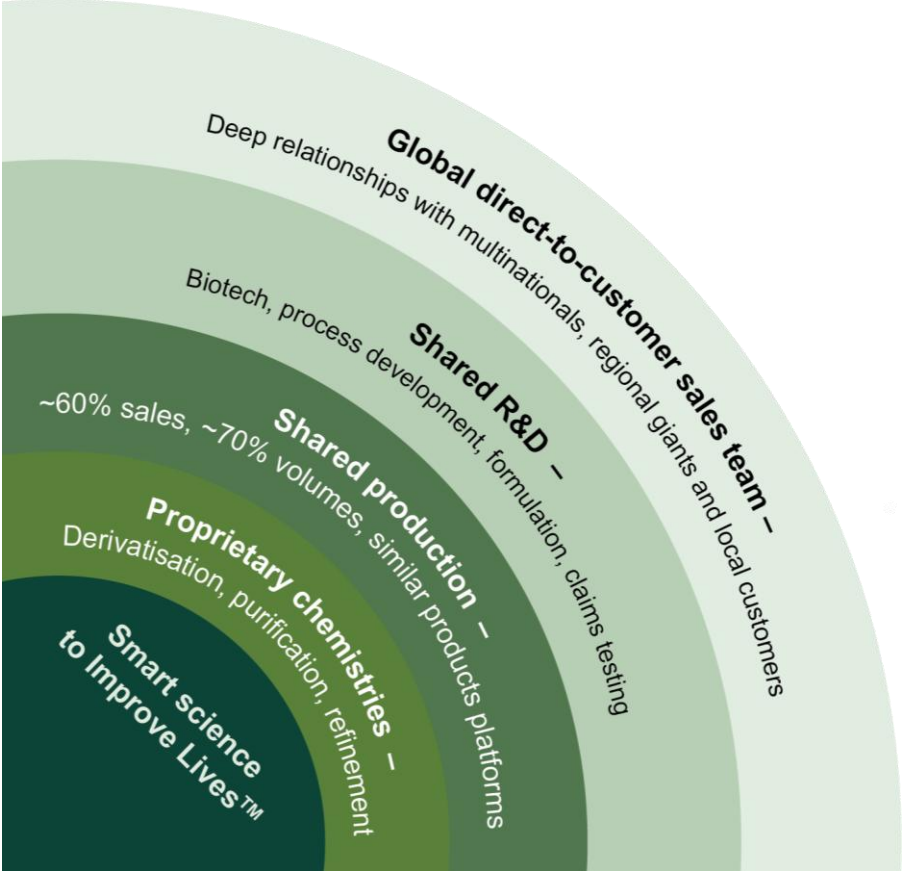


Globalising ceramides with data generated at Sederma

Enabling world-class claims to transform the value of our customers' brands

Leveraging our core capabilities in attractive markets

Leveraging core capabilities



With a differentiated portfolio

Innovation-led approach:

>1,700 patents
Patented sales +9%

Sustainability at the core:

MSCI AAA rating
CDP A- rating
DISCLOSURE INSIGHT ACTION

To serve fast-growth markets

- Beauty Actives
- Beauty Care
- F&F
- Home Care
- Pharma
- Crop Protection
- Seed Enhancement
- Industrial Specialties

Moved to a higher-growth portfolio

MARKETS

Sales to consumer, pharma and agriculture markets (2025):

89%

(2019: 73%)

Moved to higher-growth markets

NICHES

Croda niches growing above market:

Plant stem cells:

2x Beauty retail market

Local and regional companies:

2x F&F market

Biologics:

2x Pharma market

Focused on higher-growth niches

CUSTOMERS

L&Rs growing fastest¹:

8% CAGR (vs 2% for Beauty MNCs)

L&Rs as % of Croda sales:

82%

In Consumer Care (2019: 73%)

56%

In Crop Protection (2019: 44%)

Selling to faster-growth customers

REGIONS

Asia fastest-growth market¹:

Beauty demand:

6% CAGR

China Pharma R&D:

30% of global drug development

Croda sales outside Europe and North America:

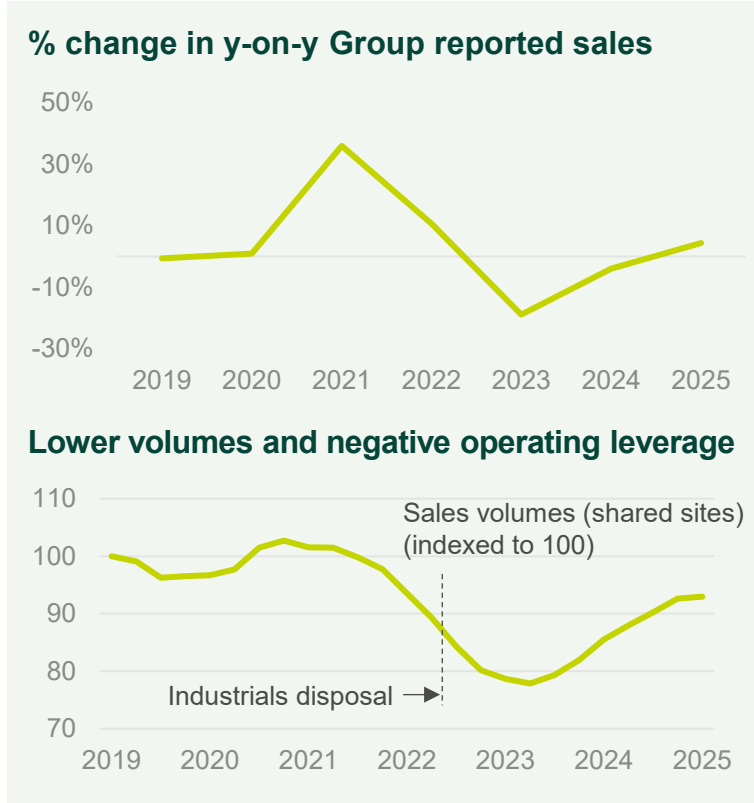
48%

(2019: 37%)

In higher-growth regions

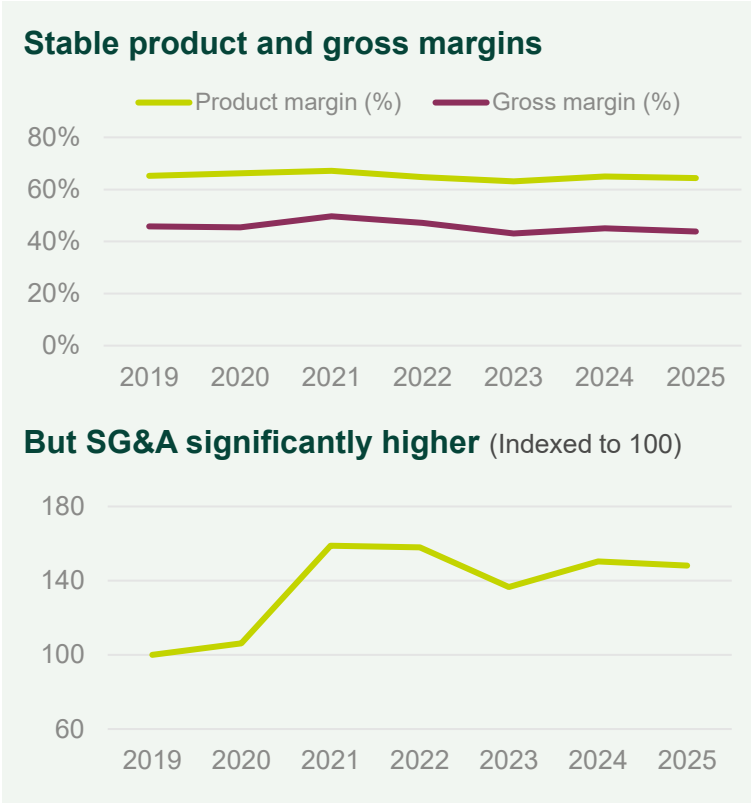
Operating margin impacted in a volatile period

VOLATILE DEMAND



Market-driven.....plus Industrials divestment

COST BASE TOO HIGH



Croda-specific

HEIGHTENED INVESTMENT



Croda-specific



Graphs indexed to 2019.

Stepping up our execution to improve performance

CHALLENGES

- Post CV19 effects on customer behaviours
- Inflationary headwinds and cost base increases
- Pace of delivery of returns on investment
- Focused on new high-growth opportunities



GROWTH

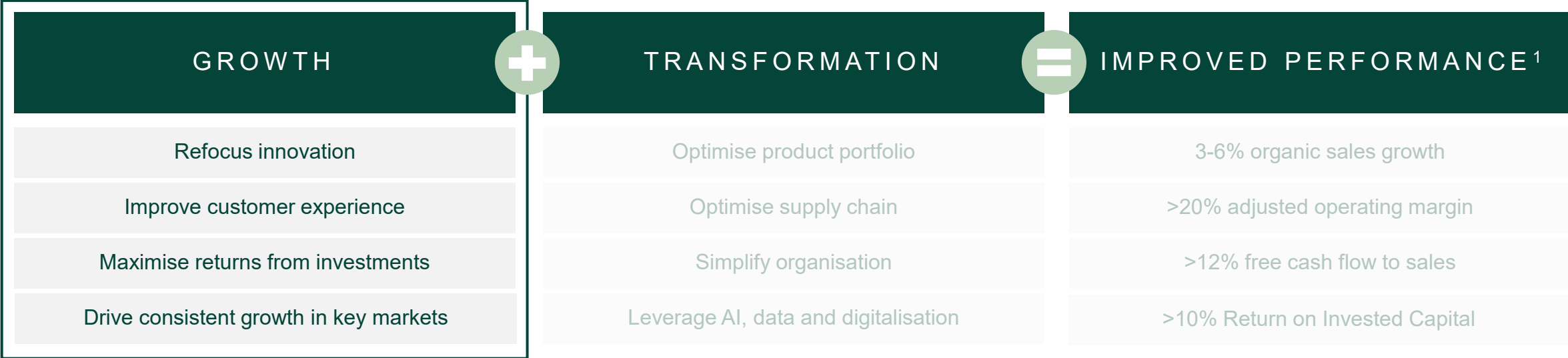
- Refocus innovation
- Improve customer experience
- Maximise returns from investments
- Drive consistent growth in key markets



TRANSFORMATION

- Optimise product portfolio
- Optimise supply chain
- Simplify organisation
- Leverage AI, data and digitalisation

Driving consistent growth



¹Financial framework for full year 2028. Organic sales growth is CAGR 2026-28. For definitions see slide 48 in the appendix.

Refocusing innovation

New framework for innovation

1. NEW INGREDIENT DEVELOPMENT

Re-balanced allocation of R&D resource

Kerabio™ K31
for hair bond
repair –
first-to-market;
500 customers
sampled



2025 progress

Patented sales **+9%**
New ingredient sales **+10%**

2. NEW MARKETS FOR EXISTING INGREDIENTS

Developing
existing lipid
range for
Pharma
generics
market



Further improvement in **top quartile**
customer NPS score for innovation

3. CUSTOMER CO-CREATION

PEG-free
rheology
modifier for
global beauty
brand



Average pipeline value of customer
co-creation projects **+12%**

Improving customer experience

Playing to our strengths

- ✓ Product quality
- ✓ Innovative products
- ✓ Sustainability
- ✓ Trust

With long-standing customer relationships

>90%

customers retained over 5 years¹

Tailoring solutions to differing customer needs



Local customers:

Consumer Care sales
+9%
to L&R customers

Crop sales
+8%
sales to local customers



Regional giants:

Top 5 Asian Beauty giants
+19%
sales CAGR over 2 years

Crop sales
+36%
sales to 'tier 2s'



Multi-national customers:

Grew with
4 out of top 5
Beauty MNCs

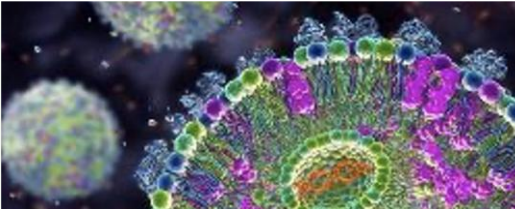

Crop sales
+14%
to MNCs

Customer Net Promoter Score

<p>CONSUMER CARE</p> <p>+42</p> <p>(2022: +21)</p>
<p>LIFE SCIENCES</p> <p>+49</p> <p>(2022: +34)</p>
<p>INDUSTRIAL SPECIALTIES</p> <p>+32</p> <p>(2022: +14)</p>
<p>GROUP</p> <p>+43</p> <p>(2022: +24)</p>





¹Customers with over £100,000 pa sales 2019-24. Sales growth at constant currency unless stated. FY25 versus FY24 unless stated.

Maximising returns from investments

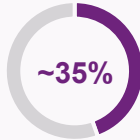



	GROWTH CAPEX		M & A		
	Asia	Pharma lipids scale-up	Avanti lipids	F&F	Ceramides
Targeted investment					
2025 progress	New lower cost-per-unit production facility in Dahej, India serving multiple businesses	Positioned for breakout growth but clinical programmes taking longer to commercialise	Sales up double-digit % CAGR 2022-25 despite US uncertainty	Sales up 15%, ahead of market	Sales up 36% after slow start
2026 priorities	Leverage Dahej and China Fragrances / Actives facility for new growth	Satisfy larger-scale lipid demand over the near term from world-class facilities at Avanti, in UK and Korea	Broaden applications for lipids (eg generics)	Fast-grow emerging markets	Broaden and globalise sales

Globalising sales and leveraging Croda's broader scientific expertise



Driving consistent growth in our key markets




	BEAUTY	F & F	AGRICULTURE	PHARMA
				
	% of Group (to nearest 5%)			
What we do	Ingredients and solutions for premium skin, hair and solar protection	'Tier 1.5' supplier to local and regional (L&R) customers	Ingredients and systems to improve performance of crop protection products and seeds	Ingredients and solutions for consumer health and Pharma applications
Addressable market	\$8bn market 2.7% market CAGR ~10% share (top 3 position)	\$25bn market 3.3% market CAGR ~2% share (small / growing)	\$4bn market 2.6% market CAGR ~9% share (top 3 position)	\$2bn market 5% market CAGR ~15% share (top 3 position)
USP	Broadest portfolio of innovative ingredients	Agile model for L&Rs and emerging markets	Leading supplier of adjuvants, co-formulants & seed enhancement	Leading supplier of solutions for drug delivery and vaccine adjuvants
Niches	>3% CAGR (Beauty Care) 4-7% CAGR (Beauty Actives)	>6% L&R CAGR (>95% sales)	>1.5x market growth	>5% CAGR
	Reinvigorate	Enable continued fast growth	Drive differentiation	Rebalance

Driving consistent growth in our key markets

	 <p>~35%</p>	 <p>~20%</p>	 <p>~15%</p>	 <p>~15%</p>
	BEAUTY	F & F	AGRICULTURE	PHARMA
What we do	Ingredients and solutions for premium skin, hair and solar protection	'Tier 1.5' supplier to local and regional (L&R) customers	Ingredients and systems to improve performance of crop protection products and seeds	Ingredients and solutions for consumer health and Pharma applications
Addressable market	<p>\$8bn market</p> <p>2.7% market CAGR</p> <p>~10% share (top 3 position)</p>	<p>\$25bn market</p> <p>3.3% market CAGR</p> <p>~2% share (small / growing)</p>	<p>\$4bn market</p> <p>2.6% market CAGR</p> <p>~9% share (top 3 position)</p>	<p>\$2bn market</p> <p>5% market CAGR</p> <p>~15% share (top 3 position)</p>
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	Reinvigorate	Enable continued fast growth	Drive differentiation	Rebalance

Reinvigorating Beauty







Leading market positions	Refocusing innovation in Beauty Care	Internationalising Beauty Actives
	<ul style="list-style-type: none"> • Top 3 in overall market, c10% share; broad speciality portfolio • Strong relationships with MNCs & L&Rs; all regions • Increasing focus on contract manufacturers • Sales accretive to Group margin <div style="text-align: center;">  <p>~70% of Beauty</p> </div>	<ul style="list-style-type: none"> • #1 peptides #2 ceramides #1 plant stem cells • Innovation proven by performance claims data • Strong relationships with prestige brands and in China • Highest margin sales <div style="text-align: center;">  <p>~30% of Beauty</p> </div>

Priorities	Commercialise biotech	Tailor-made solutions	Internationalise Actives	Create affordable luxury
	 <p>Scale up exciting biotech pipeline</p>	 <p>Showcase Beauty Care as delivery systems for Actives</p>	 <p>Regionalise testing and claims substantiation capabilities</p>	 <p>Deliver benefits to masstige brands; similar margins for Croda</p>

INTEGRATED OFFER TO CAPITALISE ON FULL RANGE OF OPPORTUNITIES GLOBALLY

Contributing to **3-6%** organic sales CAGR for Consumer Care 2026-28; limited incremental capital required

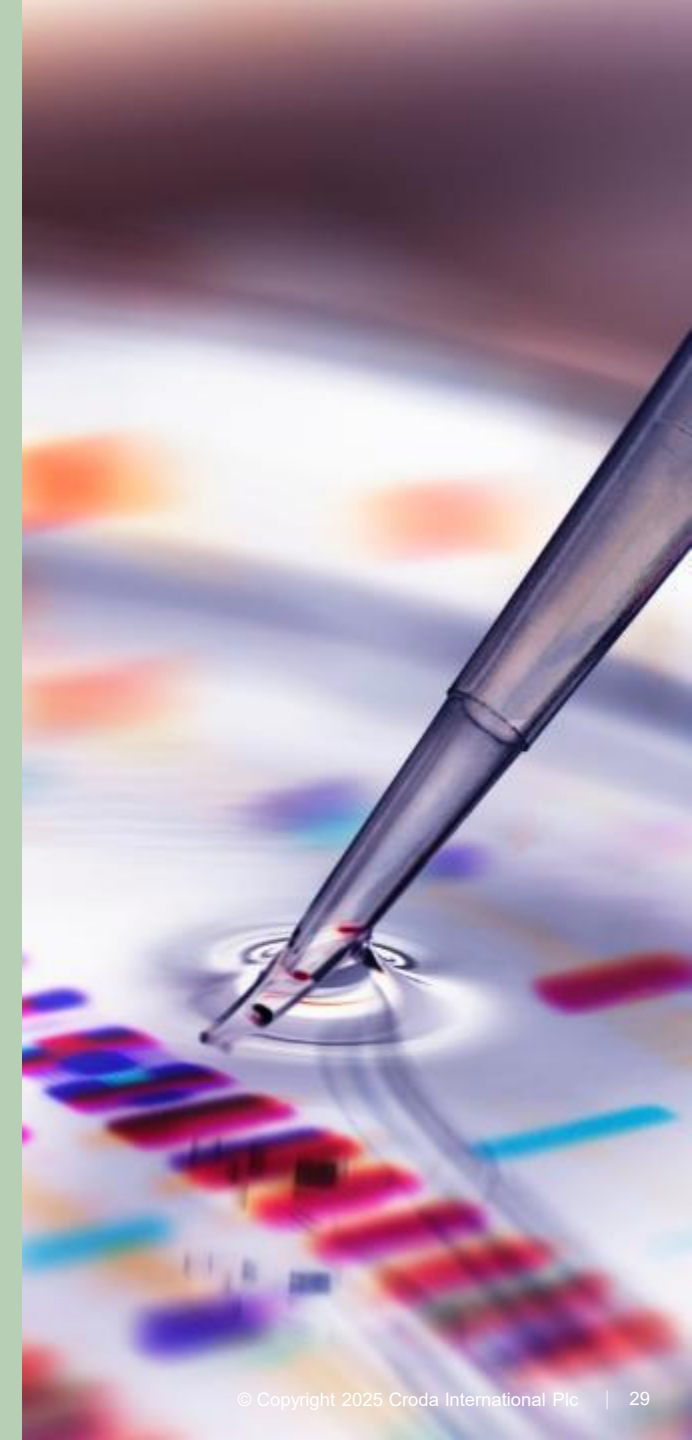
Rebalancing Pharma

<p>Rebalancing Pharma</p>	<p><u>Leading with Pharma Ingredients</u></p>		<p><u>Accelerating growth with Pharma Solutions</u></p>	
<p>Leading market positions</p>	<ul style="list-style-type: none"> • Application-led science to enhance drug efficacy and safety • ‘Croda’ model, 100s of products, 1,000s of customers ✓ Introduced regional model leveraging strong relationships • Sales accretive to Group margin 		<ul style="list-style-type: none"> • Solutions for lipid-based drug delivery and vaccine adjuvants • Strong relationships with >3,000 researchers ✓ Introduced global model • Sales accretive to Group margin 	
<p>Priorities</p>	<p>Core Ingredients</p>  <p>Greater emphasis on core, leveraging Croda skincare expertise for topical applications</p>	<p>Advanced Ingredients</p>  <p>Scale innovation for injectable and bioprocessing applications</p>	<p>Lipid technology</p>  <p>Expand lipid applications across innovator and generics markets</p>	<p>Vaccine Adjuvants</p>  <p>Partner to accelerate sustainable adjuvant development</p>

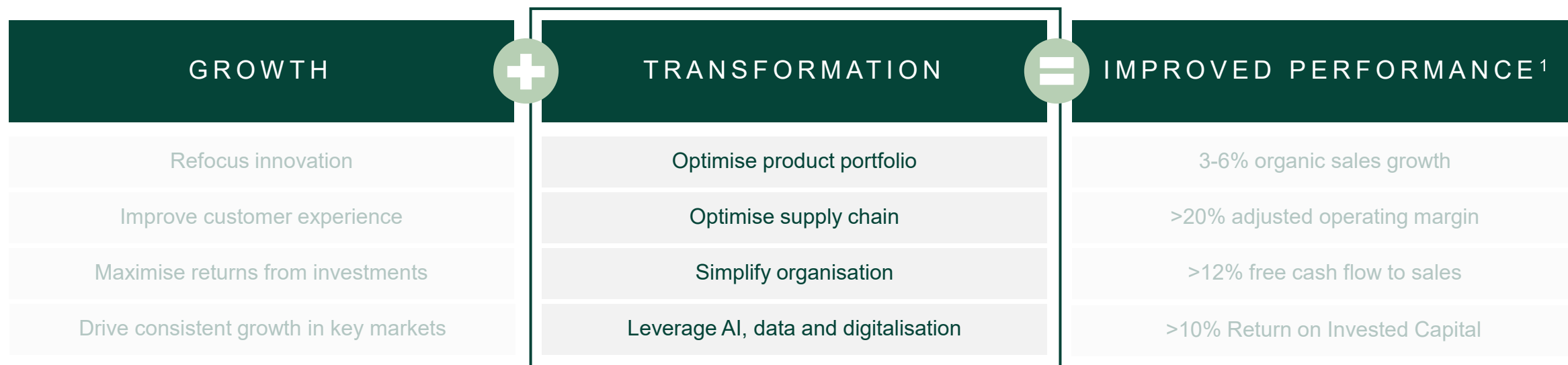
Contributing to **4-7% organic sales CAGR for Life Sciences 2026-28** ex breakout growth opportunities; limited incremental capital required

Transformation and financial framework

Stephen Oxley
Chief Financial Officer








Delivering our transformation programme



Driving structural transformation for growth and efficiency

OBJECTIVES

<p>OPTIMISE PRODUCT PORTFOLIO</p> 	<p>Optimise our customer and product portfolios, and drive commercial excellence to enhance growth</p>	<p>Growth</p>
<p>OPTIMISE SUPPLY CHAIN</p>   <p>~£65m savings for full year 2028</p>	<p>Streamline our supply chains to deliver enhanced customer service and optimise manufacturing, distribution and procurement costs and reduce working capital</p>	<p>Efficiency</p>
<p>SIMPLIFY ORGANISATION</p>   <p>~£35m savings for full year 2028</p>	<p>Drive efficiency and realign our cost base, streamlining layers, headcount and indirect costs</p>	<p>Enablers</p>
<p>Enhance high-performance culture</p> <p>Leverage AI, data and digitalisation</p>		<p>Enablers</p>
<p>Enabling 3-6% organic sales CAGR 2026-28 and ~£100m savings for full year 2028¹</p>		

With good early progress and clear priorities






2025 PROGRESS

2026 PRIORITIES

<p>OPTIMISE PRODUCT PORTFOLIO</p>	<ul style="list-style-type: none"> ✓ Completed rationalisation pilot for key product group ✓ Introduced customer segmentation and minimum order values 	<ul style="list-style-type: none"> • Rationalise product portfolio, reducing SKUs and enhancing profitability • Enhance customer digital portal CrodaOn • Embed pricing excellence across the portfolio
<p>OPTIMISE SUPPLY CHAIN</p>	<ul style="list-style-type: none"> ✓ Realising initial savings at shared manufacturing sites ✓ Exiting UK distribution centre ✓ Implemented ~100 procurement improvement actions ✓ Launched working capital improvement programme 	<ul style="list-style-type: none"> • Begin to optimise manufacturing footprint • Deliver shared site actions and headcount reductions • Centralise procurement to scale up improvements across raw materials, logistics and packaging • Drive reduction in working capital
<p>SIMPLIFY ORGANISATION</p>	<ul style="list-style-type: none"> ✓ Streamlined management layers ✓ Reduced headcount by 5%¹ ✓ Zero-based budget of indirect costs 	<ul style="list-style-type: none"> • Continue reductions in headcount & management roles • Accelerate deployment of AI and digitalisation of Croda • Deliver structural savings in indirect costs
<ul style="list-style-type: none"> ✓ £28m gross benefits realised in 2025 		

¹Excluding F&F.

Structural cost savings to benefit margin

Pillar	Optimise product portfolio	Optimise supply chain		Simplify organisation	
Objective	Growth	Efficiency			
Category	Commercial excellence 	Optimising operations 	Procurement 	People 	Enabling functions 
FY28 total benefit	N/A	~£65m		~£35m	
Progress in FY25	N/A	~£10m		~£15m	

Transformation programme benefits

- **Total recurring gross benefits: ~£100m**
 - £28m gross benefits realised in 2025
 - ~£75m total gross benefits to come 2026-28
 - FY28 benefits are annualised benefits from actions completed in FY27
- **Total cash costs to realise benefits: ~£80m (exceptional restructuring charges):**
 - 2025: £26m
 - 2026-28: ~£55m

Improving financial performance



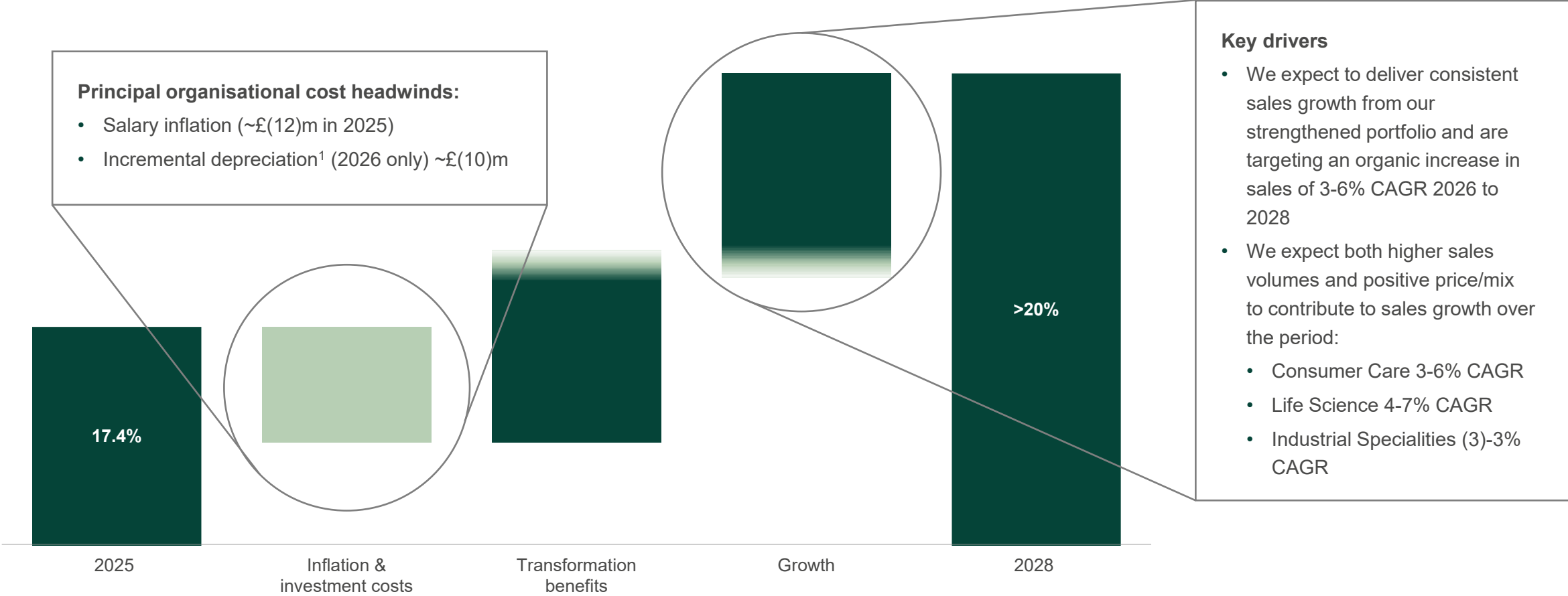
¹Financial framework for full year 2028. Organic sales growth is CAGR 2026-28. For definitions see slide 48 in the appendix.

Consistent growth from a strengthened portfolio

	BEAUTY	F&F	PHARMA	AGRICULTURE	INDUSTRIALS
Capital required	Limited incremental capital required	Light-touch capex after recent investments	Limited incremental capital required	Low capital requirements	Leverages existing capabilities
Business sales	Consumer Care 3-6% CAGR		Life Sciences 4-7% CAGR		Industrial Specialties (3)-3% CAGR
Group sales	3-6% organic sales CAGR 2026-28 <i>comprising both volume growth and positive price/mix</i>				

Enhanced profitability driven by growth and transformation

ADJUSTED OPERATING MARGIN (%)



¹Incremental depreciation and opex associated with recent investments coming online.

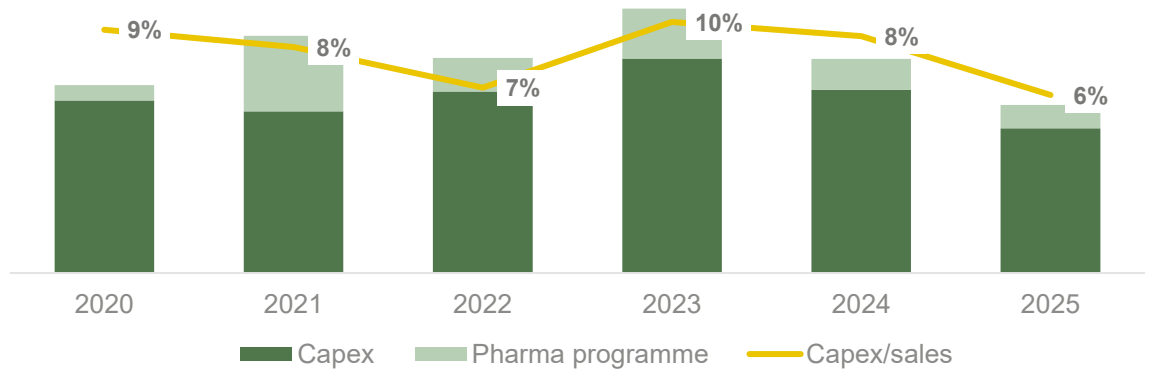
Sustainable and growing cash flows

STRUCTURALLY LOWER WORKING CAPITAL

- Improve supplier terms and payments
- Standardise receivables terms and optimise collection
- Inventory benefits through supply chain excellence

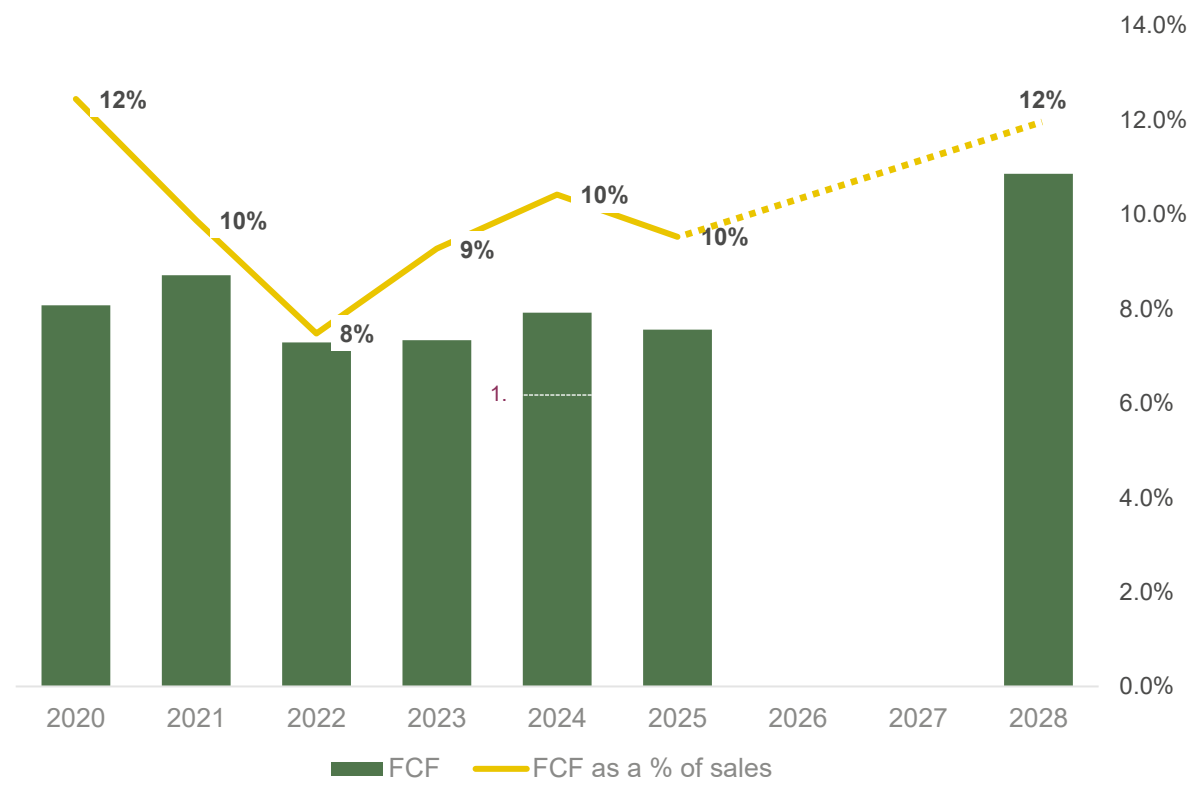
Targeting ~£50m working capital reduction for full year 2028

AND LOWER CAPITAL EXPENDITURE



Capital expenditure to be maintained at ~6% of sales

CONTRIBUTING TO GROWING FREE CASH FLOW



Targeting 12% free cash flow-to-sales ratio for full year 2028



¹2024 working capital inflow included payment of a £48m CV19 receivable from 2023. For definitions see slide 48 in the appendix. 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.

Clear capital allocation policy

SUSTAINABLE AND GROWING CASH FLOWS
 – TARGETING FREE CASH FLOW-TO-SALES RATIO OF 12% FOR FULL YEAR 2028

1

**Reinvest for
organic growth**

Total capex maintained
at ~6% of sales

2

**Provide a regular return
to shareholders**

Target payout ratio of 40-50%
of adjusted earnings
Dividend at-least maintained as
we restore earnings cover

3

**Acquire complementary
technologies**

Focused on maximising returns
from recent investments
Only small, technology acquisitions
from the medium term

4

**Maintain appropriate
balance sheet strength**

Target net debt of
1-2x EBITDA
Opportunity for additional
shareholder returns

Our framework¹ to full year 2028



¹Financial framework for full year 2028. Organic sales growth is CAGR 2026-28. Assumes current economic conditions continue. For definitions see slide 48 in the appendix. 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. ROIC is adjusted operating profit net of tax divided by the average adjusted invested capital. Invested capital represents net assets adjusted for net debt and net retirement benefit assets.

Conclusion

Steve Foots
Chief Executive Officer



Croda investment case





APPENDICES

Quarterly sales breakdown

QUARTERLY SALES £M	CONSUMER CARE	LIFE SCIENCES	INDUSTRIAL SPECIALTIES	GROUP	LIFE SCIENCES (EX-CV19)	GROUP (EX-CV19)
Q1 2023	236.8	170.8	69.1	476.7	170.8	476.7
Q2 2023	218.8	132.4	53.0	404.2	132.4	404.2
Q3 2023	218.2	125.0	43.7	386.9	125.0	386.9
Q4 2023	212.3	174.1	40.3	426.7	126.1*	378.7*
Q1 2024	236.8	121.8	49.9	408.5	121.8	408.5
Q2 2024	231.6	124.4	51.4	407.4	124.4	407.4
Q3 2024	228.1	128.8	49.7	406.6	128.8	406.6
Q4 2024	223.5	129.3	52.8	405.6	129.3	405.6
Q1 2025	255.1	134.5	52.7	442.3	134.5	442.3
Q2 2025	236.7	126.5	50.3	413.5	126.5	413.5
Q3 2025	241.6	133.8	49.3	424.7	133.8	424.7
Q4 2025	239.3	137.4	42.2	418.9	137.4	418.9

2026 Guidance

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 are based on company-compiled consensus available at Croda website. Please note technical foreign exchange guidance on slide 45.

Technical foreign exchange guidance

The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure.

2025 average rates:

- US\$1.32 (2024: US\$1.28)
- €1.17 (2024: €1.18)

Average annual impact:

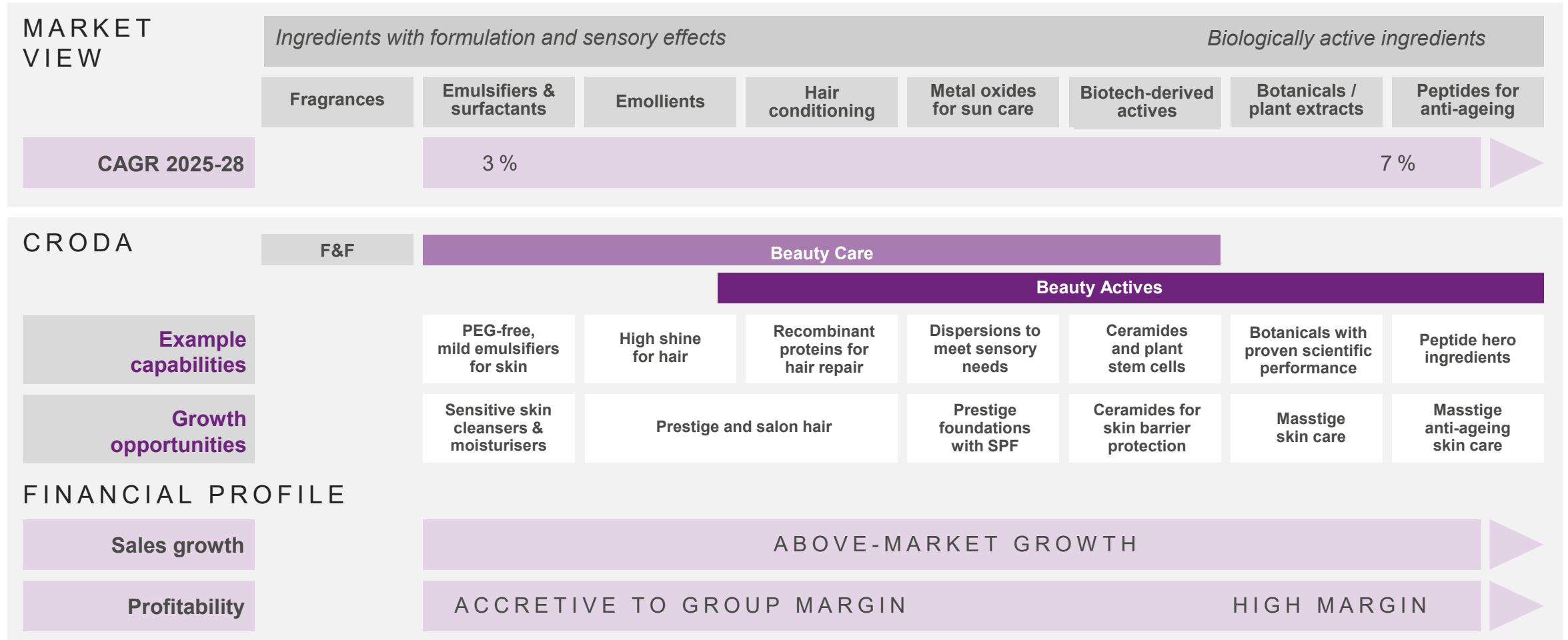
- £1m per \$cent pa
- £1m per €cent pa

Currency translation reduced 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.

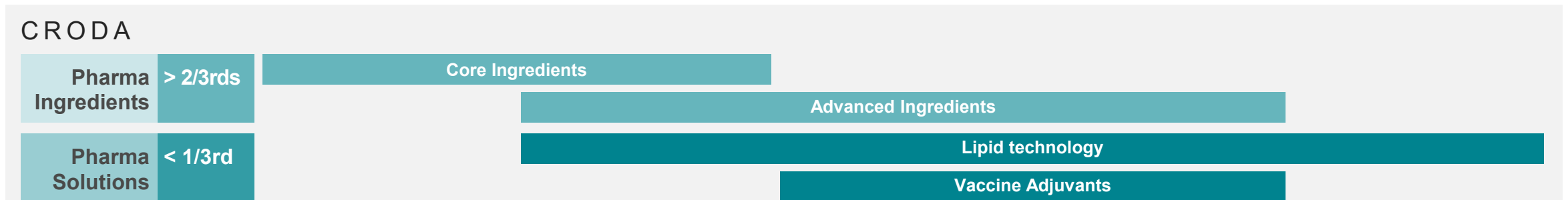
The financial framework to 2028 and guidance for Group performance in 2026 are provided on a constant currency basis. Constant currency expectations are based on the Group's average exchange rates through 2025 which were US\$1.32 and €1.17. The US Dollar and the Euro together represent approximately 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.

Anticipating market needs with a broad Beauty portfolio



Anticipating market needs with a broad Pharma portfolio

MARKET VIEW	Consumer Health	Pharma			
		Small molecule	Biologics (incl. vaccines)		Cell and Gene Therapy
			Prophylactic	Therapeutic	
Examples	Oral care Over the counter	Pain management Dermatology	Liquid injectables for multiple applications Cancer Arthritis HIV		Cancer Genetic diseases
CAGR 2025-28	ALL MARKET SEGMENTS GROWING >5%				



FINANCIAL PROFILE	
Sales growth	MORE CONSISTENT GROWTH HIGHER POTENTIAL / LESS PREDICTABLE
Profitability	ALL ACCRETIVE TO GROUP MARGIN

Definitions

- **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.

SMART SCIENCE



TO IMPROVE LIVES™