Press Release

25 February 2025

Results for the year ended 31 December 2024

Strengthening Croda in a transitional year; accelerating actions 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 2024.

Highlights

	Statutory results (IFRS)			Adjusted results			
Full year ended 31 December	**2024**	2023	change	**2024**	2023	Constant currency change	change
Sales (£m)	1,628.1	1,694.5	(3.9)%	1,628.1	1,694.5	(0.8)%	(3.9)%
Operating profit (£m)	227.5	247.5	(8.1)%	279.7	320.0	(8.2)%	(12.6)%
Operating margin (%)				17.2	18.9	–	(1.7)ppts
Profit before tax (£m)	207.8	236.3	(12.1)%	260.0	308.8	(11.6)%	(15.8)%
Basic earnings per share (p)	113.5	122.5	(7.3)%	142.6	167.6	–	(14.9)%
Ordinary dividend per share (p)	110.0	109.0	0.9%				
Free cash flow (£m)				181.1	165.5	–	9.4%
Net debt (£m)				532.3	537.6	–	(1.0)%

Sales (ex CV19* where indicated)	**2024 £m**	2023 £m	Constant Currency Change	Change	Constant Currency Change (ex CV19*)	Change (ex CV19*)
Consumer Care	920.0	886.1	7%	4%	7%	4%
Life Sciences	504.3	602.3	(14)%	(16)%	(6)%	(8)%
Industrial Specialties	203.8	206.1	2%	(1)%	2%	(1)%
Group	1,628.1	1,694.5	(1)%	(4)%	2%	(1)%

*Where indicated, sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation to give a more informative year-on-year comparison, as there were no CV19 lipid sales in 2024

Strengthening in a transitional year

- **Group sales -1% (+2% ex CV19*) at constant currency comprising:**
  - Consumer Care sales +7%
    - Growth driven by sales to local & regional (L&R) customers and Fragrances and Flavours (F&F)
    - Growing in all regions (at constant currency) led by Asia
  - Life Sciences sales -14% (-6% ex CV19*); returned to growth in H224 (ex CV19*)
    - Crop volumes starting to recover
    - Biopharma growing, including lipids for drug research, offset by challenges in consumer health
  - Industrial Specialties sales +2%
  - New and Protected Products (NPP) sales +6%

- **Adjusted operating margin lower year-on-year; up sequentially in H224**
  - 17.2% adjusted operating margin (2023: 18.9%); prior year benefitting from high margin CV19* sales
  - Adjusted operating margin improved sequentially from 16.6% in H124 to 17.7% in H224, driven by higher sales volumes, price discipline and proactive cost control
  - IFRS profit before tax of £207.8m (2023: £236.3m)
  - £260.0m adjusted profit before tax (2023: £308.8m); £273.1m at constant currency

- **Strong cashflow with working capital discipline and lower capex; continued balance sheet strength**
  - Free cash flow up 9% to £181.1m (2023: £165.5m); £20.9m working capital inflow (2023: £29.1m inflow)
  - Net debt was £532.3m (31 Dec 23: £537.6m); resilient balance sheet 1.4x levered
  - Dividend increased 1% to 110.0p per share (2023: 109.0p) despite lower earnings

Accelerating actions to grow earnings and improve returns

- **Driving sales growth by stepping up innovation and maximising value of all recent investments**
    - Leveraging proximity to L&R customers as markets continue to fragment
    - Increasing innovation; New and Protected Products (NPP) now 35% of total sales (2023: 33%)
    - Focused on driving returns from period of peak investment including the integration of Solus Biotech

- **Driving margin recovery by increasing asset utilisation and realigning cost base**
    - Prioritising sales volumes at eleven key shared sites to increase utilisation and drive operating leverage
    - Targeting £25m of permanent cost saving benefits in 2025 to largely offset inflation and incremental costs of strategic investments coming online, as part of an initial two-year £40m programme

- **Driving improved returns through these actions and prudent management of invested capital**
    - Investment intensity reducing and capex expected to moderate as growth projects are commissioned

Steve Foots, Chief Executive Officer, comments:

"2024 was another transitional year, following two years of unprecedented demand in 2021 and 2022, with an industry-wide reset from 2023. Consumer Care saw progress in all areas, with another standout performance from Fragrances & Flavours and good growth of New & Protected Products. Life Sciences was impacted by the absence of Covid-19 lipids and weak sales into consumer health markets, but better demand in Crop Protection drove an improved performance in the second half year. Whilst sales growth was lower than we hoped in a subdued demand environment, proactive actions to rebase costs and drive efficiencies enabled us to deliver profits in line with our guidance.

"Our multi-year programme of actions to make Croda more focused and more efficient is beginning to bear fruit with our adjusted operating margin improving half-on-half and strong free cash flow generation. We are accelerating our efforts with an enhanced focus on costs and efficiency which, combined with increased innovation and the growth potential of recent investments, underpin our confidence in delivering earnings growth and improving returns in the future."

Outlook

With sales volumes higher in 2024 and price/mix headwinds likely to diminish, we expect both Consumer Care and Life Sciences to grow sales in 2025, and operational efficiencies to largely offset inflation and the incremental costs of investments coming online. Overall for 2025, we expect Group adjusted profit before tax to be between £265m and £295m at constant currency.

Further information:

An investor presentation will be available via webcast at 0900 GMT on 25 February 2025 at www.croda.com/investors.

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Notes:

Constant currency expectations are based on the Group's average exchange rates through 2024 which were US$1.28 and €1.18. The US Dollar and the Euro 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.

CV19 lipids (shortened to CV19) comprise lipid sales for Covid-19 vaccine applications which totalled £48m in the fourth quarter of 2023. They are excluded from this growth calculation to give a more informative year-on-year comparison, as there were no CV19 lipid sales in 2024.

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;
- Underlying results: these reflect constant currency values adjusted to exclude acquisitions in the first year of impact. They are used by management to measure the performance of each sector before the benefit of acquisitions are included, in order to assess the organic performance of the sector, 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. Underlying results are reconciled to reported results in the review of financial performance section below;
- 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;
- Adjusted operating margin or return on sales: 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 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and adjusted to include EBITDA from acquisitions or disposals in the last 12 month period. EBITDA is adjusted operating profit plus depreciation and amortisation. 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 adjusted for the cash effect of exceptional items less net capital expenditure and payment of lease liabilities, plus interest received. The definition of free cash flow was revised in the prior year to better align with the most directly reconcilable line in the Group's IFRS cash flow statement. 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;
- Return on invested capital (ROIC): this is adjusted operating profit after tax divided by the average adjusted invested capital. Adjusted invested capital represents net assets adjusted for net debt, net retirement benefit assets/(liabilities), earlier goodwill written off to reserves and accumulated amortisation of acquired intangible assets (both net of deferred tax). 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, protected by intellectual property or by unique quality characteristics. NPP is used by management to measure and assess the level of innovation across the Group.

Croda International Plc

Group Performance

We use a number of APMs to assist in presenting information in this statement which are defined on page 3.

Group performance summary

Group sales were £1,628.1m (2023: £1,694.5m), with sales volumes up 7%, price/mix down 6%, a 1% contribution from the Solus Biotech acquisition which completed in July 2023, a 3% adverse impact from the absence of CV19 sales and a 3% headwind from foreign exchange, leading to reported sales down 4% (or down 1% excluding the CV19 sales in the prior year). Lower raw material costs enabled us to selectively reduce prices in support of a recovery in sales volumes.

Higher sales volumes drove a 7% increase in sales in Consumer Care and a 2% increase in Industrial Specialities both at constant currency. Full year sales were 16% lower in Life Sciences including adverse impacts of 8% from the absence of CV19 lipids and 3% from currency translation, reflecting ongoing weakness in consumer health and Crop Protection, but a recovery in Crop helped Life Sciences return to growth in the second half year (ex CV19).

Higher sales in Crop Protection, together with pricing discipline and proactive cost control, resulted in the Group adjusted operating profit margin improving from 16.6% in H124 to 17.7% in H224, resulting in a full year adjusted operating margin of 17.2% (2023: 18.9%), the prior year having benefitted from high margin CV19 sales. Profit before tax (on an IFRS basis) was £207.8m (2023: £236.3m) and adjusted profit before tax was £260.0m (2023: £308.8m) or £273.1m at constant currency, with foreign exchange rates reducing reported PBT by £13.1m.

Free cash flow improved 9% to £181.1m (2023: £165.5m) including a working capital inflow of £20.9m (2023: £29.9m inflow). Our balance sheet remains strong, with a debt leverage ratio of 1.4x (31 Dec 2023: 1.3x), within our target range of one to two times. The Board is proposing a one pence per share increase to the full year dividend to 110p (2023: 109p).

Accelerating actions to grow earnings and improve returns

2024 was another **transitional year** following two years of unprecedented demand and record profits in 2021 and 2022, then an industry-wide reset from 2023 carrying on into 2024. Whilst sales growth was lower than we hoped, proactive actions to reduce costs and drive efficiencies enabled us to deliver profits in line with our guidance. Consumer Care and Industrial Specialities both grew sales on a constant currency basis, and Life Sciences returned to growth in the second half year (ex CV19) with a better performance in both Crop Protection and Seed Enhancement. We delivered a further sequential improvement in adjusted operating margin in the second half year by proactively driving sales volumes to improve capacity utilisation, combined with strong pricing and cost discipline.

Whilst the overall economic backdrop remains subdued, we are benefitting from **more stable customer inventories and demand** in most markets and geographies. In Consumer Care, local and regional (L&R) customers are continuing to grow, whereas conditions for many multinational customers remain more challenging. In Pharma, biopharma markets are improving but consumer health markets remain challenging, particularly in Europe. In Crop Protection, whilst customer inventory levels are mixed, demand has started to improve in the context of stabilising crop commodity prices.

Despite unprecedented fluctuations in sales volumes since 2020 and significant raw material inflation and subsequent deflation, **the financial characteristics of our differentiated business model remain strong**. The margins that we make in our sales prices on raw materials continue to be attractive and stable, free cash flow generation remains strong, and we have increased the full year dividend despite lower earnings.

We are **accelerating our actions to grow earnings and improve returns,** driving sales growth by leveraging our intimacy with smaller customers, stepping up innovation, and driving returns from recent investments, whilst at the same time driving margin expansion through increasing capacity utilisation and realigning our cost base.

- With innovation centres close to customers in key countries worldwide and a direct sales force, our business model is optimised to support customers of all sizes. As markets continue to fragment, we are localising the delivery of innovation in Consumer Care to **enhance our intimacy with L&R customers** which are winning market share, and diversifying our customer base in Crop Protection

- Following a period of reduced customer appetite for new product innovation during the pandemic, we are **stepping up innovation** to meet renewed customer demand. Our innovation pipelines are expanding, with new and protected products (NPP) sales growing at 6% in constant currency to 35% of total sales (2023: 33%) and our priority is to convert these pipelines into commercial sales

- We are in the latter stages of our recent intensive investment cycle which has positioned us well for earnings growth with two new greenfield sites being commissioned in 2025. Our priority is now to **deliver returns from all recent investments**

- Croda is a high value-added ingredients business, focused on value over volume, but with inefficient utilisation remaining a drag on margins, our priority is to **drive sales volumes to increase capacity utilisation** at our larger manufacturing sites

- With cost base inflation ahead of revenue delivery, we are **driving operational efficiencies** to underpin margin progression. We are working to ensure that the actions and benefits achieved through robust control in 2024 are captured permanently and have established a business excellence team to deliver longer-term structural changes as part of our modernisation agenda. Through this multi-year programme, we are targeting £40m of incremental pre-tax benefits over the next two years, including £25m in 2025 which will largely offset inflation and incremental costs of strategic investments being commissioned

Through these actions to drive higher profits, as well as a prudent approach to managing our invested capital, we are committed to improving returns.

Business summary

Consumer Care

- **Sales increased** to £920.0m (2023: £886.1m), up 4% on a reported basis or 7% at constant currency
    - This comprised an 11% increase in sales volumes, with price/mix 5% lower, a 1% acquisition contribution from sales of ceramides and a 3% headwind from foreign currency translation
    - Sales to L&R customers increased 11% at constant currency
- IFRS operating profit was £128.4m (2023: £127.8m). **Adjusted operating profit** was flat at £160.2m (2023: £160.3m), increasing 4% at constant currency. The adjusted operating margin was 17.4% (2023: 18.1%)
- In Consumer Care, we aim to be the most **sustainable** and responsive supplier of **innovative ingredients**:
    - NPP sales grew 11% at constant currency and improved to 43% of total sales (2023: 42%)
    - We provide carbon footprint data for over 2,000 product codes, a leading position in this sector
- **By business unit** (in constant currency):
    - Fragrances and Flavours (F&F) led the way, growing 18%, with continued momentum in the second half year, reflecting its leading position with higher-growth L&R customers
    - Beauty Actives grew 6%, led by Asia (+16%, excluding acquired ceramides) and sales to L&R customers
    - Beauty Care sales were flat with all regions growing other than EMEA, with a 6% increase in NPP sales as we accelerate innovation, and growth in North America aided by market share regains
    - Home Care grew 13% due to its focus on innovative ingredients differentiated by sustainability

Life Sciences

- **Sales** fell to £504.3m (2023: £602.3m), down 16% on a reported basis, or 14% at constant currency
    - This comprised a 3% reduction in sales volumes, with price/mix 4% lower, a 1% acquisition contribution from sales of phospholipids, adverse impacts of 8% from the absence of CV19 lipids and 2% from foreign currency translation
    - Excluding CV19 lipids sales in the prior year, Life Sciences returned to growth in H224 driven by higher sales volumes in Crop Protection and a stronger performance in Seed Enhancement
- IFRS operating profit was £85.5m (2023: £131.7m). **Adjusted operating profit** was £104.0m (2023: £150.3m). The adjusted operating margin improved from 18.3% in H124 to 22.9% in H224 due to higher sales volumes in Crop Protection as well as strong cost control, resulting in a full year adjusted operating margin of 20.6% (2023: 25.0%), the prior year margin having benefitted from high margin CV19 lipid sales
- In Life Sciences our strategy is to empower biologics delivery through the development of **innovative solutions**:
    - NPP sales improved to 31% total sales (2023: 28%) with growth of strategic focus areas in Pharma
- **By business unit** (in constant currency):
    - Pharma sales fell by 2% (ex CV19) with lower sales into consumer health and veterinary markets particularly in Europe, partially offset by growth in delivery systems for protein-based drugs and lipids for drug research
    - Crop Protection sales were down 16% but up 6% in the second half year as demand began to return
    - Seed Enhancement sales were up 1% with our microplastic-free seed coatings continuing to grow

Industrial Specialties

- **Sales** were £203.8m (2023: £206.1m), down 1% on a reported basis and up 2% at constant currency, with a modest increase in the second half year
  - This comprised an 8% increase in sales volumes, with price/mix 6% lower, and a 3% headwind from foreign currency translation
- IFRS operating profit was £13.6m (2023: £12.0m loss) and **adjusted operating profit** was £15.5m (2023: £9.4m). The resulting adjusted operating profit margin of 7.6% (2023: 4.6%) benefitted from positive product mix
- Industrial Specialties is **contributing to the efficiency of our shared manufacturing sites** by helping to optimise utilisation rates through sales to industrial customers, both direct and via a supply agreement, established as part of the sale of the majority of our industrials businesses in 2022:
  - Direct sales grew by 5% in constant currency
  - Sales via the supply agreement fell by 5% in constant currency

Regional summary

- **By business**, Consumer Care grew sales in every region at constant currency whereas Life Sciences was behind in all regions except Asia.
- **By region** (at constant currency):
  - Asia sales were up 7% with growth across the board other than to industrial customers in China
  - Latam was broadly flat with good growth in Consumer Care offset by lower sales in Crop and Pharma
  - North America was broadly flat aided by resilient biopharma / new drug development demand
  - EMEA sales fell 6% with Life Sciences lower, but were flat excluding prior year CV19 sales

A high value-added ingredients business

Croda provides **mission-critical, novel ingredients that represent a fraction of customers' costs but are vital to the performance of their products**. With a portfolio aligned with long-term technology trends, our strategy is well established and has been supported by a period of heightened investment.

Group strategy

We combine market-leading innovation with sustainability leadership to deliver profit growth, ahead of sales growth and ahead of cost growth.

- **Innovation is our key differentiator**, creating new market and technology niches. Our R&D teams now report directly into Consumer Care and Life Sciences, ensuring that our priorities are customer driven. Increasing customer demand for our innovation-led approach is evidenced by NPP growth, more new product development, an increase in application-focused innovation, and more external R&D partnership in areas such as biotech
- For Croda, sustainability has a direct link to commercial value with our ability to provide customers with ingredient options, often unique to Croda, that help them meet their own sustainability commitments. Demand is increasing for our ingredients that are differentiated by their sustainability characteristics, with sales of ECO surfactants and mineral sunscreens, for example, continuing to grow. We are **driving commercial value from our position as a sustainability leader** by expanding our portfolio of sustainable ingredients and providing best-in-class validation data to enable customer decision-making. Cradle-to-gate carbon footprint data is now available for over 1,000 product codes in Life Sciences as well as over 2,000 in Consumer Care, enabling customers to quantify the positive impact on the carbon footprint of their products

Business strategies

- In **Consumer Care**, our leadership in innovative and sustainable ingredients, and the breadth of our ingredient portfolio, customer base and geographic reach are our key strengths. With the continued fragmentation of Consumer Care markets, our leading position with L&R customers, which represent 80% of sales (2023: 77%), is a particularly important source of competitive advantage as these customers win share. Our strategy is to localise the delivery of innovation to meet the specific requirements of consumers in each region, 'widen the gap' in our sustainability leadership, and prioritise selected countries, notably China and India, where we are growing strongly
- In **Life Sciences**, the move to biologics is the principal technology trend in both pharmaceutical and agriculture markets over the next decade. Through the execution of our strategy, we have established our Agriculture businesses as innovation partner for delivery systems to meet the sustainability challenges of conventional pesticide delivery while creating new systems for biopesticides. In Pharma, we have developed a portfolio of delivery systems with a well-diversified risk portfolio combining both near and medium-term growth opportunities. This includes novel technologies that generate revenue at every stage of the development cycle of new drugs, from discovery through to commercial supply

Priorities for 2025

As we accelerate actions to grow earnings and improve returns, **our priorities in 2025** are as follows:

To drive sales growth we are:

1. Leveraging our proximity to L&R customers as our markets continue to fragment
2. Stepping up innovation to meet renewed demand from customers of all sizes
3. Driving growth and returns from all recent investments

To underpin margin recovery we are:

4. Prioritising sales volumes to improve the utilisation and efficiency of our shared manufacturing assets
5. Realigning our cost base with revenues

Investment intensity reducing; positioned for earnings growth

Since 2020, we have completed a number of strategic acquisitions and invested selectively in projects to realign our portfolio with structural drivers of growth, taking net capital expenditure above the historic run-rate of 6-8% of sales. Investment intensity has already begun to moderate and will reduce further as key assets are commissioned in 2025. **Our priority is to deliver returns from recent investments** and we would expect any acquisitions in the near term to be limited to small next-generation technologies.

Net capital expenditure was £137.9m (2023: £170.1m), below our guidance of ~£150m, as we reviewed all projects and carefully considered phasing. We are towards the end of the previously announced £175m Pharma investment programme, so would expect capex to moderate further as we utilise the capacity we have built **and investment in future capacity is highly selective**.

Recent investments in our capital base have strengthened our position as a high value-added ingredients business, positioning us for earnings growth.

In Consumer Care:

- F&F, initially acquired in 2020 as we commenced the transition of our portfolio, is delivering sales growth ahead of its broader markets
- Our investments in Asia are delivering fast growth with Consumer Care sales up 12% in China, 17% in India and 26% in South Korea at constant currency
- Reflecting our continued prioritisation of high-growth markets in Asia, a new surfactants plant in Dahej, India is due to be commissioned in 2025, and a new facility will come on-stream in Guangzhou in 2026 initially to support the continued growth of fragrances in China

In Life Sciences:

- Sales of lipid delivery systems for the development of new nucleic acid-based drugs have continued to grow, up double-digit percentage CAGR since 2020 (ex CV19)
- We are nearing the end of the previously announced £175m Pharma capacity scale-up programme, initially focused on lipids, with approximately £130m invested to date. This programme is being supported by an additional £75m of US and UK Government grants and provides us with the capacity necessary to deliver commercial scale volumes

Our priority is to **drive returns from all investments made as part of our portfolio transition** since 2020. Whilst most are already making a significant contribution to the performance of the Group, we have more work to do to ensure that Solus Biotech, acquired in July 2023, delivers the growth rate and profit conversion it is capable of. We have accelerated the integration of its capabilities into our South Korean business to leverage our global sales network and formulation expertise.

We are committed to prudent management of our invested capital base, as well as driving profit growth, to deliver **consistent improvements in returns on invested capital.**

Driving operational efficiencies

A new organisational structure has been in place since the start of 2024 which makes the Presidents of Consumer Care and Life Sciences fully accountable for strategy and performance. The new organisation has clarified accountabilities, is ensuring we deliver more quickly and effectively for our customers and has simplified our structure for employees.

Enabled by this simpler structure, we have identified significant opportunities to simplify business processes, modernise systems, standardise the way we work and reduce costs. We have created a new centre of business excellence to share best practice and coordinate workstreams that are **targeting operational efficiencies** across supply chain, operations, distribution and back-office support. Cost disciplines that were established in 2024 are also being embedded to ensure that benefits are captured permanently.

In 2025, we are targeting £25m of pre-tax benefits from this multi-year programme, **largely offsetting inflation and the incremental costs that we expect to incur** as our recent strategic investments are commissioned. The benefits will be principally derived from reduced payroll costs and a reduction in other operating expenses. In 2026, we are targeting a further £15m of incremental pre-tax savings, as we realise the early benefits of these efficiency and modernisation workstreams, bringing the total pre-tax benefits to £40m over two years. In addition to any non-cash charges, we estimate that the cash cost to realise these benefits will be approximately £20m, which we expect to be accounted for as exceptional restructuring charges of ~£15m in 2025 and ~£5m in 2026. We will go further to realign our cost base with revenue delivery as necessary, with Stephen Oxley bringing valuable experience in enhancing business performance through transformation when he joins as Chief Financial Officer (CFO) on 1 April 2025.

Outlook

We are **focused on creating significant value for shareholders** through sales growth and adjusted operating margin expansion in Consumer Care and Life Sciences, combined with prudent management of our invested capital base and strong cash flow generation.

With sales volumes higher in 2024 and price/mix headwinds likely to diminish, we expect both Consumer Care and Life Sciences to grow sales in 2025, and operational efficiencies to largely offset inflation and the incremental costs of investments coming online. Overall for 2025, **we expect Group adjusted profit before tax to be between £265m and £295 at constant currency**.

Croda will report sales performance quarterly during 2025 and we will provide an update on first quarter trading at the AGM on 23 April 2025.

Technical foreign exchange guidance

Constant currency expectations are based on the Group's average exchange rates through 2024 which were US$1.28 and €1.18. The US Dollar and the Euro 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.

Business review – Consumer Care

In Consumer Care, our leadership in innovative and sustainable ingredients, and the breadth of our ingredient portfolio, customer base and geographic reach are our key strengths. With the continued fragmentation of Consumer Care markets, our leading position with local and regional (L&R) customers is a particularly important source of competitive advantage as these customers win share. Consumer Care comprises four business units (% of total sales rounded to the nearest 5%):

- **Beauty Actives** (c20%) is a leader in peptides – the most effective ingredient for preventing skin ageing, biotech-derived ingredients, botanicals and ceramides for rapid skin moisturisation
- **Beauty Care** (c45%) comprises ‘effect’ ingredients – such as hair care proteins and mineral sunscreens, and ‘formulation’ ingredients which make up the structural chassis of customer formulations, many of which are differentiated by their sustainability profile
- **Fragrances and Flavours (F&F)** (c30%) 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** (c5%) 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 2024

Consumer Care	2024 £m	2023 £m	Change	Constant currency change
Beauty Actives sales			3%	6%
Beauty Care sales			(3)%	0%
F&F sales			15%	18%
Home Care sales			9%	13%
Total Consumer Care sales	920.0	886.1	4%	7%
Adjusted operating profit	160.2	160.3	(0)%	4%
Adjusted operating margin	17.4%	18.1%	(0.7)ppts	
IFRS operating profit	128.4	127.8	1%	

Consumer Care grew sales by 4% on a reported basis or 7% at constant currency. Sales growth was driven by an 11% increase in sales volumes, reflecting more stable customer inventory levels and demand. Price/mix was 5% lower as we took advantage of lower raw material costs to reduce prices in certain business units, with the margin that we make on raw materials in our sales prices stable. Acquisitions added 1% from sales of ceramides in H1 following the Solus Biotech acquisition, whilst foreign currency translation was a 3% headwind.

Adjusted operating profit increased 4% with the second half adjusted operating margin down slightly on H1 due to the mix impact of continued strong F&F sales, but significantly ahead of the same period last year due to higher sales volumes and robust cost control.

Strategic progress

In Consumer Care, we aim to be the most responsive and sustainable supplier of innovative ingredients. Our strategy is to localise the delivery of innovation to meet the specific requirements of consumers in each region, ‘widen the gap’ with competitors in our sustainability leadership, and prioritise selected countries, notably China and India, where we are growing strongly.

Innovation – our key differentiator

Our innovation pipelines are expanding as customer demand increases for our innovation-led approach:

- NPP sales grew 11% at constant currency and improved to 43% of total sales (2023: 42%)
- We are developing and launching more new products including:
    - Luceane, obtained from the bio-fermentation of a marine micro-organism, and proven to reduce premature skin ageing by five years in one month, as well as immediately reducing skin fatigue
    - New hair care ingredients derived from ceramides, currently used for skin care, such as Shingo’HAIR DryPure which promotes scalp health
- A rapid increase in application-focused innovation, driven directly by customer requests, which often results in the creation of new formulation ingredients, such as new emulsifiers and surfactants that are PEG-free

Localising innovation delivery

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. We are localising the delivery of innovation to meet the specific requirements of consumers in each region, and to enhance our intimacy with 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 11% in constant currency
- They now represent 80% of Consumer Care sales (2023: 77%)

Widening the gap in our sustainability leadership

With sustainability continuing to influence customer buying behaviour, we are seeking to leverage our leadership position through the creation of new sustainable ingredients and verification data to prove our claims:

- Demand is increasing for our ingredients that are differentiated by their sustainability characteristics including strong double-digit percentage increases in sales of ECO surfactants and mineral sunscreen dispersions
- Sector-leading product-level carbon footprint data is now available for ~1,500 product codes in Beauty Care and ~600 in Home Care, enabling customers to make informed decisions about the carbon footprint of their formulations
- We are increasing transparency and traceability of our natural raw material supply chains, building customer confidence in ingredient integrity

Driving fast growth in Asia

Whilst Consumer Care grew sales in every region, Beauty sales were strongest in Asia, up 10% (at constant currency and excluding sales of ceramides acquired in July 2023):

- The key Asian markets of China, India and South Korea grew 11%, 18% and 26% respectively at constant currency, leveraging our excellent relationships with L&R customers and investment in R&D and sales in recent years
- Asia remains the primary focus of Consumer Care investment with selective expenditure in new manufacturing capacity. A new surfactants plant in Dahej, India is due to be commissioned in early 2025, and a new facility will come on-stream in Guangzhou in 2026, initially to support the continued growth of fragrances in China

Extracting value from recent investments

We are committed to capturing the full potential of recent acquisitions, including Solus Biotech in South Korea completed in July 2023. Whilst its biotech-derived active ingredients, such as ceramides, are excellent additions to our portfolio, growth rates should be higher. We have accelerated implementation of our integration plan:

- Integrating the business with our South Korean operations and exiting all distributor agreements
- Accelerating global sales by leveraging Croda's global selling network, with dedicated business development leads in each region
- Developing ceramides that are easier for customers to formulate

Business unit commentary

Fragrances and Flavours (F&F)

F&F led the way with sales up at 18% in constant currency and the business delivering higher sales growth than competitors. This excellent performance reflects its leading position with higher-growth L&R customers. Growth was well balanced across both Fragrances and Flavours and was driven by a combination of higher sales with existing customers, market share gains and new technologies. Focus areas for innovation include micro-encapsulation with new patents filed in year, and odour-neutralising fragrances that are biodegradable. Capital continues to be allocated to this business to sustain growth, with a new R&D centre now open in Dubai, the expansion of fine fragrances at our dedicated facility in Grasse in France, and ongoing construction of a new manufacturing facility in China which will be in partnership with Beauty Actives.

Beauty Actives

Beauty Actives grew 6%, in constant currency, driven by a 16% increase in sales to Asia (excluding acquired ceramides) including double-digit percentage growth in China where the business has excellent relationships with L&R customers which are winning market share. Whilst peptides drove the sales growth, new product development is also focused on biotech-based ingredients and ceramides, leveraging the combined expertise of teams in France and South Korea.

Beauty Care

Beauty Care sales were flat with a 9% increase in sales volumes offset by lower price/mix, and the margins that we make on raw materials in our sales prices were higher than the prior year. Beauty Care grew in all regions at constant currency other than Europe, with sales in North America benefiting from regained business that we lost in 2022 due to our inability to meet all of the demand for certain ingredients at the peak of restocking. Performance also benefitted from our focus on contract manufacturers as an additional route to independent brands, who we can support through our expertise in trends and formulation. We are accelerating innovation to enhance portfolio differentiation, with NPP sales growing 6% at constant currency and a significant increase in projects undertaken in close collaboration with customers to meet their precise performance requirements and specific growth opportunities. To underpin consistent plant utilisation, we are also managing sales volumes at the lower end of the Beauty Care portfolio where there is less differentiation, for example through greater flexibility in pricing for certain product / customer combinations.

Home Care

Home Care grew 13% at constant currency with strong volumes and good growth in all regions driven by demand for its innovative ingredients differentiated by sustainability and strong performance claims.

Business review – Life Sciences

Life Sciences focuses on providing delivery systems for active pharmaceutical and agricultural products. Our technologies deliver the active ingredient, improve its efficacy, and solve challenges of stability and sustainability in customer formulations. It comprises three business units (% of total sales rounded to the nearest 5%):

- **Pharma** (c.55% of sector sales) targets leadership in biologics drug delivery, providing excipients and adjuvants for drugs through synthesis, purification, formulation and application technology know-how
- **Crop Protection** (c.30% of sector sales) has leading relationships with the major crop science companies, offering ingredients that improve performance and delivery of crop protection formulations
- **Seed Enhancement** (c.15% of sector sales) leverages our leadership in seed coating systems and enhancement technologies to improve germination, stimulate development of seeds and increase crop yields

Performance in 2024

Life Sciences	2024 £m	2023 £m	Change	Constant currency change	2023 £m (ex CV19*)	Change (ex CV19*)	Constant currency change (ex CV19*)
Pharma sales			(18)%	(16)%		(5)%	(2)%
Crop Protection sales			(19)%	(16)%			
Seed Enhancement sales			(2)%	1%			
Total Life Sciences sales	504.3	602.3	(16)%	(14)%	554.3	(8)%	(6)%
Adjusted operating profit	104.0	150.3	(31)%	(27)%			
Adjusted operating margin	20.6%	25.0%	(4.4)ppts				
IFRS operating profit	85.5	131.7	(35)%				

*Where indicated, sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation to give a more informative year-on-year comparison, as there were no CV19 lipid sales in 2024.

Life Sciences sales fell 16%, comprising a 3% reduction in sales volumes, with price/mix 4% lower, a 1% acquisition contribution from sales of phospholipids, and adverse impacts of 8% from the absence of CV19 lipids and 2% from foreign currency translation. Life Sciences returned to growth in the second half year, with sales up 6% (ex CV19, at constant currency) driven by an improved performance in our Agriculture businesses – both Crop Protection and Seed Enhancement.

The adjusted operating margin improved from 18.3% in H124 to 22.9% in H224 due to higher sales volumes in Crop Protection as well as strong cost control, resulting in a full year adjusted operating margin of 20.6% (2023: 25.0%), the prior year margin having benefitted from high margin CV19 lipid sales.

Strategic progress

Over the next decade, the move to biologics is the principal technology trend in both pharmaceutical and agricultural markets. In Life Sciences, we aim to empower biologics delivery through the development of innovative solutions.

Through execution of our strategy, we have established our Agriculture businesses as innovation partner for delivery systems, creating new systems specifically for the delivery of biopesticides and meeting the sustainability challenges of conventional pesticide delivery and seed solutions.

In Pharma, we have developed a portfolio of delivery systems that generate revenue at every stage of the development cycle of new drugs, from discovery through to commercial supply. Our portfolio includes an increasing number of novel technologies focused on segments with the highest innovation needs, and has a well-diversified risk profile combining both near and medium-term growth opportunities. Growth of our existing business will be supplemented by opportunities for breakout growth as new drugs that we are supporting are commercialised and we bring our own new drug delivery technologies to market.

Innovation – our key differentiator

NPP improved to 31% of total sales (2023: 28%) as our strategic growth areas in Pharma grew more quickly than sales for consumer health applications.

In Pharma, innovation pipelines are expanding rapidly:

- Customer new drug pipelines are growing and maturing as new drugs progress through clinical trials:
    - Globally, there are 1,700 RNA therapeutics under development across mRNA and gene editing, with the number increasing rapidly. Moderna's mRNA vaccine for RSV was approved in 2024 and GSK, Pfizer and Moderna are developing vaccines for flu that are expected to commercialise in 2025 or 2026. New Nucleic Acid therapeutics require bespoke delivery systems, playing to our strengths
    - As adjuvant systems are semi-active substances critical to the efficacy of new vaccines, we have good visibility of the clinical trials in the market and the future systems required. There are now ~1,500 therapeutic vaccines undergoing clinical trials with an additional 280 now marketed, up from 140 in 2022
- We are executing against our plan for launching new technologies:
    - Our novel, lipid-based synthetic alternative to an adjuvant already used in shingles, malaria and RSV vaccines, has been included in 80 active customer projects spanning research and clinical phases
    - Virodex, our sustainable alternative to a bioprocessing aid now banned in Europe, delivered early sales in 2024 across 10 projects with over 150 other opportunities being pursued
    - We have just launched Super-Refined Poloxamer 188, leveraging our refining and purification expertise. It is an aid to cell growth that is used during upstream bioprocessing, delivering excellent cell culture performance and batch-to-batch consistency, and therefore lowering biomanufacturing risk
- We are driving partnership opportunities to enhance our in-house capabilities
    - With vaccine adjuvants a particular focus of our sustainability strategy for Pharma, our fermentation-derived squalene adjuvant, developed via an exclusive licensing agreement with Amyris, provides a sustainable replacement for shark-derived material, and is currently under advanced evaluation by global pharma companies

In Agriculture, we develop sustainable solutions to improve yields, accelerate the transition to biopesticides and contribute to food security. All technologies launched in 2024 are contributing sales including:

- Our first dedicated delivery system for biopesticides
- A delivery system optimised for application by drone, now available across Asia after good uptake in China
- Additions to our range of seed coatings that are free from micro-plastics, which grew well reflecting our market-leading position ahead of the ban on microplastics in seeds in Europe by 2028. These coatings are being sold across Europe, North America and Latin America, and are in final test stages with major seed companies

Looking ahead, our internal innovation pipelines and Agriculture product launches for 2025 are focused on:

- Biodegradability – aligned with customer demand
- Biopesticides – with the US Environmental Protection Agency estimating that biopesticides now represent 75% of applications for new pesticides and R&D programmes in place at all major customers
- Biologicals more broadly – including technologies for delivering sensitive microbes on seeds

Extracting value from investments

Whilst our Crop Protection business will benefit from the commissioning of our new surfactants plant in India in 2025, Pharma has been the principal beneficiary of capital allocated to Life Sciences since 2020 due to its potential for significant incremental growth at superior returns. We are capturing the full potential of acquisitions and organic investments by:

- Driving the sales of phospholipids, acquired with Solus Biotech, through our global selling network
- Leveraging the Alabaster site in Alabama, USA as our centre of excellence for lipid development providing R&D, process development, analysis, small-scale manufacturing and regulatory support. We are also expanding our lipid portfolio and leveraging the Avanti brand to access research customers
- Transferring larger-scale manufacturing and enabling future growth at a new multi-purpose facility in Lamar, Pennsylvania, due to commence production in H2 and built with US Government support
- Expanding our cGMP lipid manufacturing capabilities in Leek, Staffordshire with UK Government support, to provide a second lipid production facility in Europe

We are nearing the end of the previously announced £175m Pharma investment programme and expect capex to moderate in 2025 as new assets are commissioned.

Leadership

Thomas Riermeier joins Croda as President of Life Sciences in April 2025. He has excellent knowledge of both the chemical and pharmaceutical industries having previously led the Health Care business at Evonik Industries AG. In this role he was responsible for drug substances, drug delivery and products, and health solutions, including lipid delivery systems for nucleic acid-based vaccines and drugs.

Business unit commentary

Pharma

Pharma sales fell by 2% excluding the impact of currency translation and £48m of CV19 lipid sales in the prior year. Following the acquisition of Solus Biotech in July 2023, there was a 1% inorganic contribution from phospholipid sales for both intravenous nutrition and as delivery systems for pharma actives. With biopharma demand improving through the year, sales of lipids for drug research and delivery systems for protein-based drugs, both strategic growth areas for Croda, continued to grow. By contrast, sales into consumer health and veterinary markets fell particularly in Europe, and Adjuvant Systems was impacted by the normalisation of CV19 demand. As a result, sales were higher in Asia and North America, important regions for drug development, but fell in EMEA and Latam, where consumer health represents a larger proportion of sales. In response to challenging conditions in consumer health markets, we are refocusing resources to drive an improvement in sales, supported by ongoing flexibility in price.

Crop Protection

Crop Protection sales fell 16% at constant currency, comprising a 31% decline in H124 against a very strong comparator period and a 6% increase in H224 when volumes started to recover. While customer inventory levels remain mixed, demand has begun to improve in the context of stabilising crop commodity prices. Our continued development of business with fast-growing local and regional crop protection companies delivered positive sales and volume impact despite the challenging market environment.

Seed Enhancement

Seed Enhancement sales grew 1% at constant currency with the second half weighting more pronounced than usual. Adverse weather conditions and falling commodity prices earlier in the year adversely impacted field crop sales but the vegetable services business performed well, particularly in EMEA, positively impacting business mix.

Business review – Industrial Specialties

Croda's Industrial Specialties business is not a priority for capital allocation, but it plays an important role in our integrated Group manufacturing model. The business contributes to the efficiency of our shared manufacturing site model by helping to optimise utilisation rates, maximising sales into value-added industrial applications using Croda's core chemistries, and operating a supply contract established as part of the divestment of the industrial businesses in June 2022.

2024 performance

Industrial Specialities	**2024 £m**	2023 £m	Change	Constant currency change
Direct sales			2%	5%
Sales via supply agreement			(8)%	(5)%
Total Industrial Specialities sales	203.8	206.1	(1)%	2%
Adjusted operating profit	15.5	9.4	65%	73%
Adjusted operating margin	7.6%	4.6%	3.0ppts	
IFRS operating profit	13.6	(12.0)	–	

Industrial Specialties sales were £203.8m (2023: £206.1m), down 1% on a reported basis and up 2% at constant currency, with industrial demand more stable following a progressive decline in 2023, and a modest increase in H2. Sales comprised a 9% increase in volumes, with price/mix 7% lower, and an 3% headwind from foreign currency translation. The margin that we make on raw materials in our sales prices was robust and stable. At constant currency, direct sales by Croda to industrial customers grew by 5% and sales via the supply agreement fell by 5%.

Adjusted operating profit was £15.5m (2023: £9.4m) with the associated adjusted operating margin of 7.6% (2023: 4.6%) benefitting from favourable product mix particularly in the first half year.

Non-financial performance

Higher sales of New and Protected Products reflecting strong customer demand for innovation

Our principal measure of innovation is sales of New and Protected Products (NPP) which are defined as sales protected by virtue of being newly launched, protected by intellectual property or by unique quality characteristics. We measure both NPP sales as a proportion of total sales and NPP sales growth:

- NPP increased to 35% of total sales (2023: 33%), driven by continued increases in the proportion of NPP sales, with the proportion increasing in all three businesses
    - In Consumer Care, NPP improved to 43% of total sales (2023: 42%)
    - In Life Sciences, NPP improved to 31% of total sales (2023: 28%) as our strategic growth areas in Pharma grew more quickly than sales for consumer health applications
- Group NPP sales grew 6% at constant currency driven by an 11% increase in Consumer Care

Continued progress delivering our sustainability commitment

We continue to be recognised for our sustainability leadership in the most robust global rankings including MSCI (which rated us 'triple A'), CDP, and FTSE4Good.

We are committed to being the most sustainable supplier of innovative ingredients by having positive impacts on climate, nature, and society globally.

To be **Climate Positive**, we will reduce operational greenhouse gas emissions by 46.2% between 2018 and 2030, in line with our verified science-based target (SBT), making a contribution to limiting global temperature rise to no more than 1.5°C above pre-industrial level:

- Our scope 1 and 2 emissions were 111,832 tCO_2e (2023: 104,462 tCO_2e restated)
- We have met our 2024 interim target of a greater than 25% reduction from our 2018 baseline and are on-track to meet our 2030 SBT

Our **Land Positive** objective helps drive our positive impacts on nature:

- We have saved a cumulative total of 289,000 hectares of land between 2020 and 2024 through the use of our crop and seed technologies to improve yields. This benefits nature in alleviating the pressure to convert more land to agricultural uses

Our **People Positive** objective covers both our employees and wider society:

- Croda Foundation has supported 45 projects to sustainably improve 22.8m lives globally having committed ~£5m in project funding since it was founded in 2021
- Our Total Recordable Injury Rate ("TRIR") fell to 0.47 (2023: 0.72) as we continued to set the example of living safety as a value through our leadership behaviours

Financial performance

Performance enhanced by cost and capital discipline

Group sales grew 2% at constant currency (ex CV19) as we proactively drove sales volumes and as a consequence improved our capacity utilisation. Our financial performance benefitted from proactive cost discipline and strict control of discretionary expenditure alongside strong pricing and capital discipline. Cost control actions included freezing recruitment, minimising travel, optimising production and accelerating the integration of acquisitions. Many of the self-help measures that we introduced in 2024 are the right thing to do for the business over the longer term as well as having a positive impact on Group adjusted operating margin in the year. For 2025, our objective is that continued proactive cost control and the early benefits of further operational efficiencies and modernisation initiatives will significantly offset the impacts of inflation and the incremental costs associated with recent strategic investments being commissioned. These investments have realigned our portfolio with structural drivers of growth in our markets, positioning us for future earnings growth and improving returns.

Currency translation

Sterling strengthened against both the US Dollar, at US$1.28 (2023: US$1.24) and against the Euro, at €1.18 (2023: €1.15). Currency translation reduced sales by £52.1m and adjusted operating profit by £13.9m. This was driven by both the strength of Sterling against the US Dollar and the Euro (which together represent approximately 65% of the Group's currency translation exposure) 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.

Sales

Group sales were £1,628.1m (2023: £1,694.5m), impacted by higher sales volumes, lower price/mix, the absence of lipid sales for CV19 vaccine applications that totalled £48m in the prior year, a 3% headwind from foreign exchange and a 1% inorganic contribution from the Solus Biotech acquisition which completed in July 2023. Our approach is to disclose the impact of acquisitions separately in their first year of ownership, so the acquisition benefit from Solus Biotech comprises its sales and profit contribution in the first half year. We have also disclosed below quarterly sales performance as we will continue to report sales performance quarterly during 2025.

Sales (ex CV19* where indicated)	2024 £m	2023 £m	Constant Currency Change	Change	2024 £m	2023 (ex CV19*) £m	Constant Currency Change (ex CV19*)	Change (ex CV19*)
Consumer Care	920.0	886.1	7%	4%	920.0	886.1	7%	4%
Life Sciences	504.3	602.3	(14)%	(16)%	504.3	554.3	(6)%	(8)%
Industrial Specialties	203.8	206.1	2%	(1)%	203.8	206.1	2%	(1)%
Group	1,628.1	1,694.5	(1)%	(4)%	1,628.1	1,646.5	2%	(1)%

Sales	2024 £m	Price/mix	Volume	Acquisition	CV19 lipids*	Currency	2023 £m	Change
Consumer Care	920.0	(4.8)%	11.4%	0.6%	-	(3.4)%	886.1	3.8%
Life Sciences	504.3	(3.7)%	(2.9)%	0.8%	(8.0)%	(2.5)%	602.3	(16.3)%
Industrial Specialties	203.8	(6.4)%	8.5%	-	-	(3.3)%	206.1	(1.2)%
Group	1,628.1	(5.5)%	6.9%	0.6%	(2.8)%	(3.1)%	1,694.5	(3.9)%

Quarterly sales £m	Consumer Care	Life Sciences	Industrial Specialties	Group	Life Sciences (ex-CV19)*	Group (ex-CV19)*	Year-on-year change
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	(14)%
Q2 2024	231.6	124.4	51.4	407.4	124.4	407.4	1%
Q3 2024	228.1	128.8	49.7	406.6	128.8	406.6	5%
Q4 2024	223.5	129.3	52.8	405.6	129.3	405.6	7%
Half yearly sales £m	**Consumer Care**	**Life Sciences**	**Industrial Specialties**	**Group**	**Life Sciences (ex-CV19)***	**Group (ex-CV19)***	**Year-on-year change**
H1 2023	455.6	303.2	122.1	880.9	303.2	880.9	–
H2 2023	430.5	299.1	84.0	813.6	251.1	765.6	–
H1 2024	468.4	246.2	101.3	815.9	246.2	815.9	(7)%
H2 2024	451.6	258.1	102.5	812.2	258.1	812.2	6%

*Where indicated Life Sciences and Group sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation to give a more informative year-on-year comparator, as there were no CV19 lipid sales in 2024.

Profit and margin

	2024			2023		
	IFRS £m	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Sales	1,628.1	–	1,628.1	1,694.5	–	1,694.5
Cost of sales	(894.2)	–	(894.2)	(964.5)	–	(964.5)
Gross profit	733.9	–	733.9	730.0	–	730.0
Operating costs	(506.4)	(52.2)	(454.2)	(482.5)	(72.5)	(410.0)
Operating profit	227.5	(52.2)	279.7	247.5	(72.5)	320.0
Net interest charge	(19.7)	–	(19.7)	(11.2)	–	(11.2)
Profit before tax	207.8	(52.2)	260.0	236.3	(72.5)	308.8
Tax	(48.2)	11.6	(59.8)	(64.2)	9.5	(73.7)
Profit after tax	159.6	(40.6)	200.2	172.1	(63.0)	235.1

	2024			2023		
Operating profit	**IFRS £m**	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Consumer Care	128.4	(31.8)	160.2	127.8	(32.5)	160.3
Life Sciences	85.5	(18.5)	104.0	131.7	(18.6)	150.3
Industrial Specialties	13.6	(1.9)	15.5	(12.0)	(21.4)	9.4
Group	227.5	(52.2)	279.7	247.5	(72.5)	320.0

Adjustments	**2024 £m**	2023 £m
Business acquisition costs	–	(9.6)
Restructuring costs	(3.0)	(5.4)
Business transformation costs	(3.5)	–
Environmental provision	(8.5)	–
Impairment	–	(20.8)
Amortisation of intangible assets arising on acquisition	(37.2)	(36.7)
Total adjustments	(52.2)	(72.5)

Adjusted operating profit	**2024 £m**	Underlying growth £m	Acquisition impact £m	Constant currency change	Currency impact £m	2023 £m	Change
Consumer Care	160.2	7.2	(0.1)	4.4%	(7.2)	160.3	(0.1)%
Life Sciences	104.0	(39.7)	(0.6)	(26.8)%	(6.0)	150.3	(30.8)%
Industrial Specialties	15.5	6.8	-	72.6%	(0.7)	9.4	64.9%
Operating profit	279.7	(25.7)	(0.7)	(8.2)%	(13.9)	320.0	(12.6)%
Net interest	(19.7)					(11.2)	
Profit before tax	260.0					308.8	(15.8)%

Cost of sales benefitted from a reduction in raw material costs, which fell ~4% following a ~12% reduction in 2023. Lower raw material costs enabled us to selectively reduce prices in certain business units with the margin that we make in our sales prices on these raw materials robust and broadly in line with the pre-pandemic period. Aided by lower prices, we delivered a 9% increase in sales volumes in both Beauty Care and Industrial Specialties, which account for almost 70% of volumes at our 11 shared manufacturing sites, thereby improving asset utilisation and benefiting adjusted operating margins. We expect a small increase in the average cost of raw materials in the first quarter of 2025 driven by the rising cost of bio-based raw materials, notably palm oil derivatives. With raw material costs expected to rise modestly in 2025, the headwinds that we have seen from price/mix are expected to diminish. People and freight costs were higher as anticipated, with energy costs lower.

IFRS operating profit was £227.5m (2023: £247.5m). IFRS operating profit included a charge for adjusting items of £52.2m (2023: £72.5m), comprising a £37.2m (2023: £36.7m) charge for amortisation of acquired intangibles, an increase in environmental provisions of £8.5m (2023: nil increase), restructuring costs associated with changes to the Group's operating model of £3.0m (2023: £5.4m), and business transformation costs of £3.5m (2023: nil) principally relating to our Enterprise Resource Planning (ERP) system.

Group adjusted operating profit was £279.7m (2023: £320.0m). The full year adjusted operating profit margin of 17.2% (2023: 18.9%) was adversely impacted by investment costs, inflation, the absence of CV19 lipid sales and the partial unwind of the benefit we saw in 2023 from a negligible variable remuneration charge. The adjusted operating margin improved from 16.6% in H124 to 17.7% in H224 driven by robust cost discipline and better capacity utilisation as sales volumes began to recover in Crop Protection which also uses our shared sites for its manufacturing.

Net finance costs were £19.7m (2023: £11.2m), in line with our guidance; we expect a further small increase in net finance costs in 2025. Profit before tax (on an IFRS basis) was £207.8m (2023: £236.3m) and adjusted profit before tax was £260.0m (2023: £308.8m) or £273.1m at constant currency.

The effective tax rate on adjusted profit was 23.0% (2023: 23.9%) and the effective tax rate on IFRS profit was 23.2% (2023: 27.2%). IFRS basic earnings per share (EPS) were 113.5p (2023: 122.5p) and adjusted basic EPS were 142.6p (2023: 167.6p).

Cash flow

	Full year ended 31 December	
Cash flow	**2024 £m**	2023 £m
Adjusted operating profit	279.7	320.0
Depreciation and amortisation	98.6	89.5
Adjusted EBITDA	378.3	409.5
Working capital	20.9	29.1
Interest & tax paid	(84.4)	(93.5)
Non-cash pension expense	2.9	(4.4)
Share-based payments	5.0	(4.2)
Other cash movements	(3.3)	1.0
Net cash generated from operating activities	319.4	337.5
Net capital expenditure	(137.9)	(170.1)
Interest received	6.9	8.3
Payment of lease liabilities	(17.5)	(17.0)
Exceptional items cash outflow add back	10.2	6.8
Free cash flow	181.1	165.5
Dividends	(152.2)	(150.7)
Acquisitions	-	(241.8)
Business disposal	(6.8)	(4.6)
Exceptional items cash outflow	(10.2)	(7.9)
Other cash movements	(5.2)	(10.3)
Net cash flow	6.7	(249.8)
Net movement in borrowings	(9.0)	125.1
Net movement in cash and cash equivalents	(2.3)	(124.7)

Proactive cash flow management yielded good results with improved free cash flow of £181.1m (2023: £165.5m). This included a working capital inflow of £20.9m (2023: £29.1m inflow) which benefitted from payment of a CV19 lipid receivable from 2023 as well as careful management of net working capital days.

Continued balance sheet strength

Enhanced by improved free cash flow, our balance sheet remains strong.

Net capital expenditure fell to £137.9m (2023: £170.1m) as we reviewed capital commitments and phasing. We are towards the end of the previously announced Pharma investment programme so would expect capex to moderate further as we utilise the capacity we have built and investment in future capacity is highly selective. We expect depreciation to increase by approximately £10m in 2025, partially driven by the impact of new facilities commencing operations (notably in Lamar, USA and Dahej, India).

Building on our record of consistent distribution to shareholders, the Board is proposing to increase the full year dividend to 110p (2023: 109p), despite temporarily taking us above our stated percentage of adjusted profit after tax, reflecting its confidence in delivery of future earnings growth.

Closing net debt was £532.3m (31 Dec 23: £537.6m), with a leverage ratio of 1.4x adjusted EBITDA (31 Dec 23: 1.3x), within our 1-2x target range.

In October 2024, we successfully refinanced our bank Revolving Credit Facility with a new five-year £630m multi-currency facility. As at 31 December 2024, the Group had committed funding in place of £1,075.8m, with undrawn long-term committed facilities of £418.0m and £166.8m in cash.

Capital allocation policy

We allocate capital in line with the following priorities:

1. Reinvest for growth – investment in organic capital expenditure to drive shareholder value creation through new capacity, product innovation and expansion in attractive geographic markets to drive sales and profit growth
2. Provide regular returns to shareholders – pay a regular dividend to shareholders, representing 40 to 50% of adjusted profit after tax over the business cycle
3. Acquire disruptive technologies – target technology acquisitions in existing and adjacent markets

4. Maintain an appropriate balance sheet and return excess capital – maintain an appropriate balance sheet to meet future investment and trading requirements, targeting a leverage ratio of 1 to 2x over the medium-term cycle. We consider returning excess capital to shareholders when leverage falls below our target range and sufficient capital is available to meet our investment opportunities

Retirement benefits

The post-tax asset on retirement benefit plans at 31 December 2024, measured on an accounting valuation basis under IAS-19, improved to £77.7m (31 Dec 2023: £64.9m). 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.

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 for the year ended 31 December 2024. Our risk management processes and policies remain largely consistent with prior year, with minor adjustments being made in conjunction with the deployment of a new integrated risk management system. The Group's principal risks, as reported in the financial statements for the year ended 31 December 2024, 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.

During our periodic risk reviews, we confirmed that all principal risks reported in 2023 remain relevant and no new principal risks were identified. The risks and opportunities associated with digital technology innovation increased in 2024 due to the rapid advancement of Artificial Intelligence. Management of business change risk also intensified in 2024. Effective change management becomes increasingly critical as new facilities are commissioned (following a recent period of intensive investment) and with the initiation of new efficiency and modernisation workstreams.

Croda International Plc
Summary Financial Statements for the Year Ended 31 December 2024

Group Income Statement

for the year ended 31 December 2024

	Note	2024 Adjusted £m	2024 Adjustments £m	2024 Reported Total £m	2023 Adjusted £m	2023 Adjustments £m	2023 Reported Total £m
Revenue	2	1,628.1	–	1,628.1	1,694.5	–	1,694.5
Cost of sales		(894.2)	–	(894.2)	(964.5)	–	(964.5)
Gross profit		733.9	–	733.9	730.0	–	730.0
Operating costs		(454.2)	(52.2)	(506.4)	(410.0)	(72.5)	(482.5)
Operating profit	2	279.7	(52.2)	227.5	320.0	(72.5)	247.5
Financial costs	3	(31.0)	–	(31.0)	(26.0)	–	(26.0)
Financial income	3	11.3	–	11.3	14.8	–	14.8
Profit before tax		260.0	(52.2)	207.8	308.8	(72.5)	236.3
Tax	4	(59.8)	11.6	(48.2)	(73.7)	9.5	(64.2)
Profit after tax for the year		200.2	(40.6)	159.6	235.1	(63.0)	172.1
Attributable to:							
Non-controlling interests		1.1	–	1.1	1.1	–	1.1
Owners of the parent		199.1	(40.6)	158.5	234.0	(63.0)	171.0
		200.2	(40.6)	159.6	235.1	(63.0)	172.1

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

		Pence Adjusted	Pence Reported Total	Pence Adjusted	Pence Reported Total
Earnings per 10.61p ordinary share					
Basic	5	142.6	113.5	167.6	122.5
Diluted		142.5	113.5	167.4	122.3
Ordinary dividends paid in the year					
Interim	6		47.0		47.0
Final	6		62.0		61.0

Group Statement of Comprehensive Income

for the year ended 31 December 2024

	2024 £m	2023 £m
Profit after tax for the year	159.6	172.1
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of post-retirement benefit obligations	15.5	(23.3)
Tax on items that will not be reclassified	(3.9)	5.5
	11.6	(17.8)
Items that have been or may be reclassified subsequently to profit or loss:		
Currency translation	(90.3)	(58.4)
Cash flow hedging	–	(19.3)
	(90.3)	(77.7)
Other comprehensive expense for the year	(78.7)	(95.5)
Total comprehensive income for the year	80.9	76.6
Attributable to:		
Non-controlling interests	0.9	0.1
Owners of the parent	80.0	76.5
	80.9	76.6
Arising from:		
Continuing operations	80.9	76.6

Group Balance Sheet

at 31 December 2024

	Note	**2024 £m**	2023 £m
Assets			
Non-current assets			
Intangible assets	7	1,310.6	1,408.5
Property, plant and equipment	8	1,082.9	1,044.0
Right of use assets		85.0	87.5
Investments		1.9	1.9
Deferred tax assets		14.7	14.4
Retirement benefit assets	9	130.0	113.5
		2,625.1	2,669.8
Current assets			
Inventories		367.9	341.2
Trade and other receivables		349.5	395.7
Cash and cash equivalents		166.8	172.5
		884.2	909.4
Liabilities			
Current liabilities			
Trade and other payables		(274.0)	(252.0)
Borrowings and other financial liabilities		(35.0)	(36.7)
Lease liabilities		(13.2)	(13.7)
Provisions	9	(6.5)	(8.6)
Current tax liabilities		(7.8)	(9.2)
		(336.5)	(320.2)
Net current assets		547.7	589.2
Non-current liabilities			
Borrowings and other financial liabilities		(580.2)	(588.4)
Lease liabilities		(70.7)	(71.3)
Other payables		(1.1)	(1.1)
Retirement benefit liabilities	9	(25.7)	(26.8)
Provisions	9	(17.3)	(10.5)
Deferred tax liabilities		(180.9)	(192.8)
		(875.9)	(890.9)
Net assets		2,296.9	2,368.1
Equity			
Ordinary share capital		15.1	15.1
Share premium account		707.7	707.7
Reserves		1,559.7	1,629.7
Equity attributable to owners of the parent		2,282.5	2,352.5
Non-controlling interests in equity		14.4	15.6
Total equity		2,296.9	2,368.1

Group Statement of Changes in Equity

for the year ended 31 December 2024

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Non controlling interests £m	Total equity £m
At 1 January 2023		15.1	707.7	47.1	1,645.7	15.5	2,431.1
Profit after tax for the year		–	–	–	171.0	1.1	172.1
Other comprehensive expense		–	–	(76.7)	(17.8)	(1.0)	(95.5)
Total comprehensive (expense)/income for the year		–	–	(76.7)	153.2	0.1	76.6
Hedging losses transferred to goodwill		–	–	19.3	–	–	19.3
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)
Total equity at 31 December 2023		15.1	707.7	(10.3)	1,640.0	15.6	2,368.1
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	–	–	–	(152.2)	–	(152.2)
Share-based payments		–	–	–	4.0	–	4.0
Transactions in own shares		–	–	–	(1.8)	–	(1.8)
Total transactions with owners		–	–	–	(150.0)	–	(150.0)
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

Other reserves include the Capital Redemption Reserve of £0.9m (2023: £0.9m) and the Translation Reserve of £(101.3)m (2023: £(11.2)m).

Group Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash generated by operations			
Adjusted operating profit		279.7	320.0
Exceptional items	2	(15.0)	(35.8)
Amortisation of intangible assets arising on acquisition		(37.2)	(36.7)
Operating profit		227.5	247.5
Adjustments for:			
Depreciation and amortisation		135.8	126.2
Impairments on intangible assets and property, plant and equipment		–	22.0
Impairment of investment		–	1.5
Loss on derivatives		–	4.6
Loss on disposal and write-offs of intangible assets and property, plant and equipment		0.6	0.2
Net provisions charged		13.4	5.6
Share-based payments		5.0	(4.2)
Non-cash pension expense		2.9	(4.4)
Net-monetary adjustment		5.0	6.3
Cash paid against operating provisions		(7.3)	(3.4)
Movement in inventories		(39.3)	117.8
Movement in receivables		21.3	(19.0)
Movement in payables		38.9	(69.7)
Cash generated by operations		403.8	431.0
Interest paid		(28.5)	(24.2)
Tax paid		(55.9)	(69.3)
Net cash generated from operating activities		319.4	337.5
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		–	(204.3)
Payment of contingent consideration		–	(9.6)
Purchase of property, plant and equipment		(178.4)	(180.4)
Receipt of government grants		43.0	10.9
Purchase of other intangible assets		(3.4)	(8.6)
Proceeds from sale of property, plant and equipment		0.9	4.0
Tax paid on business disposals		(6.8)	(4.6)
Settlement of acquisition-related FX derivatives		–	(23.9)
Cash paid against non-operating provisions		(1.3)	(1.6)
Interest received		6.9	8.3
Net cash used in investing activities		(139.1)	(409.8)
Cash flows from financing activities			
New borrowings		440.4	336.0
Repayment of borrowings		(449.4)	(210.9)
Payment of lease liabilities		(17.5)	(17.0)
Net transactions in own shares		(1.8)	(9.8)
Dividends paid to equity shareholders	6	(152.2)	(150.7)
Dividends paid to non-controlling interests		(2.1)	–
Net cash used in financing activities		(182.6)	(52.4)
Net movement in cash and cash equivalents		(2.3)	(124.7)
Cash and cash equivalents brought forward		150.2	281.6
Exchange differences		(6.2)	(6.7)
Cash and cash equivalents carried forward		141.7	150.2
Cash and cash equivalents carried forward comprise:			
Cash at bank and in hand		166.8	172.5
Bank overdrafts		(25.1)	(22.3)
		141.7	150.2

Group Statement of Cash Flows continued

Reconciliation to net debt

	Note	**2024 £m**	2023 £m
Net movement in cash and cash equivalents		(2.3)	(124.7)
Net movement in borrowings and other financial liabilities		26.5	(108.1)
Change in net debt from cash flows		24.2	(232.8)
Loans in acquired businesses		–	(6.1)
Non-cash movement in lease liabilities		(18.2)	(12.9)
Exchange differences		(0.7)	9.4
		5.3	(242.4)
Net debt brought forward		(537.6)	(295.2)
Net debt carried forward		(532.3)	(537.6)

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 2024 or 2023 but is derived from those financial statements. Statutory financial statements for 2023 have been delivered to the Registrar of Companies and those for 2024 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 for the year ended 31 December 2024 have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

At 31 December 2024 the Group had £1,075.8m of committed debt facilities available from its banking group, USPP bondholders and lease providers, with principal maturities between 2026 and 2030, of which £418.0m (2023: £381.2m) was undrawn, together with cash balances of £166.8m (2023: £172.5m). 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.

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 75% to trigger an event of default prior to 30 June 2026. 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 2024 and which are unchanged from the prior year.

(a) New and amended standards adopted by the Group

A number of new amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and have been applied in preparing these consolidated financial statements. None of these had 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 2025 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 2025, 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.

	2024 £m	2023 £m
Income statement		
Revenue		
Consumer Care	920.0	886.1
Life Sciences	504.3	602.3
Industrial Specialties	203.8	206.1
Total Group revenue	1,628.1	1,694.5
Adjusted operating profit		
Consumer Care	160.2	160.3
Life Sciences	104.0	150.3
Industrial Specialties	15.5	9.4
Total Group operating profit (before exceptional items and amortisation of intangible assets arising on acquisition)	279.7	320.0
Exceptional items and amortisation of intangible assets arising on acquisition	(52.2)	(72.5)
Total Group operating profit	227.5	247.5

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 2024					
Consumer Care	383.2	188.7	100.7	247.4	920.0
Life Sciences	173.5	156.1	72.5	102.2	504.3
Industrial Specialties	75.5	37.5	7.3	83.5	203.8
Total Group revenue	632.2	382.3	180.5	433.1	1,628.1
Revenue 2023					
Consumer Care	375.1	189.7	89.4	231.9	886.1
Life Sciences	245.9	167.6	87.7	101.1	602.3
Industrial Specialties	69.2	39.3	8.3	89.3	206.1
Total Group revenue	690.2	396.6	185.4	422.3	1,694.5

2. Segmental information continued

Adjustments

	2024 £m	2023 £m
Exceptional items – operating profit		
Business acquisition costs (note 12)	–	(9.6)
Restructuring costs	(3.0)	(5.4)
Business transformation costs	(3.5)	–
Environmental provision	(8.5)	–
Goodwill impairment (note 7)	–	(20.8)
Exceptional items	(15.0)	(35.8)
Amortisation of intangible assets arising on acquisition	(37.2)	(36.7)
Total adjustments	(52.2)	(72.5)

The exceptional items in the current year relate to:

- the ongoing costs of changes to the Group's operating model, announced in December 2023, which have been classified as exceptional due to their size and one-off nature;
- business transformation costs where the Group has commenced the planning and scoping of a significant Group wide business transformation project during the year, including the planned upgrade of the Group's current Enterprise Resource Planning (ERP) system. These costs have been presented as exceptional items due to their size and one-off nature, with the benefit to underlying performance from these costs to be realised in future years rather than the current year; and
- an increase to environmental provisions related to one operational and one non-operational site in the Americas. These costs have been presented as exceptional items due to their size and one-off nature, with the cost arising from historic contamination at those sites, rather than relating to the ongoing activities of the Group.

The exceptional items in the prior year related to a goodwill impairment to the carrying value of the Chinese SIPO Cash Generating Unit (CGU) in Industrial Specialties, acquisition costs and restructuring costs associated with changes to the Group's operating model.

3. Net financial costs

	2024 £m	2023 £m
Financial costs		
Interest payable on borrowings	25.8	20.2
Interest on lease liabilities	2.8	2.6
Other bank loans and overdrafts	2.3	3.1
Preference share dividend	0.1	0.1
	31.0	26.0
Financial income		
Bank interest receivable and similar income	(6.9)	(9.4)
Net interest on post-retirement benefits	(4.4)	(5.4)
	(11.3)	(14.8)
Net financial costs	19.7	11.2

4. Tax

	2024 £m	2023 £m
Analysis of tax charge for the year		
United Kingdom current tax	(0.8)	(1.5)
Overseas current tax	60.8	62.1
Global minimum top-up tax	1.2	–
Deferred tax	(13.0)	3.6
	48.2	64.2

The effective adjusted corporate tax rate before exceptional items of 23.0% (2023: 23.9%) is lower than the UK's standard tax rate of 25.0%. The reported corporate tax rate after exceptional items is 23.2% (2023: 27.2%).

The reported corporate tax rate after exceptional items was higher in the prior year due to expenditure which was deemed capital in nature for tax purposes being incurred in 2023.

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. Following the increase in the UK statutory rate of tax to 25.0%, the Group's non-UK profits are taxed at an average rate that is lower than the UK rate.

Croda's effective corporate tax rate has decreased as a result of tax incentive claims and prior year adjustments which includes the release of tax provisions. The movement in temporary differences includes the movement in tax losses, whilst in the prior year unutilised tax losses not recognised through deferred tax were disclosed separately. The presentation has been aggregated to provide simplicity in reporting of temporary differences. 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

	2024 pence	2023 pence
Adjusted earnings per share	142.6	167.6
Impact of exceptional items, amortisation of intangible assets arising on acquisition and the tax thereon	(29.1)	(45.1)
Basic earnings per share	113.5	122.5

6. Dividends paid

	Pence per share	2024 £m	Pence per share	2023 £m
Ordinary				
Interim				
2023 interim, paid October 2023	–	–	47.0	65.6
2024 interim, paid October 2024	47.0	65.6	–	–
Final				
2022 final, paid May 2023	–	–	61.0	85.1
2023 final, paid May 2024	62.0	86.6	–	–
	109.0	152.2	108.0	150.7

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 2024. Subject to shareholder approval, the dividend will be paid on 28 May 2025 to shareholders registered on 11 April 2025. The total proposed dividend for the year ended 31 December 2024 will be 110p per share amounting to £153.5m.

7. Intangible assets

	2024 £m	2023 £m
Opening net book amount	1,408.5	1,253.2
Exchange differences	(61.3)	(24.7)
Additions	3.4	8.8
Acquisitions	–	233.8
Disposals and write offs	(0.1)	(1.0)
Reclassifications from property, plant and equipment	2.4	0.2
Amortisation charge for the year	(42.3)	(41.0)
Impairments	–	(20.8)
Closing net book amount	1,310.6	1,408.5

Intangible asset amortisation is recorded in operating costs.

During the prior year an impairment of £20.8m was recorded in relation to goodwill arising on the acquisition of SIPO. This impairment principally reflected the decline in the profitability of the business in the period driven by adverse external market conditions, impacting both demand and pricing, which are expected to continue over the medium term. This impairment is recorded in the income statement as an exceptional item within operating costs and is within the Industrial Specialties operating business segment.

A change to the Group's Cash Generating Unit (CGU) structure utilised for goodwill impairment purposes has been completed during the year, further detail is provided in note 9.

8. Property, plant and equipment

	2024 £m	2023 £m
Opening net book amount	1,044.0	964.5
Exchange differences	(12.1)	(37.4)
Additions	132.1	181.1
Acquisitions	–	9.2
Disposals and write offs	(1.3)	(2.3)
Reclassifications to intangible assets and right of use assets	(2.5)	(0.2)
Depreciation charge for the year	(77.3)	(69.7)
Impairments	–	(1.2)
Closing net book amount	1,082.9	1,044.0

During the year the Group recognised government grant funding of £36.8m (2023: £18.3m) 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. During the prior year, plant and equipment was impaired by £1.2m. This impairment was recorded in the income statement as an exceptional item within operating costs.

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.

The significant accounting judgement required when preparing the Group's accounts is as follows:

Goodwill impairment

The Group has revised its Cash Generating Unit (CGU) structure during the year as there has been a change in the way it monitors strategy and financial performance. A revised operating model was implemented at the start of 2024 which has resulted in a simplified and more cost-effective organisational structure to provide clear accountabilities and enhanced customer focus. Accounting standards require that CGU structure is reassessed when there have been significant changes to the way the Group monitors performance or there are other relevant factors which would indicate the current CGU structure is no longer appropriate. The Group has concluded that the revised operating model change required the Group to perform a reassessment of the CGU structure used for goodwill impairment.

9. Significant accounting judgements and estimates continued

The determination of the Group's CGU structure requires significant judgement to assess and conclude on what the most appropriate CGU structure is. The assessment performed considered the CGUs previously identified and the extent to which their separate identification remained appropriate. The Group considered the way in which strategy and financial performance is assessed, alongside the level of integration of the CGU with the wider Group and the extent to which the Group has the ability to identify independent separate cash inflows for the acquired businesses from those of the remaining Group.

The Group specifically considered whether, if the update to CGU structure was not completed, there would have been indicators of impairment to the previous standalone CGUs. This review considered factors known to the Directors and considered financial performance and information up to the time of the Group's interim results in June 2024. No impairment indicators were identified in this review.

As a result of this review, the CGU structure of the Group was revised and resulted in a reduction in the number of standalone CGUs from ten to four (including the three operating business segment CGUs). The remaining Standalone CGU is Fragrances & Flavours (F&F), a combination of the previous separate Fragrances and Flavours CGUs. There is more limited structural integration of F&F within the wider Group when compared to other recent acquisitions, and it remains a separate Business unit within the Consumer Care sector. The Group does not separately monitor performance of the individual Fragrances and Flavours businesses, and instead considers them as one Business unit. As a separate Business unit within Consumer Care, financial performance including cash flows of the acquired F&F business is more closely monitored than for other recently acquired businesses at a Group level. The Group have therefore concluded that F&F should be one Standalone CGU for goodwill impairment testing purposes.

For the remaining standalone CGUs identified in the prior year (Incotec, Biosector, Avanti, Alban Muller and Croda Korea (formerly Solus Biotech)) the Group has concluded that they should no longer be recognised as separate CGUs. This is on the basis that the financial performance of these acquired businesses is not separately monitored by the Group following a high level of integration of assets and cash inflows with that of the wider Group. Strategy and financial performance for these acquisitions is considered as part of the operating segment reporting.

The significant accounting estimates required when preparing the Group's accounts 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 and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to key financial market indicators such as inflation and expectations on future salary growth and asset returns. 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.

	2024 £m	2023 £m
Opening net retirement benefit surplus	86.7	100.1
Current service cost	(10.1)	(10.0)
Net interest income	4.4	5.4
Employer contributions	7.1	14.2
Benefits paid	0.2	0.2
Remeasurements	15.5	(23.3)
Acquisitions	–	(0.4)
Business disposal	–	0.5
Exchange differences on overseas schemes	0.5	–
Closing net retirement benefit surplus	104.3	86.7
Total market value of assets	897.6	967.1
Present value of scheme liabilities	(781.4)	(867.3)
Net pension plan asset	116.2	99.8
Post-employment medical benefits	(11.9)	(13.1)
Net retirement benefit surplus	104.3	86.7
Analysed in the balance sheet as:		
Retirement benefit assets	130.0	113.5
Retirement benefit liabilities	(25.7)	(26.8)
Net retirement benefit surplus	104.3	86.7

9. Significant accounting judgements and estimates continued

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%	5.8%	6.4%
Inflation rate	0.5%	3.9%	3.9%
Mortality (assumes a one-year change in life expectancy)	1 year	3.8%	3.8%

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.

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 2024.

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 continent 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.

In January 2020 the existing US$100m fixed rate 10 year note matured and was repaid, this was replaced with a new US$100m fixed rate 10 year note (27 January 2020). On 27 June 2016, the Group issued £100m (£70m and £30m) and €100m (€70m and €30m) of fixed rate notes. On 6 June 2019, the Group issued a further £65m, €50m and US$60m of fixed rate notes. In June 2023, the existing £30m and €30m fixed rate 7 year notes matured and were repaid.

10. Financial instruments continued

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

	Book value 2024 £m	**Fair value 2024 £m**	Book value 2023 £m	Fair value 2023 £m
US$100m 3.75% fixed rate 10 year note	(79.9)	(71.2)	(78.5)	(71.5)
€70m 1.43% fixed rate 10 year note	(57.9)	(56.6)	(60.8)	(58.2)
£70m 2.80% fixed rate 10 year note	(70.0)	(67.2)	(70.0)	(66.1)
€50m 1.18% fixed rate 8 year note	(41.3)	(39.6)	(43.5)	(40.9)
£65m 2.46% fixed rate 8 year note	(65.0)	(60.3)	(65.0)	(59.8)
US$60m 3.70% fixed rate 10 year note	(47.9)	(44.3)	(47.1)	(43.7)

11. Related party transactions

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

12. Business combinations

On 4 July 2023 the Group successfully completed the acquisition of 100% share capital of Solus Biotech Co Ltd (‘Solus’), a global leader in premium, biotechnology-derived active ingredients for beauty care (Consumer Care sector) and pharmaceuticals (Life Sciences sector) employing 95 people in South Korea. The business was acquired for a total cash consideration of £227.4m with total identifiable net assets of £97.9m, generating goodwill of £129.5m. The acquisition provided access to Solus’ existing biotech-derived ceramide and phospholipid technologies, and its emerging capabilities in natural retinol. This acquisition significantly strengthens Croda’s Beauty Actives portfolio and increases its exposure to targeted prestige segments. Located in South Korea, Solus expands Croda’s Asian manufacturing capability and creates a new biotechnology R&D hub in the region. Post-acquisition the entity has changed its name to Croda Korea Ltd.