29 July 2025

Results for the six months ended 30 June 2025

Good sales growth with FY25 outlook unchanged; delivering on our plan to grow earnings and improve returns

Croda International Plc ("Croda" or the "Group") the company that uses smart science to create high-performance ingredients and solutions that improve lives, announces its results for the six months ended 30 June 2025.

Highlights

	Statutory results (IFRS)			Adjusted results			
Half year ended 30 June	**H125**	H124	change	**H125**	H124	Constant currency change	change
Sales (£m)	855.8	815.9	4.9%	855.8	815.9	7.3%	4.9%
EBITDA (£m)				198.5	184.5	11.0%	7.6%
EBITDA as a % of sales				23.2	22.6	–	0.6ppts
Operating profit (£m)	94.4	114.4	(17.5)%	146.9	135.6	11.9%	8.3%
Operating profit as a % of sales				17.2	16.6	–	0.6ppts
Profit before tax (£m)	85.5	106.1	(19.4)%	138.0	127.3	11.9%	8.4%
Basic earnings per share (p)	43.8	57.2	(23.4)%	72.2	68.8	–	4.9%
Interim dividend per share (p)	48.0	47.0	2.1%				
Free cash flow (£m)				34.2	122.7	–	(72.1)%
Net debt (£m)				580.1	507.9	–	(14.2)%

Steve Foots, Chief Executive Officer, commented:

"Our performance in the first half was in line with our expectations at the start of the year. Higher sales in all businesses and regions reflect improved volumes in Beauty Care and Crop Protection, as well as another period of strong growth in F&F. Our actions are helping us navigate a challenging environment, simplifying and modernising our business, and supporting our efforts to enhance margins. We have identified a further £60m of cost savings, taking the total to £100m of annualised savings by the end of 2027. There is much more to do but our strategic and operational focus is creating a stronger platform for further progress and our outlook for the Full Year is unchanged."

Good sales growth in all three businesses

- **Group sales +7% at constant currency driven by higher sales volumes, comprising:**
    - Consumer Care sales +7%, benefitting from higher sales volumes
        - Beauty Actives +1%, Beauty Care +3%, Fragrances & Flavours (F&F) +17%, Home Care +7%
    - Life Sciences sales +9%, growing in all regions
        - Seed +17% and Crop +12% with improved demand from multi-national customers (MNCs)
        - Pharma +5% with continued biopharma growth and slow recovery in consumer health
    - Industrial Specialties sales +4%
    - Q2 sales remained 6% ahead of prior year at constant currency but were sequentially lower than Q1
- **Adjusted operating profit +12% at constant currency**
    - Adjusted operating margin 17.2% (H124: 16.6%)
        - Supported by higher volumes and cost savings initiatives; partly offset by FX and price/mix
    - IFRS profit before tax of £85.5m (H124: £106.1m); adjustments included £27.3m impairment charges
    - Adjusted profit before tax up 8% to £138.0m (H124: £127.3m); equivalent to £142.5m at constant currency
- **Resilient balance sheet**
    - Cashflow reflected lower capex and higher working capital with inventory and debtors adverse
    - Leverage ratio 1.5x (H124: 1.4x), well within our target range of 1-2x EBITDA
    - Dividend increased 1p to 48.0p (H124: 47.0p), maintaining record of progression

Delivering on our plan to grow earnings and improve returns

- **Driving sales growth**
    - Benefitting from proximity to local and regional (L&R) customers who are continuing to win share; Consumer Care sales to L&R customers +11% at constant currency
    - Ongoing focus on innovation; New and Protected Products (NPP) + 3% at constant currency
    - Driving improved returns from portfolio following recent period of peak investment; sales of ceramides, acquired in 2023, were ~50% higher in constant currency
- **Increasing efficiency**
    - Good progress with operational efficiency programme; contributed ~£10m benefits in first half year; continue to expect £25m pre-tax benefits this year
    - Increased annualised cost savings target by £60m to £100m by end of 2027 principally by driving efficiencies in production, procurement and enabling functions
    - Initiated review of the Group's production and distribution assets as part of actions to optimise capacity
- **Improving returns**
    - Investment intensity and capex moderating as remaining growth projects are commissioned
    - Improving working capital management, targeting reductions in receivables and inventory days
    - Applying capital allocation framework to improve investment discipline and returns on capital

Outlook

Whilst we are mindful that the unpredictable political and economic environment continues to create uncertainty across our markets, the Group's performance was in line with expectations in the first half of the year, and we continue to expect to deliver Group adjusted profit before tax between £265m and £295m in full year 2025 at constant currency.

Croda will provide an update on third quarter sales performance on Thursday 16 October 2025.

Further information:

An investor presentation will be available via webcast at 0900 BST on 29 July 2025 at www.croda.com/investors.

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Notes:

Currency translation impact. 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. H125 adjusted operating profit was adversely impacted by £4.8m and adjusted profit before tax was adversely impacted by £4.5m due to strengthening Sterling. Assuming 1 July 2025 exchange rates for the remainder of the year, we estimate translation would have a further £5m adverse impact on Group adjusted profit before tax in the second half of the year.

Transactional currency impact. In addition, the Group is exposed to transactional currency exposures which we seek to mitigate through currency hedging, pricing and optimising our supply chains. With the strength of Sterling, H125 adjusted operating profit was adversely impacted by £6.7m (H124: £1.2m) from transactional exposures.

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;
- Adjusted results: these are stated before exceptional items (as disclosed in the review of financial performance below) and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results;
- EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, which is adjusted operating profit plus depreciation and amortisation;
- Adjusted operating margin: this is adjusted operating profit divided by sales, at reported currency. Management uses the measure to assess the profitability of each sector and the Group, as part of its drive to grow profit by more than sales value, in turn by more than sales volume as set out in the Group performance section below;
- Net debt: comprises cash and cash equivalents (including bank overdrafts), current and non-current borrowings and lease liabilities. Management uses this measure to monitor debt funding levels and compliance with the Group's funding covenants which also use this measure. It believes that net debt is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- Leverage ratio: this is the ratio of net debt to EBITDA adjusted to include EBITDA from acquisitions or disposals in the last 12 month period. Calculations and reconciliations are provided in the five-year record of the Group's Annual Report. The Board monitors the leverage ratio against the Group's debt funding covenants and overall appetite for funding risk, in approving capital expenditure and acquisitions. It believes that the APM is a helpful additional measure for shareholders in assessing the risk to equity holders and the capacity to invest more capital in the business;
- Free cash flow: comprises net cash generated from operating activities adjusted for the cash effect of exceptional items less net capital expenditure and payment of lease liabilities, plus interest received. 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; 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. All comparisons are with H124 unless otherwise stated.

Group performance summary

Group sales increased to £855.8m (H124: £815.9m), with sales volumes up 11%, price/mix down 4% (approximately three percentage points of which was due to price), and a 2% headwind from foreign exchange translation, leading to reported sales up 5%. Sales were higher in all three businesses, up 7% in Consumer Care, 9% in Life Sciences and 4% in Industrial Specialities, all at constant currency. Sales of new and protected products (NPP) grew 3% at constant currency and were 33% of total sales (H124: 35%).

IFRS operating profit of £94.4m (H124: £114.4m) included a charge for adjusting items of £52.5m (H124: £21.2m). This included impairment charges of £27.3m (H124: £nil), the largest component of which was a £22.0m charge related to our decision to rationalise our European distribution network as part of an ongoing review of the Group's production and distribution assets that recently commenced. Other adjusting items were a £17.8m (H124: £18.8m) charge for the amortisation of acquired intangibles, and continued restructuring costs associated with business transformation of £7.4m (H124: £2.4m).

Adjusted operating profit increased 8% to £146.9m (H124: £135.6m) at an associated margin of 17.2% (H124: 16.6%). The improved margin benefited from higher sales volumes, partially offset by adverse impacts from foreign exchange as Sterling strengthened and adverse price/mix. As anticipated, the early benefits of cost savings largely offset the impact of inflation and the incremental costs of recent investments coming on line. In conjunction with the five-point plan outlined in February 2025 to improve earnings and returns, we are implementing additional actions that will enhance our efficiency and support margin recovery, enabling us to increase our cost savings target by an additional £60m to £100m of annualised benefits by the end of 2027. Adjusted profit before tax was £138.0m (H124: £127.3m) or £142.5m at constant currency, with currency translation reducing reported PBT by £4.5m. Adjusted basic EPS improved to 72.2p (H124: 68.8p).

Free cash flow was £34.2m (H124: £122.7m). There was a working capital outflow of £60.7m (H124: £43.5m inflow), with net working capital days declining in the period and the prior period having benefited from the payment of a CV19 lipid receivable from 2023. We are implementing improvements to working capital management, targeting reductions in receivables and inventory days. Net capital expenditure was £59.5m (H124: £69.7m). Our balance sheet remains strong, with a debt leverage ratio of 1.5x (30 Jun 2024: 1.4x), within our target range of one to two times. The Board is proposing a one pence per share increase to the interim dividend to 48p (H124: 47p).

Business summary

Sales	**H125 £m**	Price/mix	Volume	*Constant currency change*	Currency	H124 £m	*Change*
Consumer Care	491.8	(1.8)%	9.2%	*7.4%*	(2.4)%	468.4	*5.0%*
Life Sciences	261.0	(7.5)%	16.1%	*8.6%*	(2.6)%	246.2	*6.0%*
Industrial Specialties	103.0	(5.9)%	10.1%	*4.2%*	(2.6)%	101.3	*1.6%*
Group	**855.8**	**(3.7)%**	**11.0%**	***7.3%***	**(2.4)%**	**815.9**	***4.9%***

Adjusted profit	**H125 £m**	Underlying growth £m	*Constant currency change*	Currency impact £m	H124 £m	*Change*
Consumer Care	85.7	5.5	*6.7%*	(2.3)	82.5	*3.8%*
Life Sciences	56.1	13.3	*29.7%*	(2.2)	45.0	*24.7%*
Industrial Specialties	5.1	(2.7)	*(33.3)%*	(0.3)	8.1	*(37.0)%*
Group	146.9	16.1	*11.9%*	(4.8)	135.6	*8.3%*

Consumer Care

- **Sales increased** to £491.8m (H124: £468.4m), up 5% on a reported basis or 7% at constant currency
  - This comprised a 9% increase in sales volumes, with price/mix 2% lower, and a 2% headwind from foreign currency translation
  - By business unit (in constant currency), sales were up 1% in Beauty Actives, 3% in Beauty Care, 17% in F&F and 7% in Home Care
- **Adjusted operating profit** was up 4% to 85.7m (H124: £82.5m), increasing 7% at constant currency. The adjusted operating margin was 17.4% (H124: 17.6%) benefitting from positive operating leverage but adversely impacted by unfavourable price/mix given the outperformance of F&F and Home Care, both relatively lower margin business units

Life Sciences

- **Sales** increased to £261.0m (H124: £246.2m), up 6% on a reported basis, or 9% at constant currency
  - This comprised a 16% increase in sales volumes, with price/mix 7% lower, and an adverse impact from foreign currency translation of 3%
  - By business unit (in constant currency), sales were up 5% in Pharma, 12% in Crop Protection and 17% in Seed Enhancement
- **Adjusted operating profit** was up 25% to £56.1m (H124: £45.0m). The adjusted operating margin improved to 21.5% (H124: 18.3%) principally due to higher sales volumes

Industrial Specialties

- **Sales** were £103.0m (H124: £101.3m), up 2% on a reported basis and by 4% at constant currency
  - This comprised a 10% increase in sales volumes, with price/mix 6% lower, and a 2% headwind from foreign currency translation
  - Direct sales grew by 12% whereas sales via the supply agreement fell by 16% both in constant currency
- **Adjusted operating profit** was £5.1m (H124: £8.1m). Adjusted operating profit margin was 5.0% (H124: 8.0%), the prior period having benefited from positive product mix

Regional summary

% change in sales	Constant currency change	Change
EMEA	12%	10%
Asia	6%	2%
North America	3%	0%
Latin America	5%	2%
Group	**7%**	**5%**

- By business (at constant currency):
  - **Consumer Care** sales were strongest in EMEA, benefiting from a strong F&F performance and volume-led sales growth in Beauty Care particularly during the first quarter. Sales grew well in Asia and Latin America, and were flat in North America where consumer confidence was weaker
  - **Life Sciences** sales were strongest in EMEA, where they increased double-digit percentage, principally driven by our Agriculture businesses, and were robust in all other regions, growing mid single-digit percentage
- Our direct exposure to **trade tariffs** is mitigated by our well-balanced local and procurement model but increased geopolitical tensions and the threat of a trade war have made the global economic outlook more uncertain. We have applied a tariff surcharge since June 2025 to cover any associated incremental costs, helping to mitigate adverse direct impacts of tariffs

Quarterly sales performance

	Sales £m			*Constant currency change year-on-year*		
Quarterly sales	Q125	Q225	H125	*Q125*	*Q225*	***H125***
Consumer Care	255.1	236.7	491.8	*8%*	*7%*	***7%***
Life Sciences	134.5	126.5	261.0	*11%*	*6%*	***9%***
Industrial Specialties	52.7	50.3	103.0	*7%*	*2%*	***4%***
Group	442.3	413.5	855.8	*9%*	*6%*	***7%***

- **Q2 sales were sequentially lower than Q1** following the strong start to the year and with strengthening Sterling impacting currency translation, increased macro-economic uncertainty particularly in the USA, and the usual seasonality in Crop Protection. Q2 sales remained 6% ahead of the prior year at constant currency
  - In Consumer Care, Q2 sales were sequentially lower than Q1 in Beauty Actives and Beauty Care
  - In Life Sciences, Q2 sales were also sequentially lower, following a very strong first quarter in Crop Protection

Delivering on our plan to grow earnings and improve returns

Earlier this year, we announced **our plan to increase earnings and improve returns**. This multi-year growth and efficiency transformation programme has five priorities:

To drive sales growth we are:

1. Maximising returns from our portfolio following a period of peak investment
2. Leveraging our proximity to local & regional (L&R) customers
3. Stepping up innovation to meet demand from customers of all sizes

To enhance operational efficiency and improve profit margins we are:

4. Realigning our cost base through a multi-year operational efficiency programme
5. Optimising production capacity

By delivering the actions to increase earnings, and prudently managing capital, we will improve returns.

Accelerating delivery of our five-point plan

To **accelerate delivery of the benefits** of this plan, we are building momentum through:

- Prioritising projects that will create the most value and stopping those with limited impact, with individual workstreams reviewed and approved by the Executive Committee and the Board
- Detailed action plans for all workstreams, with clear accountabilities and milestones that we will track regularly
- An appropriately resourced project management team, led by an experienced Transformation Director
- Leadership changes, including the appointment of Stephen Oxley as Chief Financial Officer (CFO) and Thomas Riermeier as President of Life Sciences, both joining in April, and the promotion of Thiru Selvan to President Supply Chain Operations from a similar role in Asia, with effect from June
- "Onboarding" leaders and employees, with engagement measured by a new tool which is showing an overall engagement score of 75% compared with a target of 80%

Driving sales growth

To drive sales growth, we are **1.) maximising returns of our portfolio following a period of peak investment**:

- In Consumer Care, we are:
    - Driving value from our capability in ceramides, acquired in 2023, through new actives, product launches, and supporting data packs, with sales increasing ~50% at constant currency albeit from a low base
    - Capturing opportunities for continued strong growth in India, where Consumer Care sales grew ~30% at constant currency, by expanding our capacity for surfactants with a new plant coming on-stream in the second half of the year
    - Supporting the above-market growth of our F&F business through targeted investment in sales, R&D and production capacity. Investments have included new R&D centres in Dubai and in Grasse, France and a new production facility in Guangzhou, China due to open in 2026
- In Life Sciences, while Crop Protection will benefit from the new Indian surfactants facility, Pharma has been the principal beneficiary of recent investment. We will maximise returns from these investments by leveraging:
    - A new super-refining process at our site in Leek, UK, which enhances our capability in speciality excipients and facilitates the launch of new ingredients
    - Our portfolio of lipids for drug research, which has grown double-digit percentage CAGR since acquisition in 2020, including leveraging the Avanti brand to access research customers
    - Full-scale lipids production part-funded by government grants at two multi-purpose cGMP sites which provide the long-term capacity needed to support future commercial opportunities across a range of therapeutic classes, as well as critical national infrastructure to support vaccine production in the event of future pandemics
    - Investment in Asia, in recognition of increasing importance of the region for pharmaceutical R&D

To support sales growth, we are **2.) continuing to leverage our proximity to L&R customers**:

- Euromonitor data suggests that L&Rs now represent more than 30% of global beauty and personal care markets by value, up from 27% in 2019. There has also been a significant increase in their share of beauty product launches
- L&R customers now represent 81% (H124: 79%) of our Consumer Care sales compared with 72% in 2019. In Crop Protection, they represent 56% of sales (H124: 56%), compared to 44% in 2019
- We have optimised our business model and made selective investments in recent years to be closer to customers, expanding local sales and R&D capabilities, regional production, and providing claims data and formulation support that help accelerate customer time to market

To support growth, we are also **3.) stepping up innovation** to meet renewed demand from customers of all sizes:

- Research intensity in both Consumer Care and Life Sciences has been sustained at well above 4% of sales
- We established 5 new programmes with 11 new partners through our external innovation programme, bringing the total number of partners to over 600, enabling us to access specialist expertise in capabilities such as biotech
- We filed 65 new patents in the period, bringing our total patents to more than 1,700 across 289 patent families
- New product launches included a biotech-derived keratin for the professional hair salon market, and a neuro-cosmetic active that enhances skin's resistance to physical and emotional stress, with a new process also commissioned to enhance our capability in speciality excipients for drug delivery
- Renewed customer demand and increasing innovation are reflected in increased sampling activity, with customer requests for samples of our innovative Beauty ingredients up 10% CAGR over the last two years

Increasing efficiency

To enhance efficiency, profit margins and customer experience, we are realigning costs and simplifying and modernising Croda through **a 4.) multi-year operational efficiency programme:**

- For 2025, versus a 2024 baseline, we have previously announced that we are targeting £25m of savings, derived from payroll costs and other opex, to largely offset inflation and the incremental costs of new investments coming on-stream. These savings are on track and benefited first half year operating profit by ~£10m
- The initial programme was scoped to deliver a further £15m of incremental savings in 2026, or £40m in annualised pre-tax benefits after two years, at an estimated total cash cost of £20m taken as exceptional restructuring charges in 2025 and 2026
- Having identified opportunities for further significant operational efficiencies, we are now extending the programme by an additional £60m to deliver total annualised pre-tax benefits of ~£100m by the end of 2027, versus the 2024 baseline and including benefits previously communicated. We expect the cash cost to be ~£80m, which we will take as exceptional charges in future years, and that there will also be non-cash charges. This operational efficiency programme will support operating margin recovery and profitability, offset inflation and mitigate risks to sales growth from continued macro-economic uncertainty. The principal workstreams are:
    - Commercial excellence, including improved account management, pricing actions, and the rationalisation of our product portfolio and customer base, the benefits of which have not yet been fully assessed and so are not included in the total above
    - Operations and supply chain excellence including capacity optimisation across manufacturing, warehousing and logistics which is targeting ~£35m of the total annualised pre-tax benefits
    - Direct procurement of raw materials and indirect procurement of services, together targeting ~£30m benefits
    - Employee costs including reductions in management layers and headcount, targeting ~£25m benefits
    - Enabling functions, including IT, targeting ~£10m benefits
- The expected phasing of in-period benefits and associated cash costs is:
    - 2025: ~£25m cost savings with associated cash costs of ~£15m
    - 2026: ~£35m cost savings with associated cash costs of ~£35m
    - 2027: ~£25m cost savings with associated cash costs of ~£30m
    - By the end of 2027: an additional ~£15m of cost savings bringing the total run-rate of annualised benefits to ~£100m

We are accelerating improvements in profitability by **5.) optimising capacity across our production and distribution networks**:

- Sales volumes have continued to improve at our 11 shared manufacturing sites, improving capacity utilisation. These sites manufacture ingredients principally for Beauty Care, Crop Protection and Industrial Specialties, which delivered increases to sales volumes of 8%, 18% and 10% respectively. As a result, the rolling average of absolute sales volumes at these sites improved to 92% of sales volumes in 2019 (used as the baseline as it pre-dates the CV19 pandemic and subsequent volatility in demand)
- We are reviewing our global manufacturing footprint to optimise production capacity, processes and distribution, ensuring we maximise profitability whilst retaining capacity for growth. This will include a review of the Group's production and distribution assets, an early outcome of which was the decision to rationalise our European distribution network which resulted in impairment charges totalling £22.0m. In parallel, we are improving our Sales and Operational Planning (SO&P) processes to create an integrated supply chain across our principal manufacturing sites, driving efficiencies and improving working capital, whilst also delivering an improved service to our customers

Improving returns

To improve returns, we are delivering these actions to increase earnings and **improving capital management:**

- We are targeting improved management of working capital, reducing receivables and inventory days which, together with lower capex, provides the opportunity to enhance cash conversion
- The recent period of intensive investment is coming to an end providing the portfolio for earnings growth. We expect any acquisitions in the near term to be limited to small-scale next-generation technologies, and capex to continue to trend downwards as a percentage of sales

Outlook

Whilst we are mindful that the unpredictable political and economic environment continues to create uncertainty across our markets, the Group's performance was in line with expectations in the first half of the year, and we continue to expect to deliver Group adjusted profit before tax between £265m and £295m in full year 2025 at constant currency.

Croda will provide an update on third quarter sales performance on Thursday 16 October 2025.

Technical foreign exchange guidance

Impact from currency translation

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. H125 adjusted profit before tax was adversely impacted by £4.5m due to strengthening Sterling. Assuming 1 July 2025 exchange rates for the remainder of the year, we estimate currency translation would have a further £5m adverse impact on Group adjusted profit before tax in the second half of the year.

Additional transactional exposures

In addition, the Group is exposed to transactional currency exposures which we seek to mitigate through currency hedging, pricing and optimising our supply chains. With the strength of Sterling, H125 adjusted operating profit was adversely impacted by £6.7m (H124: £1.2m) from transactional exposures.

Business review – Consumer Care

Consumer Care comprises four business units (% of total sales rounded to the nearest 5%):

- **Beauty Actives** (~20%) provides peptides for preventing skin ageing, biotech-derived ingredients (including plant cell culture), and ceramides for rapid skin moisturisation
- **Beauty Care** (~45%) comprises 'effect' ingredients – such as hair care proteins and mineral sunscreens, and 'formulation' ingredients which make up the structural chassis of customer formulations – such as speciality and sustainable surfactants
- **Fragrances and Flavours (F&F)** (~30%) 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** (~5%) is focused on two technology platforms – fabric care, with proteins that increase the lifetime of clothes; and household care, with speciality surfactants

Performance in H125

Consumer Care	H125 £m	H124 £m	Change	Constant currency change
Beauty Actives sales			(1)%	1%
Beauty Care sales			1%	3%
F&F sales			15%	17%
Home Care sales			5%	7%
Total Consumer Care sales	491.8	468.4	5%	7%
Adjusted operating profit	85.7	82.5	4%	7%
Adjusted operating margin	17.4%	17.6%	(0.2)ppts	
IFRS operating profit	55.4	68.9	(20)%	

Consumer Care grew sales by 5% on a reported basis or 7% at constant currency. Sales growth was driven by a 9% increase in sales volumes. Price/mix was 2% lower, whilst foreign currency translation was a 2% headwind. Sales of New and Protected Products (NPP) grew 4% at constant currency and were 41% of total sales (H124: 42%).

Adjusted operating profit increased 7% at constant currency but the adjusted operating margin was lower. Whilst the operating margin benefited from higher sales volumes, price/mix was unfavourable due to the outperformance of F&F and Home Care, both relatively lower margin business units.

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 further localising delivery to meet the specific requirements of consumers in each region, and to enhance our intimacy with local and regional (L&R) customers who are continuing to grow strongly. Sales to L&R customers increased 11% in constant currency and they now represent 81% of Consumer Care sales (H124: 79%).

Local investment has focused on fast-growth countries. We continued to see good growth in Asia, where constant currency sales increased 8%. This leverages our investment in R&D and sales in recent years, and excellent relationships with L&R customers including "regional giants" in key Asian markets such as China, Japan, South Korea, Indonesia and India. In the second half of the year, we will commission a new surfactants plant in India where sales grew ~30% at constant currency.

We seek to leverage sustainability to drive commercial value through the creation of new sustainable ingredients and verification data to prove our claims. We now provide carbon footprint data for over 1,500 product codes in Beauty Care and over 750 in Home Care, enabling customer decision making.

Business unit commentary

Beauty Actives

Beauty Actives sales grew 1% in constant currency. Growth was driven by continued strong demand in Asia whilst North America was impacted by lower sales for customers' premium products as consumers traded down. We are stepping up innovation, developing and launching new products including Zenakine, an active aligned with the neuro beauty trend, which enhances skin's resistance to physical and emotional stress, thereby reducing skin fatigue and premature ageing. Our capability in ceramides was acquired in 2023 and commercialisation to date has taken longer than initially anticipated. With distributor agreements now exited and ceramides being sold across our global sales network, we are taking action to drive returns from this investment by:

- Upgrading the technical data packages for existing ceramides, essential for winning business with new customers
- Leveraging the R&D and formulation expertise across Croda to develop new actives, production methods and mechanisms to deliver ceramides to the skin

- Expanding the pipeline of new launches across skin, hair and dermatological applications. A recent example is Sphingo'HAIR Drypure, a biotech-derived ceramide developed in South Korea that enhances scalp health for stronger hair. This is the first application of a ceramide beyond skin care

These actions are delivering encouraging early results with ceramide sales up ~50% at constant currency, albeit from a low base.

Beauty Care

Beauty Care sales were up 3%, driven by higher sales volumes. Performance benefited from our focus on contract manufacturers as an additional route to independent brands, who we can support through our expertise in trends, formulation and regulatory support. We are accelerating innovation to enhance portfolio differentiation, launching Kerabio K31, a novel biomimetic bond builder for hair strength, derived from biotechnology. This non-animal keratin is aligned with vegan beauty trends and is targeted at the professional hair salon market. We also continued to see strong demand for application-focused innovation, where we work in close collaboration with customers of all sizes to meet their performance requirements or help them realise a specific opportunity. PEG-free variants of our existing product range are an example of bespoke ingredients created in this way. 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 which is enabling us to recover share.

Fragrances and Flavours (F&F)

F&F delivered another period of high teens percentage sales growth, up 17% at constant currency and with Parfex's fine, premium and natural fragrances, as well as Flavours, particularly strong. Whilst this is above our long-term expectations for this business of continued double digit percentage sales growth, its continued outperformance versus peers reflects its high proportion of sales to higher-growth L&R customers. We are supporting the continued growth of the business by targeted investment in sales, R&D and production, including at Parfex, in Grasse, France where a new innovation centre was opened in the period as well as in high-growth markets in the Middle East and Asia. This includes an R&D centre in Dubai that is now fully operational and a new production site in Guangzhou, China due to be commissioned in 2026.

Home Care

Home Care grew 7% at constant currency demonstrating the benefits of its focus on innovative ingredients differentiated by sustainability and strong performance claims.

Business review – Life Sciences

Life Sciences comprises three business units (% of total sales rounded to the nearest 5%):

- **Pharma** (~55%) provides ingredients and solutions for the delivery of Active Pharmaceutical Ingredients (APIs) leveraging our expertise in synthesis, purification, formulation and application technology know-how. These include speciality excipients, vaccine adjuvants and lipids for drug delivery, as well as more established ingredients used in health care
- **Crop Protection** (~30%) offers adjuvants and formulation aids that improve performance and delivery of crop protection products
- **Seed Enhancement** (~15%) provides seed coating systems and enhancement technologies to improve germination, stimulate development of seeds and increase crop yields

Thomas Riermeier joined Croda as President of Life Sciences on 1 April 2025, having previously led the Health Care business at Evonik Industries AG.

Performance in H125

Life Sciences	H125 £m	H124 £m	Change	Constant currency change
Pharma sales			3%	5%
Crop Protection sales			9%	12%
Seed Enhancement sales			14%	17%
Total Life Sciences sales	261.0	246.2	6%	9%
Adjusted operating profit	56.1	45.0	25%	30%
Adjusted operating margin	21.5%	18.3%	3.2ppts	
IFRS operating profit	38.1	37.6	1%	

Life Sciences sales increased to £261.0m (H124: £246.2m), up 6% on a reported basis, or 9% at constant currency. This comprised a 16% increase in sales volumes, with price/mix 7% lower, and an adverse impact from foreign currency translation of 3%. Growth was driven by our Agriculture businesses, with Seed Enhancement benefitting from strong vegetable treatment demand, and Crop Protection also seeing good demand particularly in Europe. NPP fell 1% at constant currency and now represents 28% of total sales (H124: 31%) reflecting the volume recovery of certain non-NPP Crop Protection ingredients.

IFRS operating profit was £38.1m (H124: £37.6m). Adjusted operating profit increased 25% to £56.1m (H124: £45.0m). The adjusted operating margin improved by 3.2 percentage points to 21.5% (H124: 18.3%) principally due to higher sales volumes and a strong performance in Seed Enhancement.

Business unit commentary

Pharma

Pharma sales increased 5% at constant currency. In consumer health and veterinary markets, we are implementing actions to recover market share, which contributed to the continued slow recovery in sales of our more longstanding ingredients particularly for topical and oral delivery applications. In biopharma markets, sales of lipids for drug research and delivery systems for protein-based drugs both continued to grow.

Whilst the regulatory environment in the USA is creating uncertainty for our customers and drug development timescales have returned to pre-pandemic norms, Pharma delivered constant currency growth in all regions. Sales growth was highest in Latin America which benefitted from the continued recovery in consumer health and veterinary markets, which represent a higher proportion of its sales than in other regions. Asia is also increasingly important to the future growth of our Pharma business with China alone now accounting for 30% of drugs in development globally, and Korea and Japan also in the top ten. Following an effort spanning many years to register our broad portfolio of pharma ingredients with the Chinese Pharmacopoeia, Pharma sales in China have grown double-digit percentage CAGR since 2020, ex CV19.

We are enhancing our capabilities in ingredients and solutions for Pharma customers by:

- Producing *speciality excipients* using a new super refining process at our site in Leek, UK, supporting the launches of:
    - Super Refined Poloxamer 188, which can be used as both a formulation aid in the delivery of APIs and an aid to cell growth during upstream bioprocessing, with over 100 customers sampled to date
    - Super Refined Benzyl Alcohol, an excipient used in hundreds of approved formulations, with our ingredient demonstrating superior oxidative stability compared with a competitor product

- Expanding our range of *adjuvants and adjuvant systems*, semi-active substances critical to the efficacy of new vaccines, with our recently launched sustainable squalene adjuvant demonstrating extended stability compared with competitors' shark-based alternatives
- Expanding our range of more than 2,000 *lipids* for drug delivery via a new partnership with Certest, providing customers with access to Certest's proprietary ionisable lipids

We have been investing in full-scale lipids production at multi-purpose cGMP sites in Lamar, Pennsylvania, and Leek, UK, as well on a smaller scale at the acquired site in Alabama. This £175m investment programme has been further supported by grants from the US and UK Governments. We expect the Lamar asset to be commissioned in the second half of the year, providing the long-term capacity needed to support future commercial opportunities across a range of therapeutic classes, as well as critical national infrastructure to support vaccine production in the event of future pandemics.

Crop Protection

Crop Protection sales increased 12% at constant currency as we saw a return to more normal order patterns following an extended period of volatility which particularly impacted our major crop science customers. By region, demand was particularly strong in Europe during the first quarter planting season and demand in the Americas was robust.

Our focus on developing business with fast-growing local and regional customers is continuing to deliver positive sales and volume impact. Smaller customers now represent 56% (H124: 56%) of sales globally, compared to 44% in 2019. L&R customers are particularly important in Asia, where markets are more fragmented. Supporting continued growth in Asia, our Crop Protection business will benefit from the commissioning of our new surfactants plant in India in 2025.

Seed Enhancement

Seed Enhancement sales grew 17% at constant currency reflecting a recovery from challenging markets in 2023 and 2024, and its strong position in a market which benefits from significant structural drivers of growth, many of which are regulation driven. The business is exposed to both vegetable seeds and field crops, principally providing enhancement services for high-value vegetable seeds where demand was strong.

We are adding to our range of seed coatings that are free from micro-plastics, strengthening our position ahead of the European ban on microplastics in seeds in 2028. We are also applying AI modelling techniques to accelerate the development of new priming, pelleting and x-ray processes, meaning we can derive commercial benefits from innovation during the same planting season.

Business review – Industrial Specialties

Industrial Specialties 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.

Performance in H125

Industrial Specialities	H125 £m	H124 £m	Change	Constant currency change
Direct sales			9%	12%
Sales via supply agreement			(18)%	(16)%
Total Industrial Specialities sales	103.0	101.3	2%	4%
Adjusted operating profit	5.1	8.1	(37)%	(33)%
Adjusted operating margin	5.0%	8.0%	(3.0)ppts	
IFRS operating profit	0.9	7.9	(89)%	

Industrial Specialties sales were £103.0m (H124: £101.3m), up 2% on a reported basis and by 4% at constant currency. Sales comprised a 10% increase in volumes, with price/mix 6% lower, and an 2% headwind from foreign currency translation. At constant currency, direct sales by Croda to industrial customers grew by 12% and sales fell 16% via the supply agreement where we do not directly control demand.

Adjusted operating profit was £5.1m (H124: £8.1m). The resulting adjusted operating profit margin was 5.0% (H124: 8.0%), the prior period having benefited from particularly positive product mix.

Financial performance

Currency translation

Sterling strengthened against both the US Dollar, at US$1.298 (H124: US$1.266) and against the Euro, at €1.187 (H124: €1.170). Currency translation reduced sales by £20.1m, adjusted operating profit by £4.8m and adjusted profit before tax by £4.5m. 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. The impact from movements in smaller currencies is broadly aligned with the impact from movements in the US Dollar.

Additional transactional exposure

In addition, the Group is exposed to transactional currency exposures which we seek to mitigate through currency hedging, pricing and optimising our supply chains. With the strength of Sterling, H125 adjusted operating profit was adversely impacted by £6.7m (H124: £1.2m) from transactional exposures.

Sales

Sales	**H125 £m**	Price/mix	Volume	*Constant currency change*	Currency	H124 £m	*Change*
Consumer Care	491.8	(1.8)%	9.2%	*7.4%*	(2.4)%	468.4	*5.0%*
Life Sciences	261.0	(7.5)%	16.1%	*8.6%*	(2.6)%	246.2	*6.0%*
Industrial Specialties	103.0	(5.9)%	10.1%	*4.2%*	(2.6)%	101.3	*1.6%*
Group	**855.8**	**(3.7)%**	**11.0%**	***7.3%***	**(2.4)%**	**815.9**	***4.9%***

Group sales were up 5% to £855.8m (H124: £815.9m), with volume up 11%, but price/mix down 4%, and a 2% headwind from foreign exchange. The 7% increase in sales at constant currency comprised a 7% increase in Consumer Care with Life Sciences and Industrial Specialties up by 9% and 4% respectively.

Quarterly sales performance

Overall, sales grew by 6% at constant currency in the second quarter compared with the prior year or by 2% on a reported basis. Reported sales were down 6% in the second quarter on a sequential basis, reflecting a particularly strong Q1 and adversely impacted by increased macro-economic uncertainty, particularly in North America, usual seasonality in Crop Protection and strengthening Sterling.

Quarterly sales £m	**Consumer Care**	**Life Sciences**	**Industrial Specialties**	**Group**
Q1 2023	236.8	170.8	69.1	476.7
Q2 2023	218.8	132.4	53.0	404.2
Q3 2023	218.2	125.0	43.7	386.9
Q4 2023	212.3	126.1*	40.3	378.7*
Q1 2024	236.8	121.8	49.9	408.5
Q2 2024	231.6	124.4	51.4	407.4
Q3 2024	228.1	128.8	49.7	406.6
Q4 2024	223.5	129.3	52.8	405.6
Q1 2025	255.1	134.5	52.7	442.3
Q2 2025	236.7	126.5	50.3	413.5
Half yearly sales £m	**Consumer Care**	**Life Sciences**	**Industrial Specialties**	**Group**
H1 2023	455.6	303.2	122.1	880.9
H2 2023	430.5	251.1*	84.0	765.6*
H1 2024	468.4	246.2	101.3	815.9
H2 2024	451.6	258.1	102.5	812.2
H1 2025	491.8	261.0	103.0	855.8

*Where indicated, Life Sciences and Group sales exclude £48m of lipid sales for CV19 applications in Q4 2023, to provide a more informative comparator as there were no CV19 lipid sales in the other quarters.

Profit and margin

	H125			H124		
	IFRS £m	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Sales	855.8	-	855.8	815.9	-	815.9
Cost of sales	(470.2)	-	(470.2)	(448.7)	-	(448.7)
Gross profit	385.6	-	385.6	367.2	-	367.2
Operating costs	(291.2)	(52.5)	(238.7)	(252.8)	(21.2)	(231.6)
Operating profit	94.4	(52.5)	146.9	114.4	(21.2)	135.6
Net interest charge	(8.9)	-	(8.9)	(8.3)	-	(8.3)
Profit before tax	85.5	(52.5)	138.0	106.1	(21.2)	127.3
Tax	(22.6)	12.9	(35.5)	(26.0)	4.9	(30.9)
Profit after tax	62.9	(39.6)	102.5	80.1	(16.3)	96.4

	H125			H124		
Operating profit/(loss)	**IFRS £m**	**Adjustments £m**	**Adjusted £m**	IFRS £m	Adjustments £m	Adjusted £m
Consumer Care	55.4	(30.3)	85.7	68.9	(13.6)	82.5
Life Sciences	38.1	(18.0)	56.1	37.6	(7.4)	45.0
Industrial Specialties	0.9	(4.2)	5.1	7.9	(0.2)	8.1
Group	94.4	(52.5)	146.9	114.4	(21.2)	135.6

Adjustments	**H125 £m**	H124 £m
Restructuring and transformation costs	(7.4)	(2.4)
Amortisation of intangible assets arising on acquisition	(17.8)	(18.8)
Impairment charges	(27.3)	-
Total adjustments	(52.5)	(21.2)

Adjusted profit	**H125 £m**	Underlying growth £m	Constant currency change	Currency impact £m	H124 £m	Change
Consumer Care	85.7	5.5	6.7%	(2.3)	82.5	3.8%
Life Sciences	56.1	13.3	29.7%	(2.2)	45.0	24.7%
Industrial Specialties	5.1	(2.7)	(33.3)%	(0.3)	8.1	(37.0)%
Operating profit	146.9	16.1	11.9%	(4.8)	135.6	8.3%
Net interest	(8.9)				(8.3)	
Profit before tax	138.0				127.3	

Following two years of raw material cost deflation in 2023 and 2024, average raw materials costs were stable in period with limited changes between 1 January and 30 June 2025. People costs were up by around 2.5% against the prior year, predominantly reflecting inflationary salary rises. Both energy and freight, which represent around 2.5% of sales respectively, increased in the period, the former due to market movements and the latter predominantly due to higher sales.

Our operational efficiency programme contributed benefits of ~£10m to first half year operating profit. In the context of a less predictable political and economic environment, we have commenced a review of the Group's production and distribution assets which will support our priorities to realign the cost base and optimise capacity. An early outcome of this review was the decision to rationalise our European distribution network.

IFRS operating profit was £94.4m (H124: £114.4m). IFRS operating profit included a charge for adjusting items of £52.5m (H124: £21.2m) including impairment charges of £27.3m (H124: £nil), of which £22.0m related the rationalisation of our European distribution network. Other adjusting items were a £17.8m (H124: £18.8m) charge for amortisation of acquired intangibles, and continuing restructuring costs associated with business transformation of £7.4m (H124: £2.4m).

Group adjusted EBITDA increased 8% to £198.5m (H124: £184.5m) at an adjusted EBITDA margin of 23.2% (H124: 22.6%). Group adjusted operating profit was also up 8% to £146.9m (H124: £135.6m) or by 12% at constant currency. The operating profit margin improved to 17.2% (H124: 16.6%) benefitting from improved asset utilisation at our 11 shared manufacturing sites, partly offset by foreign exchange and adverse price/mix.

Net finance costs were £8.9m (H124: £8.3m) and we continue to expect net finance costs to be approximately £25m for 2025. Profit before tax (on an IFRS basis) was £85.5m (H124: £106.1m) and adjusted profit before tax increased 8% to £138.0m (H124: £127.3m) or by 12% at constant currency to £142.5m. The effective tax rate on adjusted profit was 25.7% (H124: 24.3%) and the effective tax rate on IFRS profit was 26.4% (H124: 24.5%). We continue to expect an effective tax rate on adjusted profit of 26% in future years. IFRS basic earnings per share (EPS) were 43.8p (H124: 57.2p) and adjusted basic EPS were 72.2p (H124: 68.8p).

Cash flow and balance sheet

Cash flow	Six months ended 30 June H125 £m	H124 £m
Adjusted operating profit	146.9	135.6
Depreciation and amortisation	51.6	48.9
Adjusted EBITDA	198.5	184.5
Working capital	(60.7)	43.5
Interest & tax paid	(39.1)	(33.4)
Non-cash pension expense	2.2	0.9
Share-based payments	3.0	1.5
Other cash movements	(7.4)	(2.5)
Net cash generated from operating activities	96.5	194.5
Net capital expenditure	(59.5)	(69.7)
Interest received	0.6	2.3
Payment of lease liabilities	(9.0)	(8.8)
Exceptional items cash outflow add back	5.6	4.4
Free cash flow	34.2	122.7
Dividends	(87.9)	(86.6)
Acquisitions	–	–
Business disposal	–	–
Exceptional items cash outflow	(6.0)	(4.4)
Other cash movements	(1.4)	(3.5)
Net cash flow	(61.1)	28.2
Net movement in borrowings	68.7	14.5
Net movement in cash and cash equivalents	7.6	42.7

Free cash flow was £34.2m (H124: £122.7m) including a working capital outflow of £60.7m (H124: £43.5m inflow driven by the payment of a CV-19 receivable from 2023) with adverse movements of stock and debtor days in the period. This was partially offset by lower net capital expenditure of £59.5m (H124: £69.7m). We are targeting improvements in working capital, reducing receivables and inventory days, which together with capital expenditure continuing to trend downwards as a percentage of sales, provides the opportunity to enhance cash conversion. Building on our record of consistent distribution to shareholders, the Board is proposing a one pence increase to the interim dividend to 48.0p (H124: 47.0p).

Closing net debt was £580.1m (30 June 2024: £507.9m), with a leverage ratio of 1.5x EBITDA (30 June 2024: 1.4x), within our 1-2x target range. As at 30 June 2025, the Group had committed funding in place of £1,062.4m, with undrawn long-term committed facilities of £354.1m and £157.8m in cash.

There are no changes to our capital allocation framework but we are applying it with greater rigour to improve discipline over:

1. Organic investment to support growth
2. Dividends to shareholders representing 40-50% of adjusted earnings through the cycle
3. Selective margin-accretive M&A from the medium term
4. Maintaining leverage in the 1-2x EBITDA range, returning surplus cash to shareholders

Following the significant portfolio transition in recent years, our focus is now on delivering returns from recent investments, and we would expect any acquisitions in the near term to be focused on small adjacent technologies.

Retirement benefits

The post-tax asset on retirement benefit plans at 30 June 2025, measured on an accounting valuation basis under IAS19, was £75.4m (30 June 2024: £94.1m). 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 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.

Sustainability disclosures

We are committed to being the most sustainable supplier of innovative ingredients by having positive impacts on climate, nature, and society globally. At the midpoint of the United Nations' "decade of action" we are prioritising actions and targets for 2030.

To be **Climate Positive**, we will reduce operational greenhouse gas emissions by 46.2% between 2018 and 2030, in line with our 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 64,284 tCO2e (H124: 56,959 tCO2e restated), the increase due principally to higher sales volumes
- We have met our 2024 interim target of a greater than 25% reduction from our 2018 baseline and we plan to continue to take the necessary actions to deliver on our 2030 Science Based Targets

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

- We 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 54 projects to sustainably improve 22.9m lives globally having committed ~£6m in project funding since it was founded in 2021
- Our Total Recordable Injury Rate ("TRIR") fell to 0.45 (H124: 0.57) as we continued to set the example of living safety as a value through our leadership behaviours

Principal risks

Our risk management processes, policies and the principal risks and uncertainties facing the Group were 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 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, were 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 remain relevant and no new principal risks were identified. Four principal risks continue to intensify:

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

Statement of Directors' Responsibilities

The Directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34 as adopted for use in the UK and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors of Croda International Plc at 30 June 2025 were as follows (a list of current Directors is maintained on the Croda website: www.croda.com):

Danuta Gray (Chair)
Steve Foots (Group Chief Executive)
Stephen Oxley (Chief Financial Officer)
Ian Bull
Roberto Cirillo
Jacqui Ferguson
Chris Good
Keith Layden
Nawal Ouzren

By order of the Board
Steve Foots
Group Chief Executive

Independent Review Report to Croda International Plc

Conclusion

We have been engaged by Croda International PLC ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the Group Condensed Interim Income Statement, Group Condensed Interim Statement of Comprehensive Income, Group Condensed Interim Balance Sheet, Group Condensed Interim Statement of Changes in Equity, Group Condensed Interim Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Ian Griffiths
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

28 July 2025

Croda International Plc
Interim announcement of trading results for the six months ended 30 June 2025
Group Condensed Interim Income Statement

	Note	First half 2025 Adjusted £m	First half 2025 Adjustments £m	First half 2025 Reported Total £m	First half 2024 Adjusted £m	First half 2024 Adjustments £m	First half 2024 Reported Total £m	Full year 2024 Adjusted £m	Full year 2024 Adjustments £m	Full year 2024 Reported Total £m
Revenue	2	855.8	–	855.8	815.9	–	815.9	1,628.1	–	1,628.1
Cost of sales		(470.2)	–	(470.2)	(448.7)	–	(448.7)	(894.2)	–	(894.2)
Gross profit		385.6	–	385.6	367.2	–	367.2	733.9	–	733.9
Operating costs		(238.7)	(52.5)	(291.2)	(231.6)	(21.2)	(252.8)	(454.2)	(52.2)	(506.4)
Operating profit	2	146.9	(52.5)	94.4	135.6	(21.2)	114.4	279.7	(52.2)	227.5
Financial costs	3	(12.6)	–	(12.6)	(12.8)	–	(12.8)	(31.0)	–	(31.0)
Financial income	3	3.7	–	3.7	4.5	–	4.5	11.3	–	11.3
Profit before tax		138.0	(52.5)	85.5	127.3	(21.2)	106.1	260.0	(52.2)	207.8
Tax		(35.5)	12.9	(22.6)	(30.9)	4.9	(26.0)	(59.8)	11.6	(48.2)
Profit after tax for the period		102.5	(39.6)	62.9	96.4	(16.3)	80.1	200.2	(40.6)	159.6
Attributable to:										
Non-controlling interests		1.7	–	1.7	0.3	–	0.3	1.1	–	1.1
Owners of the parent		100.8	(39.6)	61.2	96.1	(16.3)	79.8	199.1	(40.6)	158.5
		102.5	(39.6)	62.9	96.4	(16.3)	80.1	200.2	(40.6)	159.6

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

	Pence Adjusted	Pence Reported Total	Pence Adjusted	Pence Reported Total	Pence Adjusted	Pence Reported Total
Earnings per 10.61p ordinary share						
Basic	72.2	43.8	68.8	57.2	142.6	113.5
Diluted	72.2	43.8	68.8	57.2	142.5	113.5
Ordinary dividends paid in the period						
Interim 4		–		–		47.0
Final 4		63.0		62.0		62.0

Group Condensed Interim Statement of Comprehensive Income

	2025 First half £m	2024 First half £m	2024 Full year £m
Profit after tax for the period	62.9	80.1	159.6
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-retirement benefit obligations	(4.6)	37.5	15.5
Tax on items that will not be reclassified	1.1	(9.3)	(3.9)
	(3.5)	28.2	11.6
Items that have been or may be reclassified subsequently to profit or loss:			
Currency translation	(39.2)	(52.8)	(90.3)
	(39.2)	(52.8)	(90.3)
Other comprehensive expense for the period	(42.7)	(24.6)	(78.7)
Total comprehensive income for the period	20.2	55.5	80.9
Attributable to:			
Non-controlling interests	0.6	0.1	0.9
Owners of the parent	19.6	55.4	80.0
	20.2	55.5	80.9
Arising from:			
Continuing operations	20.2	55.5	80.9

Group Condensed Interim Balance Sheet

	Note	At 30 June 2025 £m	At 31 December 2024 £m
Assets			
Non-current assets			
Intangible assets	5	1,296.7	1,310.6
Property, plant and equipment	6	1,031.0	1,082.9
Right of use assets		62.7	85.0
Investments		1.9	1.9
Deferred tax assets		23.5	14.7
Retirement benefit assets	8	126.3	130.0
		2,542.1	2,625.1
Current assets			
Inventories		391.6	367.9
Trade and other receivables		373.1	349.5
Cash and cash equivalents		157.8	166.8
		922.5	884.2
Liabilities			
Current liabilities			
Trade and other payables		(260.2)	(274.0)
Borrowings and other financial liabilities		(150.4)	(35.0)
Lease liabilities		(13.1)	(13.2)
Provisions		(5.9)	(6.5)
Current tax liabilities		(16.2)	(7.8)
		(445.8)	(336.5)
Net current assets		476.7	547.7
Non-current liabilities			
Borrowings and other financial liabilities		(508.9)	(580.2)
Lease liabilities		(65.5)	(70.7)
Other payables		(1.0)	(1.1)
Retirement benefit liabilities	8	(25.1)	(25.7)
Provisions		(15.7)	(17.3)
Deferred tax liabilities		(171.4)	(180.9)
		(787.6)	(875.9)
Net assets		2,231.2	2,296.9
Equity attributable to owners of the parent		2,216.2	2,282.5
Non-controlling interests in equity		15.0	14.4
Total equity		2,231.2	2,296.9

Group Condensed Interim Statement of Changes in Equity

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2024		15.1	707.7	(10.3)	1,640.0	15.6	2,368.1
Profit after tax for the period		–	–	–	79.8	0.3	80.1
Other comprehensive (expense)/income for the period		–	–	(52.6)	28.2	(0.2)	(24.6)
Total comprehensive (expense)/income for the period		–	–	(52.6)	108.0	0.1	55.5
Transactions with owners:							
Dividends on equity shares	4	–	–	–	(86.6)	–	(86.6)
Share-based payments		–	–	–	1.7	–	1.7
Transactions in own shares		–	–	–	(1.8)	–	(1.8)
Total transactions with owners		–	–	–	(86.7)	–	(86.7)
Changes in ownership interests:							
Dividends paid to non-controlling interest		–	–	–	–	(1.1)	(1.1)
Total changes in ownership interests		–	–	–	–	(1.1)	(1.1)
Total equity at 30 June 2024		15.1	707.7	(62.9)	1,661.3	14.6	2,335.8
At 1 January 2025		15.1	707.7	(100.4)	1,660.1	14.4	2,296.9
Profit after tax for the period		–	–	–	61.2	1.7	62.9
Other comprehensive expense for the period		–	–	(38.1)	(3.5)	(1.1)	(42.7)
Total comprehensive (expense)/income for the period		–	–	(38.1)	57.7	0.6	20.2
Transactions with owners:							
Dividends on equity shares	4	–	–	–	(87.9)	–	(87.9)
Share-based payments		–	–	–	3.2	–	3.2
Transactions in own shares		–	–	–	(1.2)	–	(1.2)
Total transactions with owners		–	–	–	(85.9)	–	(85.9)
Total equity at 30 June 2025		15.1	707.7	(138.5)	1,631.9	15.0	2,231.2

Other reserves include the Capital Redemption Reserve of £0.9m (30 June 2024: £0.9m) and the Translation Reserve of £(139.4)m (30 June 2024: £(63.8)m).

Group Condensed Interim Statement of Cash Flows

	Note	2025 First half £m	2024 First half £m	2024 Full year £m
Cash generated by operations				
Operating profit		94.4	114.4	227.5
Adjustments for:				
Depreciation and amortisation		69.4	67.7	135.8
Impairments of intangible assets and property, plant and equipment		27.3	–	–
(Profit)/loss on disposal and write-offs of intangible assets and property, plant and equipment		(0.1)	(0.1)	0.6
Net provisions charged		2.7	2.0	13.4
Share-based payments		3.0	1.5	5.0
Non-cash pension expense		2.2	0.9	2.9
Net-monetary adjustment		0.5	2.4	5.0
Cash paid against operating provisions		(3.1)	(4.4)	(7.3)
Movement in inventories		(35.0)	(24.5)	(39.3)
Movement in receivables		(30.7)	25.0	21.3
Movement in payables		5.0	43.0	38.9
Cash generated by operations		135.6	227.9	403.8
Interest paid		(11.3)	(11.3)	(28.5)
Tax paid		(27.8)	(22.1)	(55.9)
Net cash generated from operating activities		96.5	194.5	319.4
Cash flows from investing activities				
Purchase of property, plant and equipment		(63.9)	(95.5)	(178.4)
Receipt of government grant		5.3	26.7	43.0
Purchase of other intangible assets		(1.1)	(1.7)	(3.4)
Proceeds from sale of property, plant and equipment		0.2	0.8	0.9
Tax paid on business disposals		–	–	(6.8)
Cash paid against non-operating provisions		(0.6)	(0.6)	(1.3)
Interest received		0.6	2.3	6.9
Net cash used in investing activities		(59.5)	(68.0)	(139.1)
Cash flows from financing activities				
New borrowings		103.2	80.7	440.4
Repayment of borrowings		(34.5)	(66.2)	(449.4)
Payment of lease liabilities		(9.0)	(8.8)	(17.5)
Net transactions in own shares		(1.2)	(1.8)	(1.8)
Dividends paid to equity shareholders	4	(87.9)	(86.6)	(152.2)
Dividends paid to non-controlling interests		–	(1.1)	(2.1)
Net cash used in financing activities		(29.4)	(83.8)	(182.6)
Net movement in cash and cash equivalents		7.6	42.7	(2.3)
Cash and cash equivalents brought forward		141.7	150.2	150.2
Exchange differences		(2.0)	(3.2)	(6.2)
Cash and cash equivalents carried forward		147.3	189.7	141.7
Cash and cash equivalents carried forward comprise:				
Cash at bank and in hand		157.8	209.3	166.8
Bank overdrafts		(10.5)	(19.6)	(25.1)
		147.3	189.7	141.7

A reconciliation of the cash flows above to the movements in net debt is shown in note 7.

Notes to the Interim Financial Statements

1. a. General information

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. This consolidated interim report was approved for issue on 28 July 2025. The financial information included in this interim financial report for the six months ended 30 June 2025 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. The comparative information for the six months ended 30 June 2024 is also unaudited. The comparative figures for the year ended 31 December 2024 have been extracted from the Group's financial statements, as filed with the Registrar of Companies, on which the auditors gave an unqualified opinion, did not contain an emphasis of matter paragraph and did not make a statement under section 498 of the Companies Act 2006. These Group condensed interim financial statements have been reviewed, not audited.

b. Basis of preparation

This consolidated interim financial report for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK.

Tax charged within the six months ended 30 June 2025 has been calculated by applying the effective rate of tax which is expected to apply, on a jurisdiction-by-jurisdiction basis, to the Group for the year ending 31 December 2025 using rates substantively enacted by 30 June 2025 as required by IAS 34 'Interim Financial Reporting'.

On 4 July 2025, the One Big Beautiful Bill Act was signed into law in the U.S., which contains a broad range of tax reform provisions affecting businesses. We are evaluating the full effects of the legislation on our estimated annual effective tax rate and cash tax position. As the legislation was signed into law after the close of our second quarter, the impacts are not included in our operating results for the six months ended 30 June 2025. Had the legislation been enacted, it would not have impacted our balance sheet position.

The annual financial statements of the Group for the year ended 31 December 2025 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2024, which were prepared in accordance with the requirements of the Companies Act 2006 ("Adopted IFRSs") and prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going concern basis

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

At 30 June 2025 the Group had £1,062.4m of committed debt facilities available from its banking group, USPP bondholders and lease providers, with principal maturities between 2026 and 2030, of which £354.1m (30 June 2024: £364.8m) was undrawn, together with cash balances of £157.8m (30 June 2024: £209.3m). The Group's debt facilities have funding covenant requirements, principally the leverage covenant with a maximum level of 3.5x net debt to covenant EBITDA, and interest cover. USPP debt of £129.6m is due to mature in June 2026 which has been assumed to be renewed as part of the Group's going concern assessment, however sufficient headroom exists within the revolving credit facility throughout the forecast period were this debt not to be refinanced.

The Directors have reviewed the liquidity and covenant forecasts for the Group's going concern assessment period covering at least 12 months from the date of approval of the condensed consolidated 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 over 95% to trigger an event of default prior to 31 December 2026. This scenario includes some mitigating actions to conserve cash including reducing dividends. Throughout this scenario, the Group continues to have significant liquidity headroom. The Directors are therefore satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of approval of the condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

c. Accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's financial statements for the year ended 31 December 2024.

One amendment to accounting standards is effective from 1 January 2025 but does not have a material effect on the Group's financial statements.

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. There are no significant seasonal variations which impact the split of revenue between the first and second half of the financial year.

	2025 First half £m	2024 First half £m	2024 Full year £m
Income statement			
Revenue			
Consumer Care	491.8	468.4	920.0
Life Sciences	261.0	246.2	504.3
Industrial Specialties	103.0	101.3	203.8
Total Group revenue	855.8	815.9	1,628.1
Adjusted operating profit			
Consumer Care	85.7	82.5	160.2
Life Sciences	56.1	45.0	104.0
Industrial Specialties	5.1	8.1	15.5
Total Group operating profit (before exceptional items and amortisation of intangible assets arising on acquisition)	146.9	135.6	279.7
Exceptional items and amortisation of intangible assets arising on acquisition	(52.5)	(21.2)	(52.2)
Total Group operating profit	94.4	114.4	227.5

In the following table, revenue has been disaggregated by sector and destination.

	Europe, Middle East & Africa £m	**North America £m**	**Latin America £m**	**Asia £m**	**Reported Total £m**
Revenue					
First half 2025					
Consumer Care	216.7	97.5	49.8	127.8	491.8
Life Sciences	96.7	82.2	36.2	45.9	261.0
Industrial Specialties	38.9	22.2	3.6	38.3	103.0
Total Group revenue	352.3	201.9	89.6	212.0	855.8
Revenue					
First half 2024					
Consumer Care	198.0	100.2	48.2	122.0	468.4
Life Sciences	85.7	80.1	35.3	45.1	246.2
Industrial Specialties	36.7	20.7	4.0	39.9	101.3
Total Group revenue	320.4	201.0	87.5	207.0	815.9

Group revenue of £6.2m recognised in 2024 (within the Life Sciences sector) has been reclassified from EMEA (£3.5m) and Asia (£2.7m) to North America following a review of the destination of the Group's commercial relationships for certain customers.

2. Segmental information continued

Adjustments

	2025 First half £m	2024 First half £m	2024 Full year £m
Exceptional items – operating profit			
Restructuring costs	–	(2.4)	(3.0)
Business transformation costs	(7.4)	–	(3.5)
Environmental provision	–	–	(8.5)
Intangible asset impairment	(3.4)	–	–
Property, plant and equipment impairment	(7.3)	–	–
Right of use asset impairment	(16.6)	–	–
Exceptional items	(34.7)	(2.4)	(15.0)
Amortisation of intangible assets arising on acquisition	(17.8)	(18.8)	(37.2)
Total adjustments	(52.5)	(21.2)	(52.2)

The exceptional items in the current year relate to:

- Business transformation costs reflect the Group-wide business transformation programme which commenced in the prior year. Several projects form part of this programme, which in time will include the planned upgrade of the Group's current Enterprise Resource Planning (ERP) system. Projects in the current period include restructuring costs associated with right-sizing the organisation where appropriate alongside certain legal and professional costs related to critically examining the Group's cost base and identifying opportunities for efficiencies and cost optimisation. The business transformation programme is expected to continue for several years.

- Property, plant and equipment (£7.3m), right of use assets (£16.4m) and intangible asset (£3.4m) impairments. Further detail on these impairments is included in notes 5, 6 and 8. The right of use asset impairment primarily relates to the optimisation of the Group's warehousing footprint detailed in note 6.

The exceptional items in the prior half year related to restructuring costs arising from the changes in the Group's operating model, announced in December 2023.

The exceptional items in the prior full year included an increase to environmental provisions in the Americas, in addition to restructuring and business transformation costs as detailed above.

The adjustments to operating profit relate to our segments as follows: Consumer Care £30.3m (30 June 2024: £13.6m), Life Sciences £18.0m (30 June 2024: £7.4m) and Industrial Specialties £4.2m (30 June 2024: £0.2m).

3. Net financial costs

	2025 First half £m	2024 First half £m	2024 Full year £m
Financial costs			
Interest payable on borrowings	10.9	11.0	25.8
Interest on lease liabilities	1.5	1.4	2.8
Other bank loans and overdrafts	0.2	0.4	2.3
Preference share dividend	–	–	0.1
	12.6	12.8	31.0
Financial income			
Bank interest receivable and similar income	(0.6)	(2.4)	(6.9)
Net interest on post-retirement benefits	(3.1)	(2.1)	(4.4)
	(3.7)	(4.5)	(11.3)
Net financial costs	8.9	8.3	19.7

4. Dividends

	Pence per share	2025 First half £m	2024 First half £m	2024 Full year £m
Ordinary				
2023 final, paid May 2024	62.0	–	86.6	86.6
2024 interim, paid October 2024	47.0	–	–	65.6
2024 final, paid May 2025	63.0	87.9	–	–
		87.9	86.6	152.2

An interim dividend in respect of 2025 of 48.0p per share, amounting to a total dividend of £67.0m, was declared by the Directors at their meeting on 25 July 2025. This interim report does not reflect the 2025 interim dividend payable. The dividend will be paid on 7 October 2025 to shareholders registered on 29 August 2025.

5. Intangible assets

	2025 First half £m	2024 First half £m	2024 Full year £m
Opening net book amount	1,310.6	1,408.5	1,408.5
Exchange differences	7.9	(33.7)	(61.4)
Additions	1.3	1.9	3.4
Disposals and write offs	–	–	(0.1)
Reclassifications from property, plant and equipment	0.9	1.7	2.5
Amortisation charge for the period	(20.6)	(21.4)	(42.3)
Impairments	(3.4)	–	–
Closing net book amount	1,296.7	1,357.0	1,310.6

An impairment of £3.4m has been recognised related to an acquired technology asset no longer expected to generate the benefits originally anticipated at acquisition.

6. Property, plant and equipment

	2025 First half £m	2024 First half £m	2024 Full year £m
Opening net book amount	1,082.9	1,044.0	1,044.0
Exchange differences	(47.2)	(9.3)	(12.1)
Additions	44.6	52.3	132.1
Disposals and write offs	(0.3)	(0.6)	(1.3)
Reclassifications to intangible assets	(0.9)	(1.7)	(2.5)
Depreciation charge for the period	(40.8)	(38.1)	(77.3)
Impairments	(7.3)	–	–
Closing net book amount	1,031.0	1,046.6	1,082.9

Impairments of £7.3m have been recognised during the period primarily linked to the Group's business transformation programme where decisions made resulted in the requirement for impairment:

- An impairment of £5.6m related to property, plant and equipment (with a further £16.6m related to right of use assets) relates to the critical assessment of the Group's supply chain infrastructure as part of the business transformation programme and subsequent decision in the current period to optimise the Group's warehousing footprint.

- An impairment of £1.7m related to property, plant and equipment has also been recognised related to an asset under construction which will no longer be completed in Japan.

As part of the Group's operational efficiency programme, a number of capacity optimisation projects are currently being considered where decisions could be made in the future that may indicate a change in the planned use of certain assets. These potential changes are still under consideration, with work ongoing and decisions not yet made. Management will continue to assess this position on an ongoing basis.

During the period the Group received government grant funding of £4.2m (FY 2024: £36.8m) relating to the US cGMP scale up project. Grant income is deducted from the cost of the associated asset within the additions line above.

7. Reconciliation to net debt

	2025 First half £m	2024 First half £m	2024 Full year £m
Net movement in cash and cash equivalents	7.6	42.7	(2.3)
Net movement in borrowings and other financial liabilities	(59.7)	(5.7)	26.5
Change in net debt from cash flows	(52.1)	37.0	24.2
Non-cash movement in lease liabilities	(6.3)	(7.7)	(18.2)
Exchange differences	10.6	0.4	(0.7)
	(47.8)	29.7	5.3
Net debt brought forward	(532.3)	(537.6)	(537.6)
Net debt carried forward	(580.1)	(507.9)	(532.3)

8. Significant accounting judgements and estimates

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

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

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

The significant accounting estimates required when preparing the Group’s accounts are as follows:

Post-retirement benefits

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

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

	2025 First half £m	2024 Full year £m
Opening net retirement benefit surplus	104.3	86.7
Current service cost	(4.6)	(10.1)
Net interest income	3.1	4.4
Employer contributions	2.1	7.1
Benefits paid	–	0.2
Remeasurements	(4.2)	15.5
Acquisitions	–	–
Business disposal	–	–
Exchange difference on overseas schemes	0.5	0.5
Closing net retirement benefit surplus	101.2	104.3
Total market value of assets	873.2	897.6
Present value of scheme liabilities	(760.8)	(781.4)
Net pension plan asset	112.4	116.2
Post-employment medical benefits	(11.2)	(11.9)
Net retirement benefit surplus	101.2	104.3
Analysed in the balance sheet as:		
Retirement benefit assets	126.3	130.0
Retirement benefit liabilities	(25.1)	(25.7)
Net retirement benefit surplus	101.2	104.3

8. Significant accounting judgements and estimates (continued)

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

Goodwill impairment

Management are required to undertake an annual test for impairment of indefinite lived assets such as goodwill, or more frequently if impairment indicators are identified. This review is performed in the second half of the year. However, the Group is also required to assess for any impairment triggers at each reporting date. At 30 June 2025, management have performed an assessment for potential impairment triggers across the Group's CGUs and Operating Segments including consideration of current performance and future expectations, and no material impairment indicators were identified.

9. 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 businesses 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.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements for the year ended 31 December 2024. There have been no changes in the Group's risk management processes or policies since the year end.

Financial instruments measured at fair value use the following hierarchy;

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

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

Fair values

For financial instruments with a remaining life of greater than one-year, fair values are based on cash flows discounted at prevailing interest rates. Accordingly, the fair value of cash deposits and short-term borrowings approximates to the book value due to the short maturity of these instruments. The same applies to trade and other receivables and payables (excluding contingent consideration which is discounted using a risk-adjusted discount rate). Where there are no readily available market values to determine fair values, cash flows relating to the various instruments have been discounted at prevailing interest and exchange rates to give an estimate of fair value.

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

	Book value First half 2025 £m	**Fair value First half 2025 £m**	Book value Full year 2024 £m	Fair value Full year 2024 £m
US$100m 3.75% fixed rate 10 year note	(72.9)	(69.0)	(79.1)	(70.3)
€70m 1.43% fixed rate 10 year note	(59.6)	(58.9)	(59.3)	(56.7)
£70m 2.80% fixed rate 10 year note	(70.0)	(68.5)	(70.0)	(66.2)
€50m 1.18% fixed rate 8 year note	(42.6)	(41.4)	(42.3)	(39.6)
£65m 2.46% fixed rate 8 year note	(65.0)	(62.0)	(65.0)	(59.5)
US$60m 3.70% fixed rate 10 year note	(43.7)	(41.8)	(47.5)	(43.7)

10. Related party transactions

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