

Annual Report 2025



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Management report

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A sky-high success

This year's cover image shows the world's highest bridge, the iconic Huajiang Canyon Bridge in China, coated by Hempel in 2025.



EUR 259 million

Free cash flow

Hempel delivered EUR 2,165 million in revenue and a free cash flow of EUR 259 million in 2025.



Introduction



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Letter to stakeholders from our Chair and CEO

Shaping the next chapter

2025 marks nearly five years since the launch of our *Double Impact* strategy and one year into our partnership with CVC.

Many milestones have shaped our journey, reinforcing our commitment to becoming an industry-winning enterprise and delivering lasting value to our customers, partners, owners and employees.

Over the past few years, our focus has been on execution and we have achieved significant progress – financially, operationally, and culturally. In January 2026, we launched a new global strategy focused on strengthening customer value and accelerating commercial execution across key markets. Our new *Accelerate to win* strategy shapes the next chapter of Hempel's story. Our direction is clear: we are building on a position of strength and *Accelerate to win* focuses on moving faster, strengthening what makes Hempel unique in the eyes of customers and ensuring the company is positioned to capture the opportunities ahead.

Navigating a complex world

The external environment has shifted decisively in 2025. Geopolitical dynamics have become more complex and volatile, with negative impact from foreign exchange rates, low oil prices, and subdued consumer confidence. Our customers are cautious, and competition is fierce. In this climate, our responsibility is to navigate with clarity and agility, ensuring we continue to deliver for those who rely on us.

Putting customers first with new solutions

Hempel's value lies in how we protect and beautify our customers' assets, help them decarbonise, or create the unique feeling of home. Our mission is to make Hempel the first and best choice for our customers, every single time. In 2025, we launched Hempaguard NB, the first silicone hull coating for Marine newbuildings, Hempafire Extreme, setting new benchmarks for fire safety, and Flat Eggshell by Farrow & Ball, a low sheen, super-tough finish for interior wood, metal and concrete.

In its first full year on the market, Hempaguard Ultima, a hull coating developed for large commercial ships, delivered value to our customers by saving fuel and reducing costs combining the proven energy-saving technology of Hempaguard X7 with a new biocide-free silicone topcoat, Hempaguard XL. This means less biocide, improved speed, and real progress towards decarbonisation. These are just a few examples of how we innovate for our customers.

In 2026, we will be even more relentless in listening to our customers, solving their most important pain points, and wowing them with the best innovations, technologies, and service. At the end of the day, our customers are why we exist, and through them, we can have a profound impact on the world.



Michael Hansen

Group President &
Chief Executive Officer

Richard Sand

Chair of the Board of
Directors

2025 performance and highlights

In 2025, we delivered organic sales growth of 3.4% and a free cash flow of EUR 259 million.

This year, we marked several important milestones. At the beginning of the year, we announced the sale of Hempel Industrial B.V. in the Netherlands in our Energy & Infrastructure segment. Later in the year, we expanded our global footprint with a new office in Pune, India, an important step in our global growth journey. We also welcomed customers and partners from around the world, including China and Korea, to our headquarters in Denmark. Inaugurated in 2023, our state-of-the-art production facility in Zhangjiagang, China reached full capacity in 2025 allowing us to further enhance how we serve Marine, Energy and Infrastructure customers in the region. Hempel was recognised as Denmark's leading non-listed company for climate action by Økonomisk Ugebrev¹. Our commitment to sustainability was further emphasised during Climate Week NYC in the US as we hosted a maritime panel at the Partnerships for the Future Summit and took part in the Royal Danish state visit to France focusing on the green energy transition.

2026 outlook

As we move to 2026, we expect the complex external market conditions to continue. While Hempel is performing at historically high levels, we recognise there is more to achieve.

We hold industry-leading positions across many of the markets we serve, and we are working towards further unlocking our potential.

¹ Økonomisk Ugebrev is a Danish business-oriented newsletter focusing on economics, finance, investment and corporate governance.

In 2026, we will continue our journey to grow Hempel, expecting low-single-digit organic revenue growth and an adjusted EBITDA margin around 18%.

A team built for the future

Over the past three years, we have deliberately strengthened our Executive Group Management, bringing together a high-calibre and diverse team with the capabilities needed to drive Hempel forward. In 2025, this continued with Anne-Christine Ahrenkiel joining as Chief People & Culture Officer on 1 July, followed by Anne Ernst as Executive Vice President, Strategy & Execution from 1 September. In September, we also announced the appointment of Malgorzata Kolton as Executive Vice President & Head of Marine, effective 1 January 2026.

Today, the Executive Group Management team represents five nationalities, has an even gender split, and brings together a broad range of professional and personal backgrounds.

Thank you

On behalf of the Board of Directors and Executive Group Management, we thank our customers and partners for your trust this past year. We also thank all our Hempel colleagues for your commitment and perseverance to drive success. Together, we are shaping the next chapter of Hempel's journey.

In 2025, Hempel delivered the best free cash flow to date.

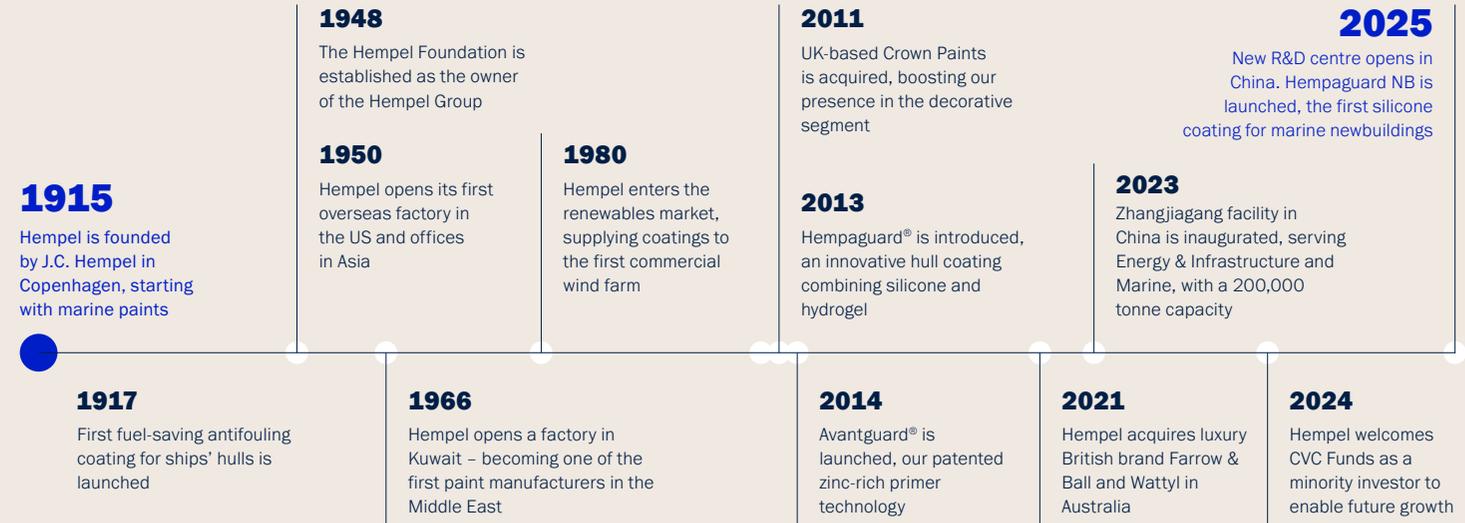
Hempel to initiate CEO succession

In January 2026, Hempel A/S announced that Michael Hansen will step down as Group President and Chief Executive Officer of the company to take on the position as President and CEO of DFDS. The Board of Directors has activated a search process and will provide an update when the next CEO is in place. Until a successor has been appointed, Michael Hansen will, together with the Executive Group Management team, continue to lead the company and execute on Hempel's strategic priorities. Michael Hansen will leave Hempel no later than 30 June 2026.

At a glance

At Hempel, we collaborate and innovate with our customers to deliver paints and coatings that protect, inspire and improve the performance of their most valuable assets. Through our global expertise and strong partnerships, we help customers achieve their ambitions and strengthen their performance over time. We are majority-owned by the Hempel Foundation.

110 years of partnership and protection



Sustainability commitments and recognitions



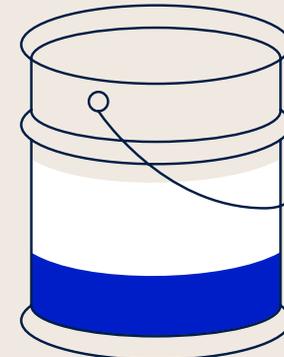
We serve customers around the world¹

No. of colleagues
7,000+

No. of paint stores
334

No. of customers²
40,000+

No. of R&D centres
13



No. of countries we serve
110+

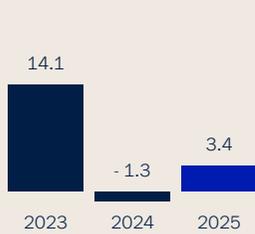
No. of factories
24

No. of master brands
6

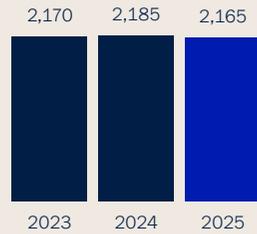
¹ Numbers as of 31 December 2025.
² No. of professional customers with revenue above EUR 1,000.

Performance highlights 2025¹

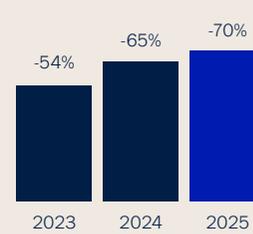
Organic growth²
(%)



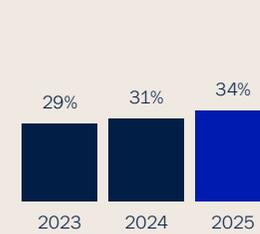
Revenue
(EUR m)



Environment³
Scope 1 & 2 reduction from 2019 baseline
(%)

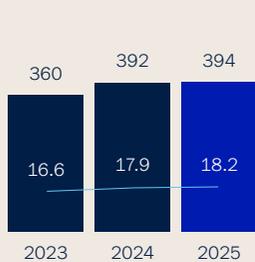


Social
Women in leadership
(%)

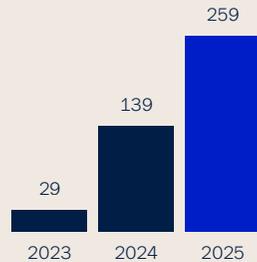


EBITDA margin, adjusted²

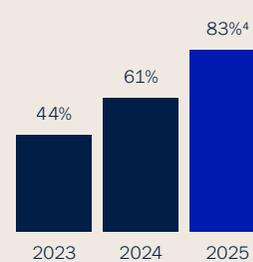
□ EBITDA (EUR m)
— EBITDA margin (% of revenue)



Free cash flow²
(EUR m)



Governance
Total supplier spend screened
Sustainability screening of our suppliers (%)



¹ The 2023 profit or loss and ESG statements have been restated to reflect the classification as a discontinued operation of Hempel's J.W. Ostendorf and Renaulac businesses. For further information, please see note 4.6 Discontinued operations.

² For definitions of financial ratios, see note 5.7.

³ Excluding company vehicles, we reached a reduction of 73% in scope 1 & 2. Amounts in absolute tonnes are shown on page 41.

⁴ In 2025, the scope of the screening was changed to focus on high and medium CO₂e impact categories.

Five-year summary

(EUR m, unless otherwise stated)	2025	2024	2023 ¹	2022	2021
Profit or loss					
Revenue	2,165	2,185	2,170	2,159	1,744
EBITDA, adjusted	394	392	360	257	205
EBITDA	387	391	348	219	196
Amortisation, depreciation and impairment	108	114	113	105	90
Operating profit	279	277	235	114	106
Financial items, net	- 66	- 57	- 93	- 58	- 17
Profit before tax	213	220	142	56	89
Net profit from continuing operations	166	170	122	37	58
Net profit for the year	168	80	50	35	63
Financial position					
Total assets	2,414	2,631	2,669	2,655	2,466
Investment in tangible assets	28	52	59	91	113
Shareholders' equity	1,150	1,058	502	519	526
Net interest-bearing debt	344	542	1,075	1,052	907
Cash flow					
Total cash flow from operating activities	294	225	127	72	69
Cash flow from acquisitions / divestments of enterprises	8	4	6	- 28	- 511
Cash flow from net investments in property, plant and equipment and intangible assets	- 43	- 90	- 104	- 107	- 87
Free cash flow	259	139	29	- 63	- 529
Dividend distributed to shareholders	-	- 157	- 26	- 33	- 25
Working capital					
Net working capital (NWC) days	76 ²	82 ²	66	72	70

(EUR m, unless otherwise stated)	2025	2024	2023 ¹	2022	2021
Ratios (%)					
Organic growth	3.4	- 1.3	14.1	12.7	5.9
Gross margin	44.1	43.4	41.6	36.3	37.8
EBITDA margin	17.9	17.9	16.0	10.1	11.2
EBITDA margin, adjusted	18.2	17.9	16.6	11.9	11.8
Operating profit margin	12.9	12.7	10.8	5.3	6.1
Return on invested capital	13.0	12.9	11.1	5.6	7.5
Equity ratio	47.6	40.2	18.8	19.5	21.3
Cash conversion	100	92	76	64	59
Leverage ratio	0.9x	1.4x	3.1x	4.2x	3.7x
Environment, social and governance (ESG)					
Scope 1 & 2 emissions (tonnes CO ₂ e)	16,112	18,767	24,972	19,090	29,710
Waste to landfill (tonnes)	1,360	1,586	934	1,353	1,630
Average number of employees (FTEs)	6,919	6,932	6,788	7,343	6,746
Gender diversity in leadership positions ³ , female/male	34/66	31/69	29/71	29/71	23/77 ⁴
Satisfaction and motivation	N/A	74	75	72	73
Engagement score (scale from 0-10) ⁵	7.5	N/A	N/A	N/A	N/A
Suppliers screened through Hempel Procurement Sustainability Screening (% of spend)	N/A	61	44	40	22
% of direct and indirect spend suppliers in high and medium CO ₂ e impact categories screened through the Hempel Procurement Sustainability Screening	83%	N/A	N/A	N/A	N/A

For definitions of financial ratios, see note 5.7.

¹ The 2023 profit or loss and ESG statements have been restated to reflect the classification as a discontinued operation of Hempel's J.W. Ostendorf and Renaulac businesses. For further information, please see note 4.6 Discontinued operations. 2021-2022 have not been restated.

² The calculation of Net Working Capital (NWC) Days has been restated to reflect a simplified approach.

³ Leadership positions with minimum 3 direct reports.

⁴ Data from Farrow & Ball was not included in 2021.

⁵ In 2025 a new Employee Engagement Survey has been rolled out, replacing the previous survey format. This resulted in a change to the metrics being reported.

Our business

- Business model
- Strategy
- Sustainability framework
- Segments
- Marine
- Energy & Infrastructure
- Decorative
- Performance review



Business model

Across the world, our products and solutions help our customers protect, inspire and improve performance of their most valuable assets. Sustainability is at the heart of our business and incorporated into every step of our business model.

INPUT

Customers

We continuously engage with our customers to understand and meet their evolving business needs.

Stakeholders

We build trusted relationships with consumers, suppliers, peers and other stakeholders across our value chain. We gain insights to continue to cater to consumer lifestyles and needs.

Employees

Our team of 7,000+ colleagues are driven by our purpose and ambitions to make a difference for our customers and society. We rely on their input and expertise to win in the market.

Procurement of resources

We depend on raw materials, such as epoxy, titanium dioxide and metallic pigments, to produce our solutions.

Research & Development

Research & develop

We continuously develop expertise across our segments to deliver best-in-class solutions from chemistry to application engineering. We actively partner with our customers and partners in the field.

Innovate

We are committed to innovating with our customers to enable them to meet their goals, using state-of-the-art processes across our 13 R&D centres.

Production

Produce & scale

We strive for greater excellence, efficiency and scalability in our production while reducing the environmental footprint of our operations.

Collaborate

We collaborate with suppliers to shorten lead times and drive joint decarbonisation efforts.

Delivery, sale and support

Brand & sell

We work with our customers to communicate the value and benefits of our brands and solutions, so they get the best possible experience, no matter how or where they meet us.

Distribute

Our globally integrated supply chain and store network allow us to deliver our solutions to customers across the world every day.

Advise & support

Our global coating advisors ensure efficient, high-quality application and process optimisation to maintain customers' assets in the agreed condition. We help reduce costs and waste, and improve performance. In our paint stores, we provide advice and inspiration to our private and professional consumers.

VALUE

Customers & consumers

We deliver solutions and services that build new value propositions for our customers, while helping them reduce their environmental impact. We deliver inspiring products to consumers that beautify their living spaces.

Employees

We nurture a diverse and inclusive workplace with a shared culture, where our employees can succeed and develop.

The world around us

Our solutions extend the lifetime of our customers' assets and enable them to operate with higher efficiency. We also continuously work to reduce the impact of our own operations.

Company & owners

We are owned by the Hempel Foundation and CVC Funds. Our majority owner, the Hempel Foundation, supports philanthropic projects around the world.



Strategy

In 2025, we concluded our *Double Impact* strategy period, a five-year journey that strengthened Hempel's foundation and delivered tangible financial progress across our four strategic growth levers: Segment leadership, Sustainability leader, Scalable operations and Trusted partner. The achievements of *Double Impact* have ensured Hempel is ready for the next phase of its growth journey, which will be guided by our new *Accelerate to win* strategy, launched in January 2026.

Driving digitalisation and smarter operations

Digital transformation was a key enabler for *Double Impact*. In 2025, we launched our new, unified eBusiness platform, integrating www.hempel.com and MyHempel into one seamless, intuitive digital experience for our Marine and Energy and Infrastructure customers. As a result, customers can now explore products, place orders and access documentation in one environment. We also improved and automated internal data flows, making our processes faster and more scalable. We reimagined innovation through IdeaLab, an AI-powered tool that helps identify promising ideas and customer needs earlier in the product development process.

We got closer to our customers in the Decorative segment with the launch of Crown Paints' eCommerce site, while our Farrow & Ball eCommerce site saw high double-digit year-on-year revenue growth. Our Operations Intelligence initiative brought Industry 4.0 to life. Digital tools like smart sensors, connected devices and automation, are key to enabling agile, real-time responses in manufacturing

operations. This provides teams access to real-time data that drives faster decision-making and continuous improvement. In addition, the rollout of the Insight Explorer app at Crown Paints allows operators to monitor and optimise production in real time, improving efficiency, reducing downtime and supporting sustainable operations.

Strengthening segment leadership

In 2025, we maintained momentum across our segments as we advance our technology portfolio into clear market leadership. In Marine, we celebrated the 5,000th application of Hempaguard, our advanced silicone hull coating, marking a decade of proven hull performance and reinforcing our leadership in fuel-saving and emission-reducing coatings. We also launched Hempaguard NB, the first silicone hull coating designed specifically for newbuildings.

In Energy & Infrastructure, Avantguard 750 Pro set a new standard for corrosion protection, helping to extend the lifetime of steel structures and reduce lifecycle CO₂e emissions. In addition, Hempafire Extreme 550 redefined fire protection with faster application, lower carbon content and enhanced design flexibility.

For Decorative customers, we opened Farrow & Ball Studios in the UK. Our five Studios offer immersive retail spaces that elevate the customer experience.

Streamlining and focusing for growth

To sharpen our portfolio and focus on our strongest business areas, we divested Hempel Industrial B.V. in the Netherlands in 2025. This allows us to concentrate on our core Energy and Infrastructure subsegments, in line with *Double Impact*'s aim for greater scalability and focus.

Expanding our global footprint

We continued to expand our global presence and capabilities. We opened a new office in Pune, India, enabling us to expand our talent base and strengthen key functions, particularly within Digital and Finance. We also inaugurated a state-of-the-art R&D Centre in

Starting our next chapter

Hempel is stronger than ever and our *Double Impact* strategy has built a foundation to accelerate profitable growth, innovation and sustainability impact under our new *Accelerate to win* strategy launched in January 2026.

Accelerate to win is our commitment to faster, focused growth. It directs our energy to where we can create the greatest impact and pushes us to raise our game in delivering value for our customers. The new strategy will see Hempel maximise customer value through stronger innovation, faster local responsiveness, enhanced digital interaction and solutions designed to improve our customers' sustainability performance.

Zhangjiagang, China. Located close to major shipyards along the Yangtze River, the centre allows us to collaborate more closely with Marine customers and accelerate innovation where it matters most.

Advancing sustainability leadership

Sustainability is central to how we create value for our customers, owners and society. In 2025, EcoVadis awarded Hempel a Bronze Medal, placing us among the top 35% of rated companies globally within ESG performance. We also updated our scope 3 emissions target, which is validated by the Science Based Targets initiative (SBTi) to align with the 1.5°C pathway while ensuring that profitability and climate responsibility go hand in hand.

Sustainability framework

Our products and services enable customers to achieve their sustainability objectives, optimise operational efficiency, and maximise the longevity of their assets. Customers also expect us to demonstrate sustainability throughout our value chain. Our employees demand this, too. Current and future colleagues want to be part of a company that is actively working towards a more sustainable world – both today and in the future.

As a world-leading supplier of trusted paint and coating solutions, we have a responsibility to advance our own performance and standards in the field of sustainability. This makes sustainability a core part of both our identity and operations.

The Futureproof framework

2025 marked the transition to a new chapter for sustainability at Hempel. Our Futureproof framework has guided our sustainability efforts and priorities, helped us measure performance and drive continuous improvement since 2021. Through this framework and as a signatory of the UN Global Compact, we align our commitments with the United Nations Sustainable Development Goals (SDGs) and prepare for evolving regulatory requirements, such as the Corporate Sustainability Reporting Directive (CSRD).

ESG frameworks and external recognitions

We prioritise compliance with ESG reporting frameworks and ratings that are widely recognised by our stakeholders. Since 2022, we have reported in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Carbon Disclosure Project (CDP) and EcoVadis. In 2025, we aligned for the first time with the Taskforce on Nature-related Financial Disclosures (TNFD) and officially registered as TNFD adopters.

We have developed our 2025 integrated annual report inspired by and guided by the principles of the CSRD framework. While the EU has approved a two-year deferral, we remain committed to strengthening our ESG disclosures in preparation for future CSRD reporting and in response to stakeholder expectations. In 2025, we received an EcoVadis Bronze Medal in recognition of our sustainability achievements. This ranked us among the top 35% of companies globally for ESG performance, a strong result that reflects our progress, while also highlighting areas where we can continue to improve.

We became a member of Together for Sustainability (TfS) in 2025, a global initiative that promotes sustainable practices across chemical industry supply chains. We are committed to driving positive environmental and social impact through responsible sourcing, transparency and collaboration with peers.

Introducing Hempel’s new sustainability mission

We kicked off 2026 with the next step in our sustainability journey, anchoring sustainability at the core of our customer value creation while keeping ourselves to the highest standards for operating and engaging responsibly.

The paints and coatings industry has a unique role to play in the transition to a more sustainable future. Across sectors, companies face the same challenge: growing responsibly by using fewer resources and cutting emissions. That’s where Hempel can make a difference.

Our ambition is to enable our customers to operate with lower emissions and higher efficiency, extend the lifetime of their assets and contribute to healthier living spaces and ecosystems.



Segments



MARINE

750 Revenue in EUR m
9.8% Organic growth

Sales in Marine grew 9.8% organically, landing at EUR 750 million.

2025 marked the strongest year ever for Marine sales, achieving double-digit volume growth in both the drydock and newbuild markets, surpassing previous records set in 2023. Growth was fuelled by sustained customer confidence and continued demand for our premium solutions. At the same time, however, macroeconomic uncertainty, declining US dollar, and price pressure from increased competition in the silicone market negatively impacted growth.

While competition intensified in the silicone hull coatings market, we maintained strong momentum, attracting many new customers and achieving record volumes with our Hempaguard range.

We also leveraged the global newbuilding boom, driving significant revenue growth through a holistic commercial approach that combines advanced coating technologies, technical advisory services and close collaboration with shipyards and customers.



ENERGY & INFRASTRUCTURE

775 Revenue in EUR m
0.1% Organic growth

Sales in Energy & Infrastructure grew 0.1% organically, landing at EUR 775 million, with Infrastructure growth offset by declining Energy sales.

Growth in our Infrastructure business was driven by successfully winning more volume across the globe, with a focus on our leading technologies. Growth in these strategic areas – such as passive fire protection (PFP), high-performance waterproofing (Neogard) and corrosion protection (Avantguard) technologies, which enhance safety, improve sustainability, and reduce costs for our customers – contributed to a good overall performance for the global Infrastructure business.

Sales were softer in our Energy business, driven by weakness in the oil and gas sector, particularly in the Americas and the Middle East. However, this was partly offset by significant volume gains in Asia-Pacific, where our modern factories achieved record production and delivery levels. This growth was supported by our leading coating solutions for corrosion under insulation (CUI), enabling us to secure new projects and strengthen our global market presence. At the same time, we gained additional renewables business in Asia-Pacific and expanded in offshore wind globally, maintaining our strong market-leading position in wind tower coatings despite continued fierce competition.



DECORATIVE

640 Revenue in EUR m
0.6% Organic growth

Sales in the Decorative segment grew by 0.6% organically, landing at EUR 640 million.

Growth was supported by increases in the luxury segment through Farrow & Ball and in the UK mainstream segment through Crown Paints.

In the luxury segment, we continued to strengthen our position with Farrow & Ball, driven by US expansion, the introduction of a new studio retail format and an award-winning e-commerce proposition.

In the mid-market segment outside of the United Kingdom, full-year sales fell short of expectations, mainly due to weaker market conditions in the Middle East, as well as softer market conditions in Australia impacting Watty.



Driving decarbonisation in the maritime industry

Across the maritime industry, demand for sustainable coating solutions continues to rise as customers face stricter environmental regulations and growing pressure to improve performance. This trend is driving greater interest in technologies that enhance operational efficiency while keeping costs down.

Our superior coating solutions optimise fuel efficiency and provide significant savings for shipowners and operators. They also help reduce downtime and cut CO₂ and in-water emissions, supporting more efficient and sustainable ship operations.

2025 was a record year for Marine driven by strong demand for Hempel's solutions across the newbuilding and maintenance sectors. Offering customers a full suite of superior hull management solutions suited for every step of a vessel's lifetime, we cemented our leading position in marine silicone coatings.

Hempel continues to lead the maritime industry in sustainable hull-coating solutions. In 2025, we launched Hempaguard NB, an innovative silicone hull coating that can be applied to newbuildings during the construction phase, providing customers with a fully efficient ship from the moment it hits the water. This new technology supports long-term performance and regulatory compliance for customers while offering shipyards a competitive edge.

In its first year since launch, our market-leading high-performance silicone coating, Hempaguard Ultima, has earned customer recognition for delivering superior fouling protection, operational efficiency and sustainability benefits. With a strong proven track record of over 5,000 applications since 2013, Hempaguard has reduced customers' CO₂ emissions by approximately 35.9 million tonnes, and was third-party validated in 2024 for its impressive impact on fuel savings and speed loss.

First Maersk ship coated with Hempaguard NB

We successfully completed the first Hempaguard NB application in collaboration with Maersk on their newbuilding, the Tangier Mærsk, coated at Yangzijiang Shipyard in China in October 2025.



Value creation

- **Hempaguard NB**, our first silicone hull coating designed for newbuildings, delivers advanced fouling protection with up to 20% fuel savings and reduces average speed loss to 1.2% from day one, hereby significantly lowering vessel emissions compared to conventional antifouling coatings. Our high-performance silicone coatings enable shipowners to lower their overall costs while supporting their environmental goals through reduced CO₂ emissions and less biocide release to the water.
- We work with customers to find smarter, safer, and more sustainable ways to coat ships. To help them reduce their total costs and support their sustainability ambitions, we tested air-assisted airless¹ coating application. This is a spraying technology that enhances the application quality and extends the performance of our coatings.
- We continued to support customers with vessel data and digital models through our SHAPE system, helping them improve operational efficiency and meet biofouling requirements set by the International Maritime Organization. We introduced a new AI module that automatically analyses hull inspection images and connects hull condition to drag, fuel consumption, and emissions. By providing these insights, the system enables faster, data-driven maintenance decisions and greater fleet efficiency for our customers.

¹ Air-assisted airless spraying is a new method for applying coating on a ship.



Energy & Infrastructure

Extending asset lifetime, reducing costs and lowering emissions

Our solutions extend the lifetime of energy and infrastructure assets, with a focus on sustainability and value chain efficiency. Our strong position in the energy and infrastructure industries is built on our innovative, high-performance coating technologies, which meet our customers' demands for longer-lasting assets and lower lifetime maintenance costs. To drive growth, we focus our expertise on sustainability-led infrastructure development projects, renewable energy and high-growth regions.

2025 was a good year for infrastructure projects in Asia Pacific. We maintained a strong overall position in the region and secured a number of new projects in China and South East Asia. We also maintained our strong position in the Americas, with growth driven by our Neogard high-performance concrete waterproofing solutions and protective coatings. In the Middle East, we secured many infrastructure projects and continued to grow our passive fire protection (PFP) portfolio.

We already offer high-performance cellulosic PFP coating solutions for customers in the infrastructure industry. In 2025, we strengthened our PFP range with the introduction of high-performance hydrocarbon PFP coating solutions for use in the energy sector.

As well as PFP coatings, our customers in the energy industry rely on our value adding solutions to extend the lifetime of their assets, while reducing their operational costs and emissions. The most critical

challenge in the downstream energy industry remains corrosion under insulation (CUI). We offer high-performing CUI solutions for severely corrosive environments and, despite market pressure in the oil & gas industry in 2025, we succeeded in growing our CUI High Heat business.

We have a strong position across the energy industry, particularly in renewables where we offer a full range of high-performance, high-productivity solutions with a focus on sustainability. In 2025, we grew our Renewables sub-segment, mainly driven by increased focus on the offshore wind industry.

Highest and biggest

In 2025, we coated the world's highest bridge, the iconic Huajiang Canyon Bridge, and delivered coatings to the world's largest capacity floating offshore wind turbine foundation – both in China.



Value creation

- We launched **Hempaprime Ultimate 850**, a primer that offers customers greater corrosion resistance, increases durability and faster curability, together with one of the lowest Volatile Organic Compounds (VOC) on the market. We also commercialised **Hempaprime Core 505**, a new epoxy with enhanced colour stability for the Chinese infrastructure market.
- We extended our solutions with **Hempafire Extreme 550** in the PFP market providing up to four hours fire protection in combination with 40% lower paint consumption compared to current products on the market.
- For the oil & gas industry, with **Hempaline Defend 430**, we are offering a wider range of chemicals resistance for interior lining of storage tanks and pipes for newbuild and maintenance.
- To support growing green building markets in Europe and the Middle East, we increased the number of Environmental Product Declarations (EPD) for our protective and PFP coatings, raising the number of points our customers can earn in LEED¹ and BREEAM² projects.
- We delivered **Hempaprime Strength 530** for offshore wind farms in Asia and Europe. Coating systems based on the product can protect foundations for 35 years, reducing carbon footprint by more than 30% compared to conventional systems, which only protect for 25 years.

¹ LEED (Leadership in Energy and Environmental Design) is the most widely recognised green building rating system in the world.

² BREEAM (Building Research Establishment's Environmental Assessment Method) is a certification scheme designed to evaluate the sustainability of building projects.



Elevating the customer experience across the decorative ecosystem

As a full-service decorative coatings company, we offer paints, wallpapers and colour consultancy to Do-It-Yourself (DIY) consumers, designers, contractors, retailers and professional painters seeking quality, long-lasting and easy-to-apply solutions. Our brands inspire through on-trend colours and high-quality, sustainable solutions – from premium paints for the home to anti-bacterial coatings for hospitals and white-label products¹ for major DIY chains.

Inspiration, quality and sustainability remain at the heart of what we do. Our strategy is to drive growth through a strong market position and brand awareness, while expanding our partnerships, physical store network and eCommerce solutions.

In 2025, our Crown Paints brand entered into a partnership with B&M, the largest multi-channel retailer in the UK, which now stocks Crown Paints products in 246 stores. At the same time, our own Crown Decorating Centres delivered record performance. In Australia last year, we successfully reestablished our Watty! Solagard brand in Bunnings and secured a range extension in 2025. In the US, our Farrow & Ball brand saw all-time high performance.

In eCommerce, we got closer to our customers with the launch of Crown Paints' eCommerce site, while our Farrow & Ball eCommerce site saw high double-digit year-on-year revenue growth. Both sites were shortlisted for the prestigious UK-based eCommerce Awards, with Farrow & Ball winning the DIY and Home category Website of the Year

award. In total, our brands were finalists in or won over 15 industry awards, including Crown Paints and Farrow & Ball being named in The Telegraph newspaper's list of the Best Wall Paints of 2025.

In addition, we opened new stores, evolved our service offerings and increased operational efficiencies while remaining focused on delivering sustainable solutions to our customers.

Award winning brand

In 2025, Crown Paints won three awards for customer service, CSR and sustainability in the BCF (British Coatings Federation) Awards.



Value creation

- **Farrow & Ball** launched 12 new colours, as well as its new Flat Eggshell finish, a super-tough, low-sheen paint for wood, metal and concrete.
- **Hempel Decorative Middle East** launched Topaz Signature Endless Matt, complementing its premium interior range with a unique matt finish that is highly washable, even in the deepest and darkest colour tones.
- **Farrow & Ball** advanced its use of biobased materials, sourcing a new C14-certified material that is derived from sugarcane waste and saves around 1,000 tonnes of CO₂e annually. Its new Flat Eggshell range uses biobased materials, saving a further 150 tonnes of CO₂e while improving drying times, durability and resistance to yellowing.
- **Hempel Decorative Middle East** collaborated with Saudi Arabia's National Housing Company to promote zero-VOC anti-microbial paints and switched from plastic to metal packaging in selected ranges.
- **Crown Paints'** manufacturing sites are now 99.5% fossil-fuel-free and all electricity used across UK operations, factories, offices and Decorating Centres, comes from renewable energy sources. As a result, operational carbon emissions (scopes 1 & 2) have dropped 67% compared to 2019.

¹ Products that are sold under a retailer's brand.

Performance review

Revenue and earnings

Revenue and organic growth

Total revenue in 2025 amounted to EUR 2,165 million, a decrease of EUR 20 million compared to 2024. Revenue was negatively impacted by the depreciation of US dollar, British pound and Chinese yuan exchange rates against the euro. Organic growth for the year, adjusted for currency fluctuations, was 3.4%. Organic growth was supported by underlying volume growth. Organic growth fell slightly short of expectations for the year, due to softer market conditions.

The Marine segment achieved organic growth of 9.8%, reporting revenue for the year of EUR 750 million.

The Energy & Infrastructure segment recorded organic growth of 0.1%, ending the year with revenue of EUR 775 million.

The Decorative segment achieved 0.6% organic growth, with revenue amounting to EUR 640 million.

Gross profit and margin

Gross profit amounted to EUR 955 million in 2025, an increase of 0.7% compared to the prior year. The gross profit margin increased by 0.7 percentage points to 44.1%. Gross profit was negatively impacted by foreign exchange movements impacting revenue, offset by declining raw material costs and operational efficiencies in China.

Sales, distribution and administrative costs

Sales, distribution and administrative costs, amounted to EUR 686 million in 2025, an increase of 2.2% compared to the prior year.

The increase reflects general price inflation and investments in digital solutions aimed at driving scalable operations.

EBITDA and EBITDA margin, adjusted

Adjusted EBITDA amounted to EUR 394 million in 2025, and the adjusted EBITDA margin increased by 0.3 percentage points to 18.2%. The EBITDA margin exceeded full-year expectations. The adjustments to EBITDA relate to M&A gains of EUR 4 million, hyperinflation costs of EUR 4 million, and one-off restructuring costs of EUR 7 million. These restructuring initiatives are aligned with Hempel's strategic ambition to improve competitiveness.

Financial items and foreign exchange

Net financial items amounted to EUR 66 million, an increase of EUR 9 million compared to 2024.

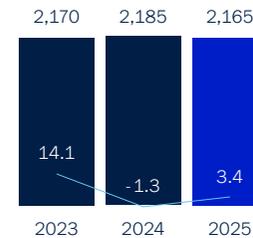
The increase was primarily driven by higher foreign exchange losses which amounted to EUR 30 million in 2025, an increase of EUR 24 million from the prior year, mainly due to the depreciation of the US dollar. This effect was partly offset by lower interest expenses as a result of reduced debt levels.

Tax and Profit for the year from continuing operations

Tax for 2025 amounted to EUR 47 million compared to EUR 50 million in 2024, resulting in an effective tax rate of 22.1% in 2025 down from 22.7% in 2024. Profit for the year from continuing operations amounted to EUR 166 million compared to EUR 170 million in the prior year.

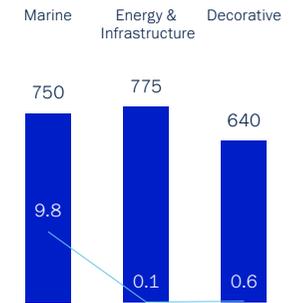
Revenue and organic growth

□ Revenue (EUR m) — Organic growth (%)



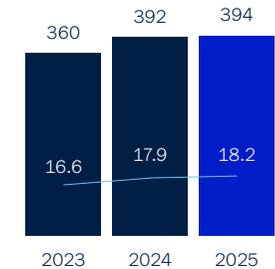
Revenue and organic growth by segment

□ Revenue (EUR m) — Organic growth (%)



EBITDA and EBITDA margin, adjusted

□ EBITDA (EUR m) — EBITDA margin (% of revenue)



Performance review

Financial position and cash flow

Total assets

At 31 December 2025, total assets amounted to EUR 2,414 million, down from EUR 2,631 million at 31 December 2024. The decrease primarily reflects the impact of foreign exchange movements, improvements in net working capital, and amortisation and depreciation exceeding additions to tangible and intangible assets. Additions to tangible and intangible assets amounted to EUR 47 million, and were mainly related to digital investments, factory optimisations, and ongoing asset replacements in factories.

Net working capital

In 2025, Hempel launched cash excellence programmes aimed at improving working capital efficiency across the business. Net working capital improved primarily due to a reduction in inventory, which decreased by EUR 59 million, driven by initiatives to reduce ageing stock and the run-down of contingency inventory built up in 2024. Trade receivables and trade payables remained broadly stable at EUR 442 million and EUR 304 million, respectively, in line with 2024 levels.

Return on invested capital

Return on invested capital from continuing operations amounted to 13.0% in 2025, a slight increase of 0.1 percentage points compared with the prior year, reflecting broadly unchanged operating profit and average invested capital.

Net interest-bearing debt and leverage ratio

At 31 December 2025, net interest-bearing debt (NIBD) was EUR 344 million, down from EUR 542 million at 31 December 2024. This decrease was primarily driven by strong EBITDA and cashflows from net working capital improvements. The leverage ratio improved significantly to 0.9x at 31 December 2025, compared to 1.4x at 31 December 2024.

Free cash flow

Free cash flow amounted to EUR 259 million in 2025, compared to EUR 139 million in 2024. The improvement was primarily driven by better net working capital management, lower investments in property, plant and equipment (PPE) and intangible assets, and reduced interest expenses.

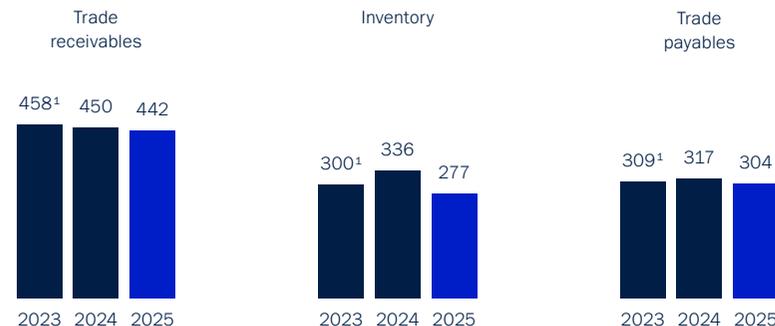
Cash outflows from investing activities were EUR 35 million in 2025, down from EUR 86 million in 2024, as major investments in production capacity and ERP systems were completed in 2024.

Cash flows from financing activities

Cash outflows from financing activities totalled EUR 288 million in 2025. The outflows include EUR 230 million related to net repayment of borrowings, and EUR 38 million related to repayment of lease liabilities.

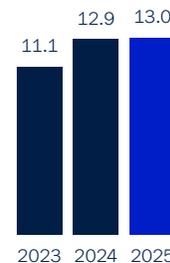
Net working capital

(EUR m)



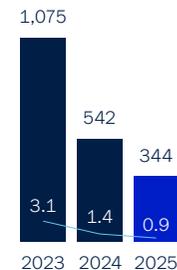
Return on invested capital

(%)



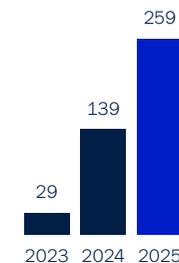
NIBD and leverage

□ NIBD (EUR m)
— Leverage (NIBD / EBITDA)



Free cash flow

(EUR m)



Corporate governance

- [Corporate governance](#)
- [Board of Directors](#)
- [Executive Group Management](#)
- [Risk management](#)

Corporate governance

Our strong corporate governance framework is based on Hempel A/S' Articles of Association, applicable laws and regulations, and our internal policies and procedures. It supports long-term value creation for our company, customers, suppliers, employees and the communities in which we operate, and promotes responsible and sustainable business behaviour.

Hempel A/S has a two-tier management structure consisting of the Board of Directors and the Executive Group Management. The Board of Directors is responsible for the company's overall strategic direction and must ensure the proper organisation of the company's business. It also supervises strategy execution and company performance. Executive Group Management is responsible for the day-to-day management of the company. The two bodies are independent, and no-one serves as a member of both.

Management structure

Executive Group Management is led by the Chief Executive Officer (CEO), who reports to the Board of Directors. The CEO oversees Hempel's organisational management structure, which is centred around our Marine, Energy & Infrastructure and Decorative segments. In 2025, Hempel established Strategy & Execution, a new Executive Vice President (EVP) area led by Anne Ernst, EVP, Head of Strategy and Execution, whom we welcomed on 1 September 2025. The area helps us identify opportunities to accelerate growth and long-term

value creation and ensures our strategy aligns with our segment priorities and market opportunities.

On 1 July 2025, we welcomed Anne-Christine Ahrenkiel as our new Chief People & Culture Officer and EVP, People & Culture. Malgorzata Kolton was appointed EVP, Marine and joined Hempel on 1 January 2026.

Board of Directors

The Board of Directors consists of seven members elected for a one-year term by the shareholders at the Annual General Meeting and three employee members elected for a four-year term by the employees based in Denmark (the latest election took place in 2023). The Board of Directors' duties and responsibilities are set out in its Rules of Procedure.

Composition and responsibilities of the Board of Directors

The Board of Directors includes both professional board members

and members with executive positions. As well as in-depth knowledge of Hempel's business, board members possess expertise within a wide range of areas, from innovation, product development, marketing, commercialisation, ESG and sustainability through to business expansion, value growth, mergers and acquisitions, finance and digital. These diverse profiles ensure that the Board of Directors can operate efficiently and effectively support the Hempel Group's strategy.

Each year, the Board of Directors carries out a self-evaluation of its competencies and skills. The evaluation is carried out systematically, using clearly defined criteria to ensure the Board constantly improves its own performance and its cooperation with Executive Group Management. The current composition of the Board is deemed appropriate as it provides a good balance between knowledge, competencies and experience. The Board of Directors is responsible for safeguarding the interests of the shareholders, while also considering all other stakeholders. On an annual basis, the Board aligns its priorities and tasks with the overall strategic direction and

Meeting activity 2025

● Attended meeting ● Absent from meeting

Board of Directors		Audit Committee		RemCo and NomCO ² e
4 March	29 September	28 February	18 September	28 February
12 May	13 November	4 June	26 November	20 August
20 June	5 December			24 November

Name	Title	Board of Directors	Audit Committee	RemCo and NomCO ² e
Richard Sand ¹	Chair	● ● ● ● ● ● ● ●		● ● ●
Søren P. Olesen	Board member/Deputy Chair	● ● ● ● ● ● ● ●	● ● ● ● ●	
Karsten Munk Knudsen	Chair of the Audit Committee	● ● ● ● ● ● ● ●	● ● ● ● ●	
Britt Meelby Jensen	Board member	● ● ● ● ● ● ● ●		
Leif Jensen ¹	Board member	● ● ● ● ● ● ● ●	● ● ● ● ●	● ● ●
Christoffer Sjøqvist	Board member	● ● ● ● ● ● ● ●		● ● ●
Michael Lavrysen	Board member	● ● ● ● ● ● ● ●	● ● ● ● ●	
Helle Fiedler	Elected by the employees	● ● ● ● ● ● ● ●		
Vibeke Stendal Larsen	Elected by the employees	● ● ● ● ● ● ● ●		
Stephan Rolsted	Elected by the employees	● ● ● ● ● ● ● ●		

financial performance of the Hempel Group. It evaluates Executive Group Management on a continual basis.

Tasks managed by the Board of Directors in 2025

In 2025, the Board of Directors led a strategic review of Hempel's *Double Impact* strategy, with the aim of unlocking further growth potential across the company's three core segments in line with its ambition to become an industry-winning enterprise. The strategy review included a reassessment of Hempel's business and operations to ensure continued scalability and competitiveness. In parallel, the Board maintained oversight of the company's value creation plans and collaborated closely with Executive Group Management to address implications arising from ongoing macroeconomic uncertainty.

In line with the *Double Impact* strategy, the Board of Directors explored potential inorganic opportunities and partnerships, with a focus on strengthening market position, expanding capabilities and unlocking synergies across segments. The Board further supervised the successful divestment of Hempel Industrial B.V., completed in January 2025.

The Board of Directors is committed to ESG and sustainability. In 2025, the Board continued to actively shape Hempel's sustainability framework, which outlines Hempel's sustainability ambitions and the roadmap to achieving them.

Diversity, Equity & Inclusion

The Board of Directors believes that diversity strengthens any governing body and acknowledges the importance of diversity in general, including diversity of gender, nationality and competencies. The Board of Directors has set a target for the Board to have at least 33% female shareholder-elected board members by no later than the Annual General Meeting 2030. Initiatives to reach the target include establishing clear diversity goals and reviewing Board selection criteria to broaden the candidate pool with qualified female candidates. When it is considered necessary to bring new

¹ Not considered independent in accordance with recommendation 3.2.1 of the Danish Corporate Governance recommendations.

² Remuneration and Nomination Committee.

competencies to the Board, or if a member does not wish to continue serving, diversity is deliberately taken into account when considering the profiles and qualifications of potential candidates. In line with Hempel policies, qualified representatives of both genders are always considered.

The Board of Directors remains committed to fostering an inclusive corporate culture that values diverse perspectives and promotes gender equality throughout the Hempel organisation. The Executive Group Management consists of five female and four male managers, with five different nationalities represented. More information on our initiatives to increase diversity, equity and inclusion, as well as relevant statistics for other management levels in Hempel, can be found on pages 36 and 45.

Remuneration

Hempel offers its Board of Directors and Executive Group Management remuneration that is competitive with industry peers and other global companies with their headquarters in Denmark, as this enables us to attract and retain competent and professional business leaders and board members. Members of the Board receive fixed remuneration and do not participate in any incentive programmes. The remuneration of Executive Group Management consists of both a fixed salary and an annual cash bonus, contingent upon financial targets and ESG targets, including climate targets. The annual cash bonus cannot exceed 70-100% of the individual's fixed salary. In addition, Executive Group Management participates in Hempel's management incentive plan, which was implemented in 2024 and offers Executive Group Management and other senior managers the opportunity to purchase company shares and warrants at fair value.

The Board of Directors determines annually whether to instigate new remuneration programmes and, if so, the scope and objectives of these programmes.

Executive Group Management has service and employment agreements in line with market terms. Conditions for notice of termination are determined individually for each Executive Group Management member. The company has a general fixed termination notice of 12 months if given by the company and six months if given by a member of Executive Group Management.

Board committees

The Board of Directors has established dedicated committees to supervise and solve specific tasks. Currently, there are two permanent committees: a Remuneration and Nomination Committee, and an Audit Committee.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board of Directors by selecting and proposing candidates for executive positions, often with the assistance of a professional global search firm. In addition, it assists with the establishment of executive remuneration and helps ensure that the Hempel Group's general remuneration policies are balanced, taking culture, strategy and the external market into account.

Furthermore, the committee evaluates the Board of Directors and Executive Group Management each year and makes recommendations to the Board in relation to the skills that the Board and Executive Group Management must have to best perform their tasks. The committee convenes as necessary. However, it has at least three fixed meetings during the year.

The Audit Committee

The Audit Committee's work includes assisting the Board of Directors with its oversight responsibilities for the financial and ESG reporting process, the system of internal control including information security controls, the risk management process, the internal and external audit process, and the process for monitoring compliance with laws, regulations and Hempel's Code of Conduct. The Audit Committee reviews the annual report, ESG reporting, main accounting policies,





including significant accounting estimates and judgements, Treasury Policy and Tax Policy. In addition, the Audit Committee has an oversight role in relation to the whistleblower reporting system and cases. The committee convenes as necessary. However, it has at least four fixed meetings during the year.

Internal Audit function

The Internal Audit function provides independent and objective assurance to the Board of Directors, Audit Committee and Executive Group Management, primarily within areas related to governance, business ethics and internal control. It reports to the General Counsel with dotted lines to the Hempel Group's Chief Financial Officer and the Audit Committee. The Head of Internal Audit acts as Secretary to the Audit Committee, participates in all Audit Committee meetings and meets separately with the Audit Committee at least once a year.

Internal Audit's assessments and recommendations are reported to Executive Group Management, the Audit Committee and relevant stakeholders. In accordance with its charter, the Audit Committee annually assesses the need for an Internal Audit function. Based on the recommendations of the Audit Committee, the Board of Directors determines whether an Internal Audit function is required. The Board's assessment is that the Internal Audit function is required and that its mandate and scope, processes in place, and planned and performed activities are adequate to provide independent and objective assurance.

Data Ethics Policy Statement, cf. section §99d of the Danish Financial Statements Act

The Hempel Group is committed to responsible and ethical data management. A comprehensive Data Ethics Policy is in place to ensure that data is handled with care, in accordance with core ethical principles and applicable regulations. This includes a strong focus on data protection to safeguard personal information and privacy, as well as robust data security measures.

The Compliance function is responsible for monitoring and promoting compliance with the Data Ethics Policy, including implementing initiatives that support continuous improvement and ethical use of data.

Tax

Hempel is committed to upholding the highest standards of responsible tax practice and transparency.

Guided by the Board-approved Tax Policy and governance framework, Hempel ensures full compliance with tax laws in every country where the company operates and integrates ethical tax considerations into business decisions.

To further enhance transparency and meet stakeholder expectations, Hempel will publish a separate Tax Report during 2026. The report will include comprehensive country-by-country reporting as well as all relevant tax transparency disclosures, providing clear insight into our tax contributions and tax practices across all jurisdictions.

Board of Directors



Richard Sand
Chair



Søren P. Olesen
Deputy Chair



Leif Jensen
Board member



Britt Meelby Jensen
Board member



Karsten Munk Knudsen
Board member

Born	1959	1967	1954	1973	1971
First elected in	2009 (Chair since 2010)	2018 (Deputy Chair since 2024)	2011	2024	2021
Core capabilities	<ul style="list-style-type: none"> • Foundation and company law, M&A • Strategy development and execution • ESG and Sustainability • Industry knowledge 	<ul style="list-style-type: none"> • Industry knowledge • Product development • M&A 	<ul style="list-style-type: none"> • Industry knowledge • Commercialisation through finance 	<ul style="list-style-type: none"> • Business and leadership experience from listed and private companies • Industry knowledge from global healthcare • Commercial and strategy development 	<ul style="list-style-type: none"> • Finance • ESG and Sustainability
Committees	<ul style="list-style-type: none"> • Chair of Remuneration and Nomination Committee 	<ul style="list-style-type: none"> • Audit Committee member 	<ul style="list-style-type: none"> • Audit Committee member • Remuneration and Nomination Committee member 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Chair of Audit Committee
Selected positions and directorships	<ul style="list-style-type: none"> • Partner at Poul Schmith/Kammeradvokaten with Right of Audience, The Danish Supreme Court • Chair: Aller A/S and E. Callsen & Co. A/S • Board member: Climate Planet Foundation, Woodmancott Fonden, Aller Foundation and Esplanadens Ejendomsselskab P/S 	<ul style="list-style-type: none"> • CEO: STARK Group A/S • Board member: Industriens Arbejdsgivere i Danmark, IAD 	<ul style="list-style-type: none"> • Chair: Strømberg Holding A/S • Chair: Strømberg Ejendomme A/S • Board member: WindowMaster International A/S 	<ul style="list-style-type: none"> • CEO: Ambu A/S • Board member: Novo Nordisk A/S • Vice Chair: Novo Holdings A/S 	<ul style="list-style-type: none"> • CFO and EVP Finance, Legal & Global Solutions: Novo Nordisk A/S • Chair: NNE A/S • Board member: 3shape Holding A/S
Education	<ul style="list-style-type: none"> • Master of Law, University of Copenhagen 	<ul style="list-style-type: none"> • MSc Economics, Aalborg University • MA (Econ), Rijksuniversiteit Limburg, Maastricht 	<ul style="list-style-type: none"> • MSc Economics and Management, Aarhus University 	<ul style="list-style-type: none"> • Cand. merc. International Marketing and Management, Copenhagen Business School 	<ul style="list-style-type: none"> • MSc Finance, Aarhus University

Board of Directors



Michael Lavrysen
Board member



Christoffer Sjøqvist
Board member



Helle Fiedler
Elected by the employees



Stephan Rolsted
Elected by the employees



Vibeke Stendal Larsen
Elected by the employees

Born	1977	1976	1963	1971	1965
First elected in	2024	2024	2015	2023	2023
Core capabilities	<ul style="list-style-type: none"> Business expansion Investing in high-quality businesses with longer growth horizons 	<ul style="list-style-type: none"> Business growth Value creation 	<ul style="list-style-type: none"> Product development Innovation Working environment 	<ul style="list-style-type: none"> Facility service management Working environment 	<ul style="list-style-type: none"> Product development and performance Safety compliance Working environment
Committees	<ul style="list-style-type: none"> Audit Committee member 	<ul style="list-style-type: none"> Remuneration and Nomination Committee member 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Selected positions and directorships	<ul style="list-style-type: none"> Partner CVC Member of the CVC Strategic Opportunities investment platform 	<ul style="list-style-type: none"> Partner CVC Head of CVC Denmark 	<ul style="list-style-type: none"> Lead Scientist R&D, Hempel A/S 	<ul style="list-style-type: none"> Campus Service Manager, Hempel A/S 	<ul style="list-style-type: none"> HSE & Compliance Manager, Hempel A/S
Education	<ul style="list-style-type: none"> MSc Commercial Engineering, KU Leuven MSc Accounting and Finance, London School of Economics and Political Science 	<ul style="list-style-type: none"> BSc Management, London School of Economics and Political Science 	<ul style="list-style-type: none"> MSc Chemical Engineering, DTU (Technical University of Denmark) Employee Board Member certification 	<ul style="list-style-type: none"> Business school 	<ul style="list-style-type: none"> Chemical technician Employee Board Member certification

Executive Group Management



Michael Hansen
Group President
& Chief Executive Officer



Peter la Cour Gormsen
Executive Vice President
& Chief Financial Officer



Ana Henriques
Executive Vice President,
Decorative



Steen Niemann Madsen
Executive Vice President,
Energy & Infrastructure

Born	1975	1974	1983	1971
Core capabilities	<ul style="list-style-type: none"> Commercial Strategy development and execution 	<ul style="list-style-type: none"> Finance M&A 	<ul style="list-style-type: none"> Commercial and marketing Portfolio management and strategy 	<ul style="list-style-type: none"> Commercial and marketing Industry knowledge
Education	<ul style="list-style-type: none"> Global Executive MBA, IE Business School 	<ul style="list-style-type: none"> MSc in Finance, Aarhus University 	<ul style="list-style-type: none"> MSc Marketing, Northwestern University, Illinois 	<ul style="list-style-type: none"> Diploma in Business Administration, Copenhagen Business School



Alexander Enström¹
Executive Vice President,
Marine



Emilie Barriau
Executive Vice President
& Chief Technology Officer



René Overgaard Jensen
Executive Vice President & Chief
Transformation & Information Officer



Anne-Christine Ahrenkiel
Executive Vice President
& Chief People and Culture Officer



Anne Ernst
Executive Vice President,
Strategy & Execution

Born	1983	1978	1972	1970	1985
Core capabilities	<ul style="list-style-type: none"> Commercial Industry knowledge 	<ul style="list-style-type: none"> Technology and sustainable innovation Science and chemistry 	<ul style="list-style-type: none"> IT Strategy development and execution Innovation 	<ul style="list-style-type: none"> Enterprise leadership and organisational development People strategy and change management Technology enablement 	<ul style="list-style-type: none"> Strategy development and execution Transformation
Education	<ul style="list-style-type: none"> MSc Material Chemistry, Uppsala University 	<ul style="list-style-type: none"> Ph.D. Polymer Chemistry, Mainz University 	<ul style="list-style-type: none"> MBA Business Administration and Management, Heriot-Watt University, Edinburgh 	<ul style="list-style-type: none"> MSc in Political Science, University of Copenhagen 	<ul style="list-style-type: none"> MSc International Business, Copenhagen Business School

¹ Malgorzata Kolton succeeded Alexander Enström as EVP, Head of Marine on 1 January 2026.

Risk management

Managing risks is key to creating the resilience we need to successfully deliver on our strategy and keep our organisation safe.

Effective risk management enables us to identify, evaluate and manage uncertainties that could affect our ability to meet our strategic objectives and value creation plans. As a global company, we face a wide range of business opportunities and risks. It is imperative that we ensure a robust and structured approach to managing those risks. Our proactive approach to risk management protects our stakeholders' interests, supports informed decision-making and strengthens the long-term resilience of our business.

Risk management in 2025

We enhanced our internal governance process in 2025 by establishing a dedicated Risk Committee with participation extending beyond Executive Group Management. Chaired by our Chief Financial Officer, the Risk Committee includes representatives from Innovation & Technology, Finance, Operations, Legal and Digital. It ensures stronger oversight and cross-functional involvement in risk management, sharpening alignment between our strategic objectives and risk management practices.

Key risk management focus areas throughout 2025

Contract Risk Dashboard

In 2025, we introduced a Contract Risk Dashboard to improve transparency and oversight of our larger contractual engagements.

The dashboard provides a structured overview of key contractual risk exposures and selected contractual risk KPIs, enabling more proactive risk mitigation and informed decision-making across the organisation.

We are currently working to implement an AI-powered solution to further drive efficiency and scalability in this area.

Strategic assessment on business interruption, business continuity and risk financing preparedness

As part of our ongoing focus on resilience, we conducted a comprehensive business interruption and operational resilience assessment of our factories in 2025. While Hempel has a robust business continuity management framework in place, we must ensure that our continuity plans are effective in practice and operationally sound. The assessment examined each factory's output, its role in producing critical products, and how production could be redistributed in the event of a disruption. Insights from the assessment are now being used to strengthen our business continuity framework and enhance production resilience.

Enterprise Risk Management framework

The Board of Directors is responsible for overseeing risk management and for setting Hempel’s risk appetite. The Board regularly reviews and approves the key risks and assesses the adequacy of our governance framework for Enterprise Risk Management.

The Audit Committee assists the Board of Directors in overseeing the effectiveness of our risk management system and monitoring its performance. The Risk Committee approves key risks before reporting to the Audit Committee and the Board.

The Risk Committee is responsible for reviewing and discussing Hempel’s material and emerging risks. Each key risk is owned by a designated executive risk sponsor, who is responsible for ensuring that mitigation plans are implemented and risks remain within the agreed appetite. Annual risk management activities are fully aligned with Hempel’s Annual Management Cycle (see Enterprise Risk Management Cycle).

Annual Enterprise Risk Management Cycle



Enterprise Risk Management function

Assists and supports the EGM in fulfilling its Enterprise Risk Management responsibilities. Reviews and maintains the Enterprise Risk Management framework and tools to ensure their ongoing effectiveness. Reports to the EGM/Risk Committee and Audit Committee on key risks including emerging risks.

Compliance function

Provides guidance and expertise to segments and functions.

Cyber security breach & resilience

Global digital connectivity continues to transform Hempel. We are heavily dependent on a robust digital infrastructure for e-commerce and technology to conduct our day-to-day business activities and serve our customers. We remain exposed to the growing threat of cyberattacks, including phishing, ransomware, and other forms of malicious intrusion. A successful cyberattack or prolonged IT system outage could compromise sensitive data, disrupt business operations, and erode stakeholder trust. The increasing sophistication and frequency of such attacks require continuous investment in cybersecurity capabilities, monitoring, and employee awareness to maintain resilience and operational continuity.

— RISK DRIVERS

- Breaches of our infrastructure can lead to internal breaches or system failure, which could in turn lead to the theft of personal data and disruption to critical assets and our business in general.
- Malicious attempts to cause long-term damage to Hempel, our customers, our suppliers and partners through unauthorised access, destruction, corruption or manipulation of data could cause our systems to be inaccessible for a period.
- Loss of proprietary information caused by phishing attacks could lead to negative financial impact and limit business opportunities.
- Breaches or weak security at third-party suppliers can expose Hempel's systems or data.

+ MITIGATING ACTIONS

- We ensure an appropriate governance structure, including future-proofing and enhancements to protect our critical and sensitive data, assets and reputation.
- We ensure regulatory compliance through various protection mechanisms within our IT systems and business processes, as well as company-wide internal audits of selected information security controls.
- We foster a culture of awareness around cybersecurity via employee information security education and training (e.g. mandatory and frequent e-learning).
- We ensure our Digital Disaster Recovery organisation carries out structured annual exercises. We strengthen and continuously update technical defences to mitigate cyber risks by implementing various multi-layered security protocols.

Geopolitical instability & trade barriers

Operating across multiple regions exposes Hempel to political and regulatory uncertainty, trade restrictions, sanctions, and shifting government policies. Rising geopolitical tensions and protectionist measures could disrupt supply chains, restrict market access, and create volatility in demand, costs, and currency exposure. Such developments may adversely affect our global operations, investment plans, and long-term competitiveness.

— RISK DRIVERS

- Geopolitical tensions could potentially drive up production costs through tariffs on raw materials used in manufacturing facilities outside of China, causing disruption to planned new build schedules or dry-docking in China.
- Trade tariffs, along with export restrictions tied to national security, climate change or human rights concerns, may add complexity to cross-border sales.
- Heightened geopolitical unrest may result in economic sanctions or military conflict.
- Unintentional violations of sanctions could harm our brand and reputation.

+ MITIGATING ACTIONS

- We are minimising risks through diversification and maintaining a balanced product portfolio across the Americas, EMEA, and APAC.
- We are using our global manufacturing presence to mitigate disruptions and monitor risks closely in key markets, enabling us to swiftly adjust our contingency plans.
- We proactively assess cross-border relations and adapt to evolving public and private sector environments.
- We mitigate risks through robust sanction screening, export controls, and a strong legal compliance framework.
- We are building and testing relevant resilience strategies to navigate the geopolitical landscape.

Macroeconomic volatility

Our financial performance may be negatively impacted by factors, such as shifts in foreign policies, economic sanctions, elevated energy costs, currency fluctuations, inflation, credit availability, liquidity constraints and increasing interest rates, which could drive major economies into recession.

— RISK DRIVERS

- Market dynamics could impact raw material prices.
- An economic slowdown caused by higher unemployment rates and sustained inflation could lead to a decline in consumer confidence, impacting sales and profits.
- We may experience uneven performance as potential inflationary recession leads to reduced growth and demand.
- Hempel's customers could delay their spend decisions if necessary price adjustments impact their behaviour and willingness to pay.

+ MITIGATING ACTIONS

- We seek to minimise uneven performance risks through strategy execution and financial planning.
- We have a balanced geographical presence, with revenue generated from various regions, which helps to ensure a steady revenue.
- We hedge interest rates, assess currency developments and follow strict financial planning on costs and cash.
- We ensure value-based price setting through our revenue management programme.

Critical supply chain disruption

Supply chain disruptions from physical incidents, trade restrictions, or climate impacts could significantly affect manufacturing continuity. Loss or failure of key vendors, including raw material suppliers, contract manufacturers, service providers, or logistics partners, may hinder access to essential input, production stability, and customer demand. Reliance on single-source suppliers heightens risks of delays, cost increases, and quality issues. Such disruptions could impair our ability to meet contractual obligations and maintain operational and financial performance.

— RISK DRIVERS

- Risk factors such as power supply disruption, raw material shortages and trade restrictions can cause delay or non-delivery of critical raw materials.
- Cyberattacks or trade restrictions on suppliers could limit raw material delivery.
- Suppliers are exposed to significant risks, including extreme weather events or fire, which could cause physical damage to critical suppliers' locations affecting deliveries.
- Potential regulatory changes can impact our ability to manufacture products in their current form or environment.
- Global supply chain disruptions or changes in sourcing markets may impact our ability to secure raw materials and maintain business continuity.

+ MITIGATING ACTIONS

- We seek to prevent disruptive risks through our operational risk management approach, which includes a loss prevention risk engineering programme.
- We review and assess interdependencies and back-up possibilities across manufacturing sites to secure a steady production pipeline.
- We have a robust business continuity management framework in place.
- We have a dual-sourcing strategy, in which we constantly investigate and qualify alternative sourcing opportunities.
- We implement specific supply chain risk assessments, including climate-related risks.

Failure to innovate

If Hempel fails to maintain a strong innovation pipeline through constant research and development, we risk losing our competitive advantage, market share, and relevance in key segments. Continuous innovation is essential to meet evolving customer needs, regulatory demands, and sustainability expectations.

— RISK DRIVERS

- Our market position may be challenged if competitors develop new products that better meet the future needs of our customers.
- Insufficient research, development and product management resources may cause delays in new product development.
- Allocating insufficient resources or misaligning R&D priorities could delay innovation and limit our ability to meet evolving customer needs.
- Challenges in attracting talent, fostering collaboration, and monitoring external trends may reduce the effectiveness of our R&D efforts and expose us to regulatory or intellectual property risks.
- We could miss our commitment to the Science Based Targets initiative (SBTi) as we would be unable to provide an industry leading sustainable product assortment.

+ MITIGATING ACTIONS

- We assess our innovation goals and product pipeline on an ongoing basis to respond to new trends and translate them into key risks and opportunities.
- We foster an innovative culture that prioritises our capacity to innovate in order to deliver customer value from innovation and meet our business goals.
- We closely monitor our strategic initiatives to ensure we remain focused on delivering futureproof solutions that will help our customers across our segments achieve their business goals, sustainability agendas and ESG ambitions.

Climate adaptation

The accelerating impacts of climate change present both physical and transitional risks to Hempel's operations, supply chains, and markets. Rising temperatures, extreme weather events, and shifting regulatory expectations may affect asset integrity, raw material availability and customer demand patterns. This is exposing Hempel to a broader range of climate-related challenges that could influence our operational performance, costs, and long-term strategy.

— RISK DRIVERS

- Potential regulatory risks associated with the shift to a low-carbon emissions economy may impact government regulation and Hempel's ability to deliver on its strategic objectives.
- Climate action failure may change markets in which Hempel conducts business activities or have a direct influence on our manufacturing footprint.
- Failure to deliver coatings that withstand harsher climate conditions.
- Extreme weather conditions such as cyclones, tornados, hurricanes and floods can cause disruption to our supply chain, challenging the continuity of our business, which can lead to business interruption.
- Change in climate may impact our insurable risk costs.
- Climate change may lead to price volatility or raw material shortages.
- New legislation can have a significant impact on our ability to manufacture products in their current form.

+ MITIGATING ACTIONS

- We assess the impact that climate-related risk can have on our business, and we periodically carry out materiality assessments. Hempel's science-based targets are approved by the SBTi.
- We actively track global climate regulations and establish climate-related objectives to ensure compliance and drive progress toward our sustainability commitments.
- We continue to review climate risk assessments across key manufacturing sites, with the aim of building resilient continuity strategies for these sites.
- We assess and react to our fire and natural hazard reports, and work to reduce the risk of losses by ensuring proper protection plans are in place. We continuously assess potential investments to further mitigate risk as an integrated part of CAPEX planning and prioritisation.

Sustainability statements

- Sustainable value creation
- Futureproof: A journey of positive impact
- Environment
- Social
- Governance
- ESG data & accounting policies
- TCFD & TNFD

Sustainable value creation

At Hempel, we aim to lead the paints and coatings industry in sustainability, and we work closely with our customers and partners to make that happen. Together, we work to deliver long-term sustainable value creation.

Our advanced coating solutions reduce emissions, extend asset lifetimes, and contribute to healthier environments. Sustainability is a core element of our business model, serving both as a responsibility and as a catalyst for innovation and growth. We know our greatest impact comes from both what we control and what our customers accomplish by using our solutions.

We continued to deliver on our *Double Impact* strategy in 2025 by creating value for our customers through high-performance, lower-impact products and services. Our focus remains on what matters most to our stakeholders, guided by a clear understanding of our environmental and social impacts, as well as the challenges and opportunities they present.

In 2025, our commitment to inclusive growth was recognised when we were named one of Denmark's top 10 companies for workforce diversity by the Danish newspaper Børsen. We also earned recognition from EcoVadis, which placed us in the top 35% of global companies for ESG performance, and we were invited by key customers to share our best practices in sustainability.

Focused on what matters

In 2025, we continued to focus on the ESG topics identified in our Double Materiality Assessment (DMA), which remain highly relevant to our business and stakeholders. The DMA helps ensure that we prioritise our efforts and reporting on the ESG matters most material to us, guided by the principles of the European Sustainability Reporting Standards (ESRS). As part of this approach, we exclude topics such as the EU Taxonomy.

Our material topics are:

Environment: E1 Climate Change, E2 Pollution, E4 Biodiversity & Ecosystems, E5 Resource Use & Circular Economy,
Social: S1 Own Workforce, S2 Workers in the Value Chain,
Governance: G1 Business Conduct

We concluded five years of our Futureproof strategy in 2025, having achieved most of the targets we set out (see page 33). Building on this strong foundation, we are continuing our sustainability journey with a new framework and a refreshed set of targets. Some of these targets carry forward the ambitions of Futureproof, while others reflect new priorities and opportunities as we move ahead.

Disclosure requirements, cf. §99b of the Danish Financial Statements Act

Disclosure requirements	See page
Business model	10
Policies on	
Human rights	36-37
Worker and social conditions	36-37
Environment and climate	34-35
Anti-corruption and anti-bribery	38
Due diligence process	
Activities during the year	
Human rights	36-37
Worker and social conditions	36-37
Environment and climate	34-35
Anti-corruption and anti-bribery	38
KPIs and results	40-46
Sustainability risks	30, 47
Diversity in the Board of Directors	24-25
Diversity in management	21, 26, 45

Futureproof: A journey of positive impact

● Target met ● Target on track ● Behind target

Honouring our progress – concluding Futureproof targets and advancing ongoing work

	Futureproof target	2025 target	2025 results
PERFORMANCE	90% reduction of scope 1&2 CO ₂ e emissions by 2026 (vs 2019 baseline)	-70%	-70%
	Achieve zero waste to landfill from production sites by end of 2025	Zero¹	Zero¹
PRODUCTS	Reduce CO ₂ e emissions in our value chain by 50% by 2030 (scope 3) → Changed to 55% reduction per EURO value added by 2030 (GEVA) ²	N/A	-29%
	Reduce and phase out hazardous raw materials (Annual Targets) ³	-10%	-17%
	Achieve 40% recycled plastic in primary plastic packaging by end of 2025	40%	27%
PEOPLE	Build an even stronger safety culture and eliminate all Lost Time Accidents and other injuries ⁴	0	1
	Achieve the target of 34% women in leadership positions by 2027 ⁵	32%	34%
PARTNERS	Reduce customer emissions by at least 35 million tonnes CO ₂ by 2025 ⁶	35 million	35.9 million
	Cans collected and recycled through Can Back Schemes (Annual Targets)	1 million	0.9 million
	Promote and further good ethical behaviour and environmental practices in our supply chain (Annual Targets) ⁷	80%	83%⁸

¹ Zero is defined as less than 1% of total waste.

² 2025 target and results are connected to GEVA (vs 2019 baseline).

³ Measured in kg of hazardous materials/1000 litres of paint. Target set on raw materials on substitution track, that fell under the program in end 2024

⁴ Measured by LTA frequency rate (number/1,000,000 working hours).

⁵ Leadership positions defined as position having 3+ direct reports.

⁶ The target has been restated based on Hempel's Hempaguard X7 data, which was third-party validated in 2024. The new baseline year is 2013 when Hempaguard X7 was launched.

⁷ Measured by % of total spend with suppliers screened.

⁸ In 2025, the scope of the screening was changed to focus on high and medium CO₂e impact categories.

Our environmental responsibility

We integrate environmental priorities into every business decision, ensuring sustainability drives innovation, operational excellence, and long-term value creation for our customers, stakeholders, and the planet.

E1 Climate Change: Reducing scope 1, 2 & 3 CO₂e emissions

We track emissions across:

- Scope 1: Direct emissions from operations
- Scope 2: Indirect emissions from purchased energy
- Scope 3: Indirect emissions across our value chain

Our goal for Scope 1 & 2 is to cut emissions by 90% by 2026 vs 2019 through:

- Phasing out fossil-fuel equipment
- Decarbonising our vehicles
- Switching to renewable electricity

In 2025, we improved energy efficiency per litre of paint produced by more than 8%, saving over 800 tonnes of CO₂e across our factories vs 2024. Fleet decarbonisation in more than 35 countries saved 1,200 tonnes of CO₂e, and over half of our vehicles are now electric or hybrid. Our renewable energy investments continued, although availability remains a challenge.

Scope 3 emissions account for 99% of our total emissions, most of which come from raw materials and transport. We work closely with suppliers via our Sustainable Procurement Programme to improve transparency and reduce embodied carbon. Since 2018, we have reported on our scope 3 emissions, building transparency over time. In 2022, we set our first science-based targets. In 2025, we changed our target to a 55% reduction in emissions intensity per euro added, as this more accurately connects emission reductions to company growth.

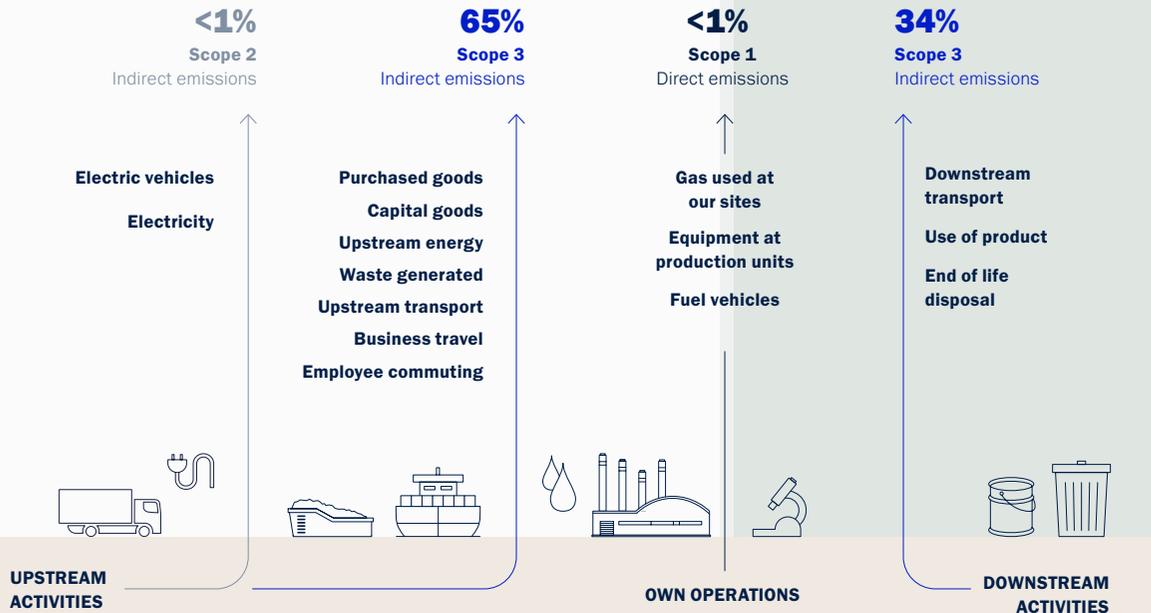
We shifted from spend-based to emissions-based supplier screening in 2025, giving sustainability a 20% weighting in global tenders. A growing share of spend is now linked to suppliers committed to SBTi targets. We also launched category roadmaps for high-emission areas.

Since its launch in 2013, Hempaguard has been applied more than 5,000 times, helping customers reduce their CO₂ emissions by approximately 35.9 million tonnes.



GHG protocol scopes and emissions across our value chain

○ Upstream ● Own operations ● Downstream



E4 Biodiversity & Ecosystems: Managing impacts across our value chain

Biodiversity is declining rapidly. We are committed to understanding and reducing our negative impacts on biodiversity throughout the value chain. In 2025, we joined the Taskforce on Nature-related Financial Disclosures (TNFD). We began aligning our reporting with its requirements and carried out gap analyses alongside site-level biodiversity assessments (see TNFD report on page 48).

We drive industry progress through partnerships with the Hempel Foundation, DTU, and Dansk Industri, while working with customers to reduce nature impacts through the use of products which have lower VOCs, biocides and microplastics, and reduce the risk of transferring invasive species. In 2025, we mapped high-impact commodities and will be engaging with suppliers in high-risk categories to reduce upstream biodiversity impacts.

E5 Resource Use & Circular Economy: A major milestone in waste reduction and circularity

As we grow globally, we aim to use fewer resources and embed circularity across our value chain. In 2025, we achieved our target of sending less than 1% of production waste to landfill (excluding acquisitions) and advanced reuse and recycling through solvent recovery units and partnerships with secondary paint manufacturers.

We focus on designing products and packaging that minimise resource use and waste, incorporating biobased ingredients and sustainable raw materials. Our packaging strategy includes Extended Producer Responsibility (EPR) schemes in the UK, USA, Australia and New Zealand, reusable packaging pilot projects in Europe, and increased recycled content. In 2025, our Decorative segment reached 36% recycled plastic, contributing to a global average of 22%.

People sustainability

We foster a culture where every voice matters, and everyone feels empowered to contribute. Through continuous learning and inclusive leadership, we are shaping a workplace that reflects the diverse world we serve.

S1 Own Workforce: Shaping a culture of trust and inclusion

Our Shared Commitments remain the cornerstone of our collaboration. Rooted in collective insights and embraced across the company, they sharpen priorities, build trust, and foster inclusion – accelerating our journey to become an industry leader.

S1 Own Workforce: Building capabilities for impact

We invest in continuous development through Hempel Academy, which offers multilingual training. Since 2023, employees have logged nearly 15,000 hours in subjects like English, project management and agile methods. In 2025, we launched targeted programmes to strengthen technical skills in customer-facing roles. The Paint Technology Foundation course equips colleagues with essential knowledge on paint production, classification and application, while the Operations Excellence series builds a shared mindset around continuous improvement.

S1 Own Workforce: Gender balance in our workforce

We aim for no gender to exceed 60% representation. Currently, 34% of our workforce is female. In 2025, we achieved 34% female representation in leadership roles. To accelerate progress,

we strengthened talent acquisition through gender-balanced pipelines for leadership and commercial roles, using data-driven insights in close collaboration with business leaders.

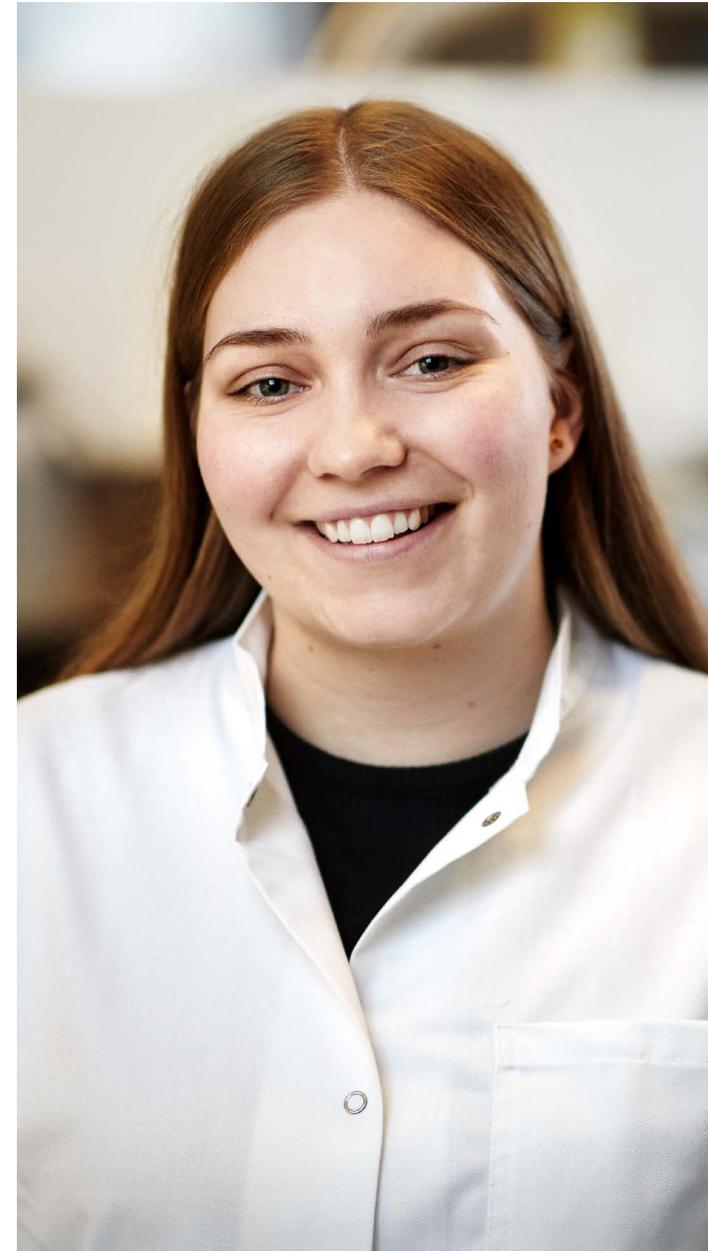
Additionally, our Women's Network launched a global mentorship programme, connecting over 100 female colleagues with senior leaders for six months to foster career growth.

S1 Own Workforce: Pay Equity – preparing for EU legislation

We established a dedicated project team and developed an internal tool to analyse and address gender pay gaps ahead of the EU Pay Transparency Directive in June 2026. Managers will receive training on unconscious bias and pay monitoring, as well as ongoing updates and merit guideline checks to ensure compliance and progress toward pay equity.

S1 Own Workforce: Health and safety of employees

We prioritise safety of employees and partners, recognising that there is a higher risk in chemical manufacturing. Our goal is zero Lost Time Accidents (LTAs). In 2025, LTA frequency increased from 0.6 per 1,000,000 working hours in 2024 to 1 per 1,000,000 working hours.



For the majority of LTA's in 2025, the root cause was identified as unsafe behaviour. As a result, we will relaunch our Take 5 programme, which was originally introduced in 2024. The programme will serve as a reminder for employees to take 5 minutes at the start of every task to look for any risks that may impact safety.

S1 Own Workforce: Reducing harmful substances

We ensure safety across the entire lifecycle of our coatings – from development to application – by minimising hazardous materials. Our Hazardous Raw Materials Programme targets substances with significant health or environmental risks, guided by regulations and industry frameworks, and promotes safer alternatives. Through the Programme, we aim to limit harmful substances in our products, to increase the safety for our employees and for our customers.

In 2025, we aimed for a 10% reduction in hazardous raw material intensity (kg/1,000L) versus 2024. We exceeded this goal, reducing intensity by 17%, from 40.42 to 33.45 kg/1,000L.

S2 Workers in the Value Chain: Strengthening human rights due diligence

In 2025, we implemented a Human Rights Impact Assessment (HRIA) across procurement categories – raw materials, packaging and services – identifying high-impact categories such as epoxy, titanium dioxide, zinc, aluminium, copper, extenders and flatteners.

The HRIA covered six core human rights topics (child and forced labour, working conditions, discrimination, freedom of association, adequate living standards and local communities) using desk research and a 0-3 scoring model to determine overall category impact. The principal human rights risks identified pertain to labour conditions, occupational health and safety, and impacts on local communities. In addition, we ran our first in-depth HRIA of the titanium dioxide category using a severity- and likelihood-based approach to identify and prioritise actual and potential severe human rights impacts. Next year, we plan to apply this deeper methodology to all high human rights impact categories.

We expanded ESG assessments to 95% of direct spend suppliers via EcoVadis, evaluating labour and human rights, environment, ethics and sustainable procurement. We shifted a growing share of spend to suppliers with improved ESG performance, and Corrective Action Plans were implemented with 47 suppliers. Coverage extended to indirect spend, strengthening oversight across the value chain.

We joined Together for Sustainability (TfS), giving us access to shared supplier assessments and independent audits to improve reliability beyond self-reported data. Together for Sustainability (TfS) audits are conducted by independent, pre-approved third-party firms. We continued our conflict minerals due diligence under the Responsible Minerals Initiative, screening 99.6% of relevant suppliers.

Our responsible business ethics

Our commitment to ethical business conduct is not just reflected in our decisions and behaviours; it is also shown in how we actively engage with others to ensure they uphold our standards.

Our Employee Code of Conduct and Business Partner Code of Conduct provide important guidance to our employees and partners, particularly in areas such as human rights, labour rights, environmental responsibility and anti-corruption. We also embed these principles into the way we operate through strong leadership and consistent engagement.

G1 Business Conduct: The whistleblower reporting system

Hempel's Ethics Hotline is an externally hosted whistleblower system that allows employees and external stakeholders to anonymously report concerns about potential misconduct. All reports are treated confidentially and managed by the Compliance function, with investigations carried out independently under oversight from the Ethics Committee, which comprises senior leadership. The Committee reviews all whistleblower cases and determines appropriate actions. Regular updates on reported cases and resolutions are shared with the Audit Committee to ensure transparency and accountability.

This year, we saw an increase in recorded whistleblower reports, with a total of 100 newly registered compliance cases across 21 countries – up from 56 cases across 20 countries in 2024.

We assess that this reflects the impact of more effective monitoring and targeted communication campaigns, run in connection with the new whistleblower portal that was launched in 2025.

Importantly, these figures include findings related to our Code of Conduct, identified through enhanced monitoring activities. The upward trend in reporting demonstrates a growing awareness of available reporting channels and a strengthened confidence among employees in using them, underscoring our commitment to fostering a transparent and accountable business culture.

G1 Business Conduct: Business ethics & data protection

Hempel's zero tolerance for bribery and corruption is firmly anchored in our Business Ethics Policy, which outlines clear procedures to prevent and address unethical behaviour. Anti-bribery topics are a core component of our compliance programme and are consistently reinforced through communications from leadership at all levels.

These principles are embedded in our Employee Code of Conduct, Business Partner Code of Conduct and our Code of Conduct training initiatives.

Anti corruption and bribery compliance remains a focus for Hempel, reflecting our global operations, presence in higher risk jurisdictions, and reliance on third party business partners. While these factors increase inherent risk, Hempel's compliance framework, supported by clear policies, risk based due diligence, training and monitoring, helps mitigate exposure and promotes consistent ethical conduct across the Group.

To meet these challenges, we have significantly strengthened our sanctions screening capabilities, and, in 2025, we launched more advanced digital tools to screen business partners and transactions. These efforts are supported by targeted communication and annual training refreshers, reinforcing awareness and accountability across the organisation.

G1 Business Conduct: Supplier approval process as a governance safeguard

Our Procurement Sustainability due diligence process embeds responsible business practices into our engagement with suppliers, during onboarding and with existing suppliers. We work closely with our suppliers to uphold high standards and ensure active participation in our Procurement Sustainability Programme.

In order to do business with Hempel, all new suppliers of raw materials and packaging must be approved following an onboarding assessment that covers quality, health, safety and environment (HSE), ESG performance, ethics and sanctions compliance. Every new supplier is screened against international sanctions lists using an external tool and is required to commit to Hempel's Business Partner Code of Conduct.

The approval process is implemented globally. In 2025, we updated our supplier approval process to improve our internal controls by updating our process descriptions and training our Procurement team.

Training	Content	Target group
EMPLOYEE ONBOARDING TRAINING		
Employee Code of Conduct, Fundamentals	<ul style="list-style-type: none"> Learn the fundamental concepts in Hempel's Employee Code of Conduct and how to raise concerns 	All new employees – PC users only
Sanctions and Export Controls, Fundamentals	<ul style="list-style-type: none"> Understand sanctions policy principles and trade restrictions involving certain countries, parties and/or economic sectors 	All new employees – PC users only
Fair Competition, Fundamentals	<ul style="list-style-type: none"> Learn how to comply with antitrust laws and follow Hempel's commitment to fair, open and unrestricted competition 	All new employees in leadership positions, all employees in commercial and customer-facing roles and other employees that meet competitor representatives as part of their usual duties
Benefits in the Marine Segment	<ul style="list-style-type: none"> Understand compliance in relation to the use of owner benefits, rebates, bonuses, commissions and fees in the Marine segment 	All new employees in the Marine segment and those directly supporting the Marine segment
Data Protection and Artificial Intelligence, Fundamentals	<ul style="list-style-type: none"> Understand basic data privacy (GDPR) and Artificial Intelligence (AI) principles and understand how the rules apply to Hempel's business. 	All new employees – PC users only
ANNUAL REFRESHER TRAINING		
Annual Code of Conduct refresher	<ul style="list-style-type: none"> Apply and practice the fundamental concepts in Hempel's Employee Code of Conduct, including how to raise concerns 	All employees – PC users only
Annual Sanctions refresher	<ul style="list-style-type: none"> Apply and practice sanctions principles and understand restrictions regarding certain countries, parties and/or economic sectors 	Employees in leadership positions and PC users in higher risk functions or regions, including employees in commercial and customer-facing roles as well as commercial support functions
Annual Fair Competition refresher	<ul style="list-style-type: none"> Apply and practice how to comply with antitrust laws and follow Hempel's commitment to fair, open and unrestricted competition 	Employees in leadership positions, all employees in commercial and customer-facing roles and other employees that meet competitor representatives as part of their usual duties
Annual Benefits in the Marine Segment refresher	<ul style="list-style-type: none"> Apply and practice how to comply with the concepts of owner benefits, rebates, bonuses, commissions and fees in the Marine segment 	Employees in the Marine segment and those directly supporting the Marine segment
Annual Data Protection and Artificial Intelligence refresher	<ul style="list-style-type: none"> Apply and practice data privacy (GDPR) and Artificial Intelligence (AI) principles and understand how the rules apply to Hempel's business 	All employees – PC users only

ESG data and accounting policies

Basis for preparation

The environmental, social and governance (ESG) data disclosed in this section is prepared based on guidance from the UN Global Compact, recommendations from the CFA Society Denmark, GHG protocol and the metrics most relevant and material to the Hempel Group. In addition, Hempel is guided by the European Sustainability Reporting Standards (ESRS), as part of its transition towards full compliance with the Corporate Sustainability Reporting Directive (CSRD), as well as Task Force on Climate-related Financial Disclosures (TCFD), to enhance transparency around climate-related risks and opportunities. For the first time, Hempel will also incorporate guidance from the Taskforce on Nature-related Financial Disclosures (TNFD).

The conversion of data reported to CO₂e equivalents is completed by applying relevant conversion factors from widely accepted authorities, such as the UK Department for Energy Security and Net Zero (DESNZ). The consolidation principles are based on the same consolidation principles and period as the financial statements unless otherwise stated. Data from entities acquired or divested are included/excluded as of the date of the acquisition/divestment defined as the date Hempel obtains or ceases control, unless determined otherwise. If a divestment is financially classified as discontinued operations the entities are excluded from current year figures and comparative figures.

The accounting policies set out in this section have been applied consistently in the preparation of the consolidated ESG data and related disclosures for all the years presented.

Estimates & judgements

In preparing the ESG data, management is required to make judgements, estimates and assumptions that affect the amounts reported. The estimates and assumptions are based on experience, external sources and various other factors that management considers to be reasonable under the given circumstances. In general, carbon footprint scope 3 emissions have a higher degree of judgement and complexity, and changes in the assumptions and estimates could result in different outcomes than those recorded and presented in the scope 3 emissions.

Reporting scope

Environmental KPIs include Hempel Group data from all sites with production, warehouses, offices or retail stores in which Hempel has operational control. This includes 24 factories (2024: 26), 13 innovation centres (2024: 14) and 23 warehouses (2024: 25) referred to as 'Hempel sites'.

In 2025, Hempel's reporting scope was revised to reflect the completion of the divestment of Hempel Industrial B.V. on 8 January 2025.

Emissions from production, warehouses, retail stores and offices, company vehicles, purchase of raw materials and packaging, end of life treatment as well as Volatile Organic Compounds (VOCs) in sold products cover all material activities in Hempel's value chain. Emissions from production at toll manufacturing sites on behalf of Hempel are included under the assumption that one tonne of toll-manufactured goods requires the same energy, materials and packaging, and results in the same waste generation as if the products have been produced at Hempel sites (i.e. the impact of these third-party emissions is estimated using the Hempel average material, energy and waste impacts per litre of paint).

The social and governance data covers the Hempel Group, comprising Hempel A/S and entities controlled by Hempel A/S unless otherwise stated in the accounting policy.

Environmental data

All environmental data are presented in absolute numbers, as well as relative to production. The intensity data is given as the absolute data per 1,000 litres of paint produced.

Additionally, scope 3 emissions are shown as financial intensity metric GEVA (Greenhouse gas Emissions per Value Added), given in absolute data per 1,000 EUR value added.

Energy (kWh)

Energy consumption is defined as the energy used at Hempel sites and company vehicles and includes the amount of electricity, fuel, district heating and gas consumption.

Electricity consumption at Hempel sites is calculated based on meter readings from power managers and invoices for the respective reporting period. Electricity is classified according to source as either renewable, renewable due to purchase of renewable energy certificates (RECs) or non-renewable energy. Classification is based on the energy's source of origin, applying generally accepted definitions.

Waste generation (tonnes)

Waste generation includes amounts in tonnes of disposed waste, based on waste volumes collected by third-party waste handling providers. All waste generated is categorised by hazard type (hazardous and non-hazardous waste) and disposal method (incineration, landfill, recycle, reuse, waste-to-energy, other recovery and other disposal method). Waste disposed through landfill as well as waste for recycle/reuse/recover is separately disclosed. 2019 production sites are separately disclosed since they represent the baseline for our Waste to landfill target.

Energy & Waste	2025	2024	2023
Renewable energy (kWh)	31,806,198	30,087,944	22,637,322
Renewable energy through use of RECs (kWh)	37,292,152	33,180,573	22,873,014
Non-renewable energy (kWh)	58,074,720	68,952,908	84,757,252
Total energy consumption (kWh)	127,173,069	132,221,425	130,267,588
Share of renewable energy	54%	48%	35%
Share of renewable electricity	84%	83%	67%
Energy (kWh / 1,000 L paint produced)	318	348	384
Waste generation (tonnes)	20,155	22,398	16,202
Waste generation (kg / 1,000 L paint produced)	50	59	48
Waste going for recycling / reuse / recovery (tonne) ¹	13,180	16,428	11,361
Waste to landfill (tonnes)	1,360	1,586	934
Waste to landfill (tonne) from production sites (Baseline: 2019) ^{1,2}	124	127	204
Waste to landfill (kg / 1,000 L paint produced)	3	4	3
Purchased water (litres) ¹	292,511	N/A	N/A
Waste water (litres) ¹	163,443	N/A	N/A

¹ New data points included as part of the FY2025 reporting compared to the previous Annual Report.

² 2019 production sites which are in scope of the landfill waste target, excluding acquired companies after 2019.

Carbon footprint	2025	2024	2023
Carbon footprint scope 1 (tonnes CO ₂ e) Total	9,102	11,267	12,913
Carbon footprint scope 1 (tonnes CO ₂ e) Operational	5,586	6,553	7,516
Carbon footprint scope 2 (tonnes CO ₂ e) Location based	36,562	34,360	31,750
Carbon footprint scope 2 (tonnes CO ₂ e) Market based	7,010	7,500	12,059
Carbon footprint scope 3 (tonnes CO ₂ e) Total	3,076,366	2,822,684	3,000,090
Carbon footprint scope 3 (tonnes CO ₂ e) SBT	2,306,463	2,241,899	2,375,494
% reduction in absolute CO ₂ e emissions for scope 1 & 2 (Baseline: 2019)	- 70%	- 65%	- 54%
Carbon footprint scope 1 (tonnes CO ₂ e / 1,000 L paint produced)	0.02	0.03	0.04
Carbon footprint scope 2 (tonnes CO ₂ e / 1,000 L paint produced) Location based	0.09	0.09	0.09
Carbon footprint scope 2 (tonnes CO ₂ e / 1,000 L paint produced) Market based	0.02	0.02	0.04
Carbon footprint scope 3 (tonnes CO ₂ e / 1,000 L paint produced)	7.51	7.05	7.35
Greenhouse gas Emissions per Value Added (GEVA) (tonnes CO ₂ e / 1,000 EUR) ¹	2.64	N/A	N/A

¹ New data points included as part of the FY2025 reporting compared to the previous Annual Report.

Water consumption (litres)

Purchased water is water withdrawal connected to Hempel sites including potable water, surface water and ground water.

Waste water is water discharged via the drainage system from the Hempel sites. Water disposed in totes or other means is not included. Hempel complies with all local rules and regulations with respect to waste water discharge.

Carbon footprint scope 1 (tonnes CO₂e)

Scope 1 covers the direct emissions originating from Hempel sites and company vehicles. Scope 1 emissions (operational) are based on energy consumed from fuel used in operations (fuel oils and natural gas) as well as refrigerants (top-up). The total scope 1 emissions consists of the operational scope 1 emissions as well as the fuel from company vehicles. The consumption of fuels is converted to CO₂e emissions by applying relevant Greenhouse Gas Conversion Factors for Company Reporting from the Department of Energy Security and Net Zero (DESNZ, previously DEFRA) for the relevant year.

Carbon footprint scope 2 (tonnes CO₂e)

Scope 2 covers indirect emissions from electricity and district heating consumed at Hempel sites and company vehicles. The consumption of electricity and district heating is converted to CO₂e by applying the relevant emission factors per country (market or location based). Sites using documented renewable electricity contribute with zero emissions in the market-based approach. Electricity supplied through use of renewable energy certificates is, in the market-based approach, deducted in accordance with the guiding principles provided by RE100. Location based approach uses country average

emission factors, regardless of the site specific contract or the purchase of RECs.

Carbon footprint scope 3 (tonnes CO₂e)

Scope 3 covers all relevant categories in the Greenhouse Gas Protocol. The emission factors used to convert to CO₂e are from the following datasets:

- Ecoinvent 3.4
- Raw materials LCI database for the European coatings and printing ink industries (CEPE database)
- Department for Energy Security and Net Zero (DESNZ) (previously DEFRA, 2024 v.1.1)
- Intergovernmental Panel on Climate Change (IPCC) (2013)
- DEFRA input/output emission factors for indirect supply chain emissions (2020 v.1) (DEFRA indirect)
- DEFRA Recovery Rate from Non-Hazardous Construction and Demolition Waste for the UK and England (2020) (DEFRA waste)
- CaDI Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix) (2025)

SBT targets are set on only direct emissions, hence energy for application of products is not included in the SBT boundary and is disclosed separately.

Category 1: Purchased goods and services

Average-data approach is used for high impact subcategories such as raw materials and packaging. The calculation of CO₂e from materials used in Hempel's production is based on the type and amount of materials consumed during the year, with relevant emission factors from the CEPE database of Ecoinvent 3.4 applied.

For packaging, CO₂e is calculated based on volumes purchased by material type, with emission factors from DESNZ used. Water consumption is converted using water data collected from Hempel sites and emission factors from DESNZ.

Lower impact subcategories such as purchased goods and services, office supplies, incidentals and purchases of non-paint related items (sundries) are quantified using spend-based approach. Spend data is converted to CO₂e using DEFRA indirect and IPCC emission factors.

Category 2: Capital goods

Spend-based approach is applied in this category. Spend data is converted to CO₂e using DEFRA indirect and IPCC emission factors.

Category 3: Indirect energy

This category includes emissions from three activities: upstream emissions from purchased fuels; upstream emissions from purchased electricity; and transmission and distribution (T&D) losses. The detailed information from scope 1 and 2 emissions on site level are converted to scope 3 emissions using emission factors from DESNZ.

Category 4: Upstream transportation and distribution

This category includes emissions from the transportation and distribution of raw materials and packaging to and between Hempel sites as well as transportation of products to customers that are not transported by Hempel owned or controlled vehicles. Emissions in this category are calculated using distance-based approach, and converted to CO₂e using emission factors from DESNZ.

Category 5: Waste generated in operations

Waste-type specific method is used to quantify emissions from waste in Hempel operations. Waste and waste water data is collected for each site, distinguishing between hazardous/non-hazardous waste as well as the treatment method (incineration, landfill, waste-to-energy, recycle, reuse, other recovery, other disposal). Waste data is converted to CO₂e using the emission factors from Ecoinvent 3.4. Waste water is converted to CO₂e using emission factors from DESNZ.

Category 6: Business travel

A hybrid approach is used for business travel emissions. The distance-based method is applied for business air travel using data provided by Hempel's travel agency. The air travel data is converted to CO₂e using emission factors from DESNZ. Radiative forcing emissions are accounted for in the factors.

Spend-based approach is used for terrestrial business travel by taxi, rental car as well as train, and converted to CO₂e using DEFRA indirect emission factors.

Average-data method is used to quantify for emissions from working outside of the office.

Category 7: Employee commuting

This category contains emissions from the transportation of employees between their homes and their worksites. The average-data method is applied to estimate the emissions from employee commuting based on the national average commuting patterns.

Category 9: Downstream transportation and distribution

This category contains emissions related to product distribution from our customers' delivery locations to their retail stores. Additionally, this category accounts for energy used in our non-operational-controlled warehouses and retail stores. A distance-based approach is used for the transportation emissions, and converted to CO₂e using emission factors from DESNZ. The energy consumption of the non-operational-controlled premises is based on the footprint of our operational control warehouses and retail stores, and is extrapolated based on the area occupied by Hempel products in the non-operational controlled premises.

Category 11: Use of sold products

This category covers direct use-phase emissions (VOCs emitted from products) as well as indirect use-phase emissions (energy used for surface preparation and application of products), as well as energy consumed by coating advisors.

Only the direct use-phase emissions and coating advisors are included in the boundary of Science Based Targets.

Volatile Organic Compounds (VOCs) in products

The calculation of CO₂e from VOCs in products is based on individual paint products sold in the given period. Each product volume is multiplied with the individual product VOC (given in grams per litre) to quantify for total amount of VOCs. All VOCs are converted to CO₂e using xylene as representative profile.

Energy for application of products

This subcategory consists of two main sources of energy consumption: energy used to prepare the surface before paint

application and energy used during paint application. For surface preparation, area covered is calculated based on the volume of sold products. It is assumed that all industrial coating applications will use abrasive blasting method to prepare the surface, and an estimated emission factor (kg CO₂e/m²) is used to quantify for total emissions.

Each product sold is split per country and recommended product application method. Energy for the application method is calculated using airless spray application, and converted to CO₂e using country specific emission factors (CaDi).

Energy for application of products constitutes indirect use-phase emissions and thus are excluded from the Science Based Targets boundary.

Category 12: End of life treatment

The waste-type specific method is applied to the total volumes produced at Hempel sites and third-party toll manufacturing sites. End of life emissions include the paint that is coated on an asset at the assets' end of life, as well as the end of life of the packaging that has been supplied to the customers. At the end of life of the asset, it is assumed that the coating will not be removed prior to destruction, and the treatment methods are estimated based on DEFRA waste statistics. Packaging is split between plastic and metal, assuming that all packaging material can be recycled. Packaging returned via can-back-scheme is subtracted from the total packaging.

The following categories were deemed insignificant or not relevant for Hempel: Category 8: Upstream leased assets; Category 10: Processing of sold products; Category 13: Downstream leased assets; Category 14: Franchises; Category 15: Investments.

Social data

Lost Time Accident

We use Lost Time Accidents (LTA) as a key measure of workplace safety. LTA frequency is calculated as the number of LTAs per one million working hours.

An LTA is defined as an occupational accident resulting in at least one full day of lost time for the injured employee, as recommended by a licensed healthcare professional. The number of days lost (rolling figures) is the number of calendar days lost for the injured person due to a work-related accident. This does not include the day of the incident but commences the day following the incident. Days such as weekends, holidays and vacation are included. If the employee goes to work, even though a licensed healthcare professional advises not to, the accident will be reported as an LTA. If the employee stays away from work without recommendation from a licensed healthcare professional, the accident will not be reported as an LTA.

Only accidents involving employees employed directly or supervised by Hempel are reported. The number of working hours used to calculate the LTA frequency is based on the number of average full-time employees working for Hempel, multiplied by the most recent OECD average for actual working hours of 1,736 hours per employee per year (2024: 1,692 hours)

Consumption of hazardous raw materials

Hazardous raw materials are a subset of raw materials used in Hempel's production, which is monitored and compiled based on formulations and production data for specific products. The volume of paint produced includes all products produced by and for the Hempel Group, including products with no hazardous raw material

consumption. Hazardous raw material performance is monitored on a rolling basis, by comparing to the previous year.

A raw material falls under the Hazardous Raw Materials Programme if it carries any of the following hazard classifications according to the UN's Globally Harmonised System of Classification and Labelling:

- Carcinogen mutagen reprotoxic (CMR) category 1A or 1B
- Acute toxic category 1, 2 or 3
- Respiratory sensitisers category 1, 1A or 1B

Or if the raw material has the following properties:

- Persistent, bioaccumulative and/or toxic chemicals (PBT) or very persistent, very bioaccumulative (vPvB)
- Endocrine (hormonal) disruptors

Or is listed on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Candidate list or Authorisation list (Annex XIV).

The list of raw materials is reviewed and updated on a frequent basis, and our approach for reducing the amount of hazardous substances is split between two tracks: Substitution and Major Category Challenge. The Substitution track focuses on replacing existing raw materials with a less hazardous alternative, while the Major Category Challenge track focuses on long-term plans for some of the main ingredients in our paint products, resulting in position papers and overall business guidance related to the specific chemistry type.

Health & Safety	2025	2024	2023
Lost Time Accident frequency (number/million work hours)	1.00	0.60	1.77
Number of days lost due to accidents ¹	824	510	436
Consumption of hazardous raw materials (kg /1,000 L paint produced) Total	62.77	62.61	55.40
Consumption of hazardous raw materials (kg/1,000 L paint produced) 2024 baseline ²	33.45	40.42	N/A

¹ New data point included as part of the FY2025 reporting compared to the previous Annual Report.

² Hazardous raw material performance for the year is assessed relative to the prior year baseline, covering all materials classified under the Substitution track.

People & Diversity data

Headcount is defined as all individuals working directly for Hempel on a permanent or temporary contract at the end of the relevant year. Average Full-Time Equivalents (FTEs) is equal to the average number of full-time employees contracted with Hempel. Part-time employees are converted into FTEs proportionally based on the relevant country norm of a full-time employee.

Diversity KPIs are calculated based on the headcount at the end of the reporting period, using the following definitions:

- Total workforce is individuals on either a permanent or temporary contract with Hempel
- All management positions are defined as managers with at least 3 direct reports

Less than 0.04% of our employees have omitted to disclose whether they identify as male or female and therefore are not visible in the table on the right. However, internally all employees regardless of gender are given equal weight.

Employee Engagement – Response rate

Hempel conducts a comprehensive employee engagement survey once a year and employees directly employed by Hempel are invited to participate according to the following eligibility criteria:

Eligible employee groups:

- Full-time and part-time employees
- Independent of joining date
- Independent of resigning date
- Both PC users and non-PC users

Excluded employee groups:

- Long-term sick leave and employees on maternity/paternity
- External consultants
- Contractors
- Contingent workers

The response rate is calculated as the number of employees who have responded to the full survey out of the total number of eligible employees at the deadline for completing the survey.

Employee Engagement – Employee Net Promoter Score (eNPS)

The eNPS score is based on the questions “How likely is it that you would recommend Hempel as a place to work?” and “How likely is it that you recommend and would stay with Hempel if you were offered the same job at another organisation?”, included in the employee engagement survey. Answers are given on a scale from 0 to 10

(with 10 being the highest) and the score is subsequently converted into an eNPS scale between minus 100 to plus 100:

1. Each employee's score converts to an NPS grouping (detractors (score 0-6), passives (score 7-8), promoters (score 9-10)).
Example: If an employee's average to the two eNPS questions is 7, the employee contributes to the % of Passives.
2. Subtract the % of Detractors from the % of Promoters to get the final eNPS score. Example: 40% Promoters – 17% Detractors = 23.

Employee engagement	2025	2024	2023
Response rate	92%	85%	84%
Satisfaction & Motivation	N/A	74	75
Learning & Development	N/A	81	81
Engagement score (scale from 0-10) ¹	7.5	N/A	N/A
eNPS (scale from -100 to +100) ¹	21	N/A	N/A

¹ In 2025 a new Employee Engagement Survey has been rolled out, replacing the Satisfaction & Motivation and Learning & Development format. This resulted in a change to the metrics being reported.

People	2025	2024	2023
Average full-time equivalents (FTEs)	6,919	6,932	6,788
Number of employees (headcount)	7,115	7,239	7,036

Diversity	2025		2024		2023		Target for the under-represented gender
	Total	Ratio female/male	Total	Ratio female/male	Total	Ratio female/male	
General workforce (total headcount per 31 Dec)	7,115	34/66	7,239	34/66	7,036	33/67	35% in 2025 (34% in 2024)
Leadership positions (≥3 direct reports per 31 Dec)	854	34/66	911	31/69	890	29/71	32% in 2025 (31% in 2024)

Governance data

Percentage of employees required to complete the Code of Conduct refresher

The percentage is calculated as the number of employees who completed and signed off on the annual Code of Conduct Refresher e-learning in Hempel's Learning Management System out of the total target group, consisting of over 4,000 employees. The target group are all Hempel employees that are PC users and were employed on the day of the rollout. Employees that completed the more comprehensive new-employee training 3 months or less before the rollout day, were exempted from the refresher training.

Compliance cases

The number of compliance cases includes all cases that are recorded in our Hempel Ethics Hotline system, operated by the Whistleblower

Software, and handled in accordance with Hempel's Ethics Hotline Policy. Such cases may have been submitted directly to the Ethics Hotline website, reported to our Compliance function or management, or registered following an internal finding.

Compliance cases are grouped into three categories based on their primary issue type:

- Environment, health and safety – Issues involving environmental protection or physical safety risks.
- Work Environment – Employment-related concerns such as discrimination, harassment, violence or threats, retaliation, focusing on human or organisational factors.
- Integrity – All remaining issues (e.g., fraud, corruption, conflicts of interest, embezzlement, information security violations)

covering ethical and compliance risks that affect trust, transparency, and responsible business conduct.

Procurement Sustainability Screening Programme

In 2025, the scope of the screening programme and the calculation method has been changed. Previously, it included all procurement categories, while in 2025 the screening focuses on the top 10 procurement categories, called high and medium CO₂e impact categories. These ten categories together, cover more than 50% of the total scope 3 emissions. Thus, the number of categories and suppliers in scope were lower in 2025 compared to 2024, reducing the number of screenings. Additionally, the categories are screened based on a 3-year cycle, resulting in a natural variation in the number of suppliers in scope for each year.

The percentage reported is the percentage of high and medium CO₂e impact suppliers. This is calculated as the annual spend on screened suppliers for the high and medium impact categories out of the total spend of the high and medium impact categories within the relevant year.

Code of Conduct	2025	2024	2023
Percentage of employees with a Hempel e-mail address who completed and signed off on the Code of Conduct Refresher	99%	99%	99%

Compliance cases	2025	2024	2023
Open compliance cases, beginning of the period	10	16	15
New compliance cases reported during the year	100	56	65
– Environment, health & safety	3	3	-
– Work environment	39	18 ¹	27
– Integrity	58	35 ¹	38
Compliance cases closed as substantiated during the year	47	30	33
Compliance cases closed as unsubstantiated during the year	43	32	31
Total cases under investigation, end of period	20	10	16

¹ 4 cases from 2024 have been restated. The cases were previously reported under 'Integrity', however after further assessment in 2025, it was identified that these are in fact related to 'Work environment'.

Sustainability Procurement Screening Programme	2025	2024	2023
Suppliers screened	87	184	29
% of direct and indirect spend suppliers screened through Hempel Procurement Sustainability Screening	N/A	61%	44%
% of direct and indirect spend suppliers in high and medium CO ₂ e impact categories screened through the Hempel Procurement Sustainability Screening ¹	83%	N/A	N/A

¹ New calculation method used from FY2025 focusing on 10 highest CO₂e categories (high and medium CO₂e impact categories), while previously it included all procurement categories.

TCFD Table

Topic	Disclosures	What is Hempel doing	Read more
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors maintains full oversight of the company's key risks including those related to climate change and environmental sustainability. Climate-related risks and opportunities are identified and assessed as part of our integrated Enterprise Risk Management (ERM) framework, which is governed by the ERM Policy. The Board of Directors has overall responsibility for reviewing and challenging the top key risks on a bi-annual basis; the Audit Committee has responsibility for overseeing the effectiveness of the risk management activities.	Pages 19-30 (Corporate Governance)
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Executive Group Management, including the Risk Committee, oversees our risk management process on a bi-annual basis. This includes a holistic review of the key risks in our segments and functions. Furthermore, Executive Group Management ensures that the risk appetite in our strategy, objectives and business model is appropriate to ensure a sustainable business.	Pages 19-30 (Corporate Governance)
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Climate change is recognised as one of Hempel's top risks, with the potential to impact our business in the short, medium and long term. We are exposed to a range of physical risks associated with change in climate patterns (e.g., flooding and extreme weather events). Notably, 33% of our locations are situated in areas identified as high risk for flooding. In response, we are actively assessing these exposures and implementing measures to strengthen the resilience of our factories and R&D centres worldwide. This includes reviewing Capex investments in site protection, emergency preparedness and business continuity planning to ensure our production facilities remain secure and operational in the face of climate-related challenges. We assess risk stemming from the changing physical environment – such as acute and chronic weather changes (e.g., flood, fires, droughts, increasing temperatures and rising sea levels) – as part of our overarching ERM process. Potential regulatory risks associated with the shift to a low carbon emissions economy may impact governmental regulation and our ability to deliver on our strategic objectives. The potential regulatory risk can have a significant impact on our ability to manufacture our products in their current form. Although these risks are significant, they also present opportunities for R&D, new product development and recycling.	Pages 19-30 (Corporate Governance)
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	The potential impacts of climate change are considered when we assess our top enterprise-wide risks. Our DMA highlighted the most material issues for Hempel to focus on, including GHG emissions, biodiversity, resource consumption, waste disposal, hazardous materials and social and economic inequality.	Pages 32, 19-30 (DMA and Corporate Governance)
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We performed a scenario analysis for our science-based targets. This is the starting point we are using to formulate our climate adaptation strategy to ensure long-term business continuity.	Pages 33-35, 41-43 (Science-based targets)
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	We identify and assess climate-related risks through our ERM framework, using the same structured approach as for other key business risks. This ensures consistency across all risk types. Our process includes scenario analyses, where we look at different possible climate-related events and evaluate how they could affect our business objectives. This helps us understand both short- and long-term risks – such as extreme weather or changes in regulations – and plan accordingly.	Pages 19-30 (Corporate Governance)
	b. Describe the organisation's processes for managing climate-related risks.	We regularly review our business risks and opportunities as part of our ongoing risk management process. The most significant risks are discussed in our Risk Committee and reported to the Audit Committee and the Board of Directors through our ERM framework and annual risk governance process.	Pages 19-30 (Corporate Governance)
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We continue to consider and integrate climate-related matters into our overarching ERM framework to identify and analyse relevant climate-related data. We are also developing tools and exploring opportunities for third-party data to measure and quantify climate-related risks.	Pages 19-30 (Corporate Governance)
Metrics & targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We report on environmental targets and KPIs in our Annual Report. Relevant metrics include energy consumption, waste generation and disposal method, GHG emissions, carbon intensity and hazardous raw materials management.	Pages 40-46 (ESG Data)
	b. Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks.	We report absolute CO ₂ e emissions on scope 1, 2 and 3 in our Annual Report. We report according to the Greenhouse Gas Protocol, and our data reporting is subject to a limited assurance statement by our independent auditors.	Pages 40-46 (ESG Data)
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We have set validated science-based targets for scope 1, 2 and 3 CO ₂ e emissions. We are committed to the UN Global Compact, Climate Group's EV100 and disclosure through the EcoVadis platform.	Pages 6, 40-46 (Recognitions and ESG Data)

TNFD Table

Topic	Disclosures	What is Hempel doing	Read more
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors maintains full oversight of the company's key risks governed by the ERM Policy. The Board of Directors has overall responsibility for reviewing and challenging the top key risks on a bi-annual basis; the Audit Committee has responsibility for overseeing the effectiveness of the risk management activities.	Pages 19-30 (Corporate Governance)
	b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Executive Group Management, including the Risk Committee, oversees our risk management process on a bi-annual basis. This includes a holistic review of the key risks in our segments and functions. Furthermore, Executive Group Management ensures that the risk appetite in our strategy, objectives and business model is appropriate to ensure a sustainable business.	Pages 19-30 (Corporate Governance)
	c. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to indigenous peoples and local communities affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Our operations and value chain may impact various communities, leading to human rights concerns and other social impacts. We are committed to respecting human rights, and our Human Rights Policy applies across our business and supply chain. It is supported by grievance mechanisms and supplier due diligence. We aim to strengthen our engagement with local communities and affected stakeholders and integrate social considerations into our nature-related assessments over time.	Pages 36-37 (People Sustainability)
Strategy	a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	We have started to identify nature-related dependencies and impacts as part of our integrated Enterprise Risk Management framework. We are still working to understand these dynamics through ongoing assessments. We aim to report on these risks, opportunities, impacts and dependencies in the near future.	Pages 32, 35 (DMA and Biodiversity)
	b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	The potential effect of nature-related impacts and risks are considered when we assess our top enterprise-wide risks. Our DMA highlighted the most material issues for Hempel to focus on, including biodiversity, GHG emissions, resource consumption, waste disposal, hazardous materials and social and economic inequality.	Pages 32, 35 (DMA and Biodiversity)
	c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	We are developing our nature-related resilience strategy, informed by ongoing impact and dependency assessments. As part of this process, we plan to conduct scenario analyses to better understand potential risks and opportunities under different nature futures. This work will form the foundation for a long-term resilience approach that supports business continuity and strategic decision-making.	Pages 32, 35 (DMA and Biodiversity)
	d. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	We used TNFD tools to assess the interface between our operations and areas of biodiversity significance. While we aim to disclose specific locations, land use size, activities and ecosystem types in future reporting, we are currently in the process of prioritising sites in proximity to nature in order to assess their potential impacts on biodiversity. In our supply chain, we have identified high-impact commodities and aim to engage high risk suppliers on their nature impacts and strategy.	Pages 32, 35 (DMA and Biodiversity)
Risk management	a. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	Nature-related risks are assessed as part of our standard risk management processes. These assessments are conducted at business unit level and are not currently integrated into our enterprise risk management framework.	Pages 19-30 (Corporate Governance)
	b. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	At present, we do not have a formal process for identifying nature-related risks and opportunities – neither in general nor specifically in the upstream and downstream parts of the value chain. However, we are assessing incorporating this into our ERM framework going forward.	Pages 19-30 (Corporate Governance)
	c. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	We regularly review our business risks and opportunities as part of our ongoing risk management process. The most significant risks are discussed in our Risk Committee and reported to the Audit Committee and the Board of Directors through our ERM framework and annual risk governance process.	Pages 19-30 (Corporate Governance)
	d. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	We continue to consider and integrate nature-related matters into our overarching ERM framework to identify and analyse relevant nature-related risks.	Pages 19-30 (Corporate Governance)
Metrics & targets	a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	We are exploring a range of metrics to assess and manage our nature-related risks and opportunities, including revenue from products with demonstrable positive impacts on nature.	Pages 40-46 (ESG Data)
	b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	We already report on a number of nature impact metrics, such as waste generated and VOCs released. However, we are determining which metrics are most relevant for Hempel and where we can obtain data to assess and manage our nature-related impacts and dependencies. This includes exploring nature metrics for mitigation actions, nature-positive projects and nature management plans for operational sites in proximity to areas of biodiversity significance.	Pages 40-46 (ESG Data)
	c. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	We are in the process of developing nature-related targets and goals, which will be informed by the outcomes of our ongoing risk and impact assessments. Once material dependencies, impacts and risks are identified, we aim to set measurable objectives to guide our response and track performance over time.	Pages 40-46 (ESG Data)

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Consolidated financial statements

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Consolidated statement of profit or loss

Note	(EUR m)	2025	2024
2.1	Revenue	2,165	2,185
2.3	Production costs	- 1,210	- 1,237
	Gross profit	955	948
2.3	Sales and distribution costs	- 521	- 511
2.3	Administrative costs	- 165	- 160
	Other operating income and expense, net	10	-
	Operating profit	279	277
4.5	Financial income	6	28
4.5	Financial expenses	- 72	- 85
	Profit before tax	213	220
2.4	Income tax	- 47	- 50
	Profit for the year from continuing operations	166	170
4.6	Net profit or loss for the year from discontinued operations	2	- 90
	Profit for the year	168	80
	Attributable to:		
	Equity holders of the parent company	151	60
	Non-controlling interests	17	20
	Profit for the year	168	80

Consolidated statement of comprehensive income

Note	(EUR m)	2025	2024
	Profit for the year	168	80
	Other comprehensive income:		
	Items that may be reclassified to profit or loss:		
	Exchange rate differences on translation of foreign operations	- 78	57
4.4	Value adjustments of hedges	2	3
2.4	Tax on items that may be reclassified	6	- 6
	Items that will not be reclassified to profit or loss:		
3.6	Remeasurements of defined benefit pension obligations	1	2
2.4	Tax on items that will not be reclassified	-	-
	Other comprehensive income/loss for the year, net of tax	- 69	56
	Total comprehensive income for the year	99	136
	Attributable to:		
	Equity holders of the parent company	90	113
	Non-controlling interests	9	23
	Total comprehensive income for the year	99	136

Consolidated statement of financial position

31 December

Note	(EUR m)	2025	2024	Note	(EUR m)	2025	2024
3.1	Intangible assets	743	793	4.1	Share capital	20	19
3.2	Property, plant and equipment	430	480	4.1	Share premium	591	590
3.3	Right-of-use assets	107	122	4.1	Warrants	6	6
	Other financial assets	9	9		Translation reserve	-36	28
3.6	Defined benefit pension plan surpluses	5	4		Cash flow hedging	-	-2
2.4	Deferred tax assets	127	122		Retained earnings	569	417
	Total non-current assets	1,421	1,530		Shareholders in Hempel A/S's share of equity	1,150	1,058
3.4	Inventories	277	336		Non-controlling interests	56	67
3.5	Trade receivables	442	450		Total equity	1,206	1,125
	Income tax receivables	26	22	4.2	Borrowings	351	548
	Prepayments	23	20	3.3	Lease liabilities	84	95
	Other receivables	62	63	3.7	Provisions	47	55
	Cash	163	210	3.6	Defined benefit pension plan deficits	20	22
	Total current assets	993	1,101	2.4	Deferred tax liabilities	62	70
	Total assets	2,414	2,631		Total non-current liabilities	564	790
				4.2	Borrowings	42	75
				3.3	Lease liabilities	30	34
					Trade payables	304	317
					Deferred income	6	7
				3.7	Provisions	23	21
					Income tax payables	33	44
				3.8	Other liabilities	206	218
					Total current liabilities	644	716
					Total liabilities	1,208	1,506
					Total equity and liabilities	2,414	2,631

Consolidated statement of changes in equity

Note	(EUR m)	Share capital	Share premium	Warrants	Translation reserve	Cash flow hedging	Retained earnings	Proposed dividend	Shareholders in Hempel A/S' share of equity	Non-controlling interests	Total equity
		15	-	-	- 24	- 4	490	25	502	57	559
		-	-	-	-	-	60	-	60	20	80
		-	-	-	52	2	- 1	-	53	3	56
		-	-	-	52	2	59	-	113	23	136
		Transactions with owners in their capacity as owners:									
		4	590	6	-	-	-	-	600	-	600
		-	-	-	-	-	- 132	-	- 132	-	- 132
		-	-	-	-	-	-	- 25	- 25	- 13	- 38
		4	590	6	-	-	- 132	- 25	443	- 13	430
4.1	Equity at 31 December 2024¹	19	590	6	28	- 2	417	-	1,058	67	1,125
	Equity at 1 January 2025	19	590	6	28	- 2	417	-	1,058	67	1,125
	Profit for the year	-	-	-	-	-	151	-	151	17	168
	Other comprehensive income	-	-	-	- 64	2	1	-	- 61	- 8	- 69
	Total comprehensive income for the year	-	-	-	- 64	2	152	-	90	9	99
		Transactions with owners in their capacity as owners:									
	Additional share issue and contribution	1	1	-	-	-	-	-	2	-	2
	Paid dividends	-	-	-	-	-	-	-	-	- 20	- 20
	Total transactions with owners	1	1	-	-	-	-	-	2	- 20	- 18
4.1	Equity at 31 December 2025	20	591	6	- 36	-	569	-	1,150	56	1,206

¹ Transaction costs totalling EUR 12 million were accounted for as a deduction from equity in the year ended 31 December 2024.

Consolidated cash flow statement

Note	(EUR m)	2025	2024
Cash flows from operating activities			
		279	277
		2	- 81
5.2	Adjustment for non-cash items	101	209
Total cash flows from operating activities before financial items, tax and changes in working capital		382	405
Changes in working capital:			
	Change in receivables	- 34	16
	Change in inventories	31	- 26
	Change in trade payables, other liabilities etc.	6	- 36
Total change in working capital		3	- 46
Total cash flows from operating activities before financial items and tax		385	359
	Income tax paid	- 75	- 75
	Interest received	8	9
	Interest paid	- 24	- 68
Total cash flows from operating activities		294	225
Cash flows from investing activities			
	Purchase of property, plant and equipment	- 28	- 61
	Purchase of intangible assets	- 16	- 32
	Sale of property, plant and equipment	1	3
	Divestment of enterprises	8	4
Total cash flows from investing activities		- 35	- 86
Free cash flow		259	139

Note	(EUR m)	2025	2024
Cash flows from financing activities			
4.4	Repayment of lease liabilities	- 38	- 37
	Proceeds from borrowings	575	317
	Repayment of borrowings	- 805	- 840
	Proceeds of issue of equity	-	600
Transactions with shareholders:			
4.1	Dividend distributed to shareholders	-	- 157
4.1	Dividend distributed to and other transactions with non-controlling interests	- 20	- 18
Total cash flows from financing activities		- 288	- 135
Net cash flow		- 29	4
	Cash at beginning of year	210	209
	Exchange adjustment	- 18	- 3
Cash at end of year		163	210

1 Basis of preparation

1.1 Material accounting policy information

Introduction

The consolidated financial statements of Hempel A/S for the period 1 January – 31 December 2025 comprise Hempel A/S and its subsidiaries (the Group).

The Board of Directors considered and approved the 2025 Annual Report of Hempel A/S on 3 March 2026. The Annual Report will be submitted to the shareholders of Hempel A/S for adoption at the Annual General Meeting on 20 March 2026.

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS as endorsed by the EU and additional Danish disclosure requirements applying to entities of reporting class C for large companies.

The accounting policies have been applied consistently in the preparation of the consolidated financial statements and for the comparative figures.

The notes are grouped in sections and include the relevant accounting policies. The Group's significant accounting estimates and judgements are described in note 1.2 Significant accounting estimates and judgements.

New standards, interpretations and amendments adopted

The Group applied Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability' from 1 January 2025. This amendment did not have any impact on the amounts recognised in current or prior periods and is not expected to significantly affect future periods.

New standards and interpretations not yet adopted

New accounting standards and interpretations that have been issued, but are not mandatory for the 31 December 2025 reporting period, have not been early adopted by the Group. These standards are not expected to have a material impact on recognition or measurement for the Group in future reporting periods, or on foreseeable future transactions.

IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 'Presentation of Financial Statements' and is effective for reporting periods beginning on or after 1 January 2027. The Group is working to identify the impact of IFRS 18 on the primary financial statements and the note disclosures.

Basis of consolidation

The consolidated financial statements comprise the parent company, Hempel A/S, and entities controlled by Hempel A/S (subsidiaries). Control is achieved when the Group is exposed to, or has a right to, variable returns from its involvement with the investee and has the power to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Control is usually achieved by directly or indirectly owning, or in other ways controlling, more than 50% of the votes or other rights through agreements of management control. De facto control and other potential voting rights at the balance sheet date are also considered when determining whether control is achieved. Consolidation is performed by summarising the financial statements of the parent company and its subsidiaries. On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and intra-Group balance accounts as well as of realised and unrealised gains and losses on transactions between the consolidated enterprises.

When the Group loses control of a subsidiary, it derecognises the assets (including goodwill),

liabilities, the carrying amount of any non-controlling interests and components of equity attributable to the non-controlling interests. Any gain or loss is recognised within other operating income and expenses.

The acquisition method of accounting is used to account for business combinations by the Group.

Discontinued operations

Discontinued operations are excluded from the results of continuing operations and presented as a single amount in profit or loss after tax from discontinued operations in the statement of profit or loss. For discontinued operations, comparatives are restated in the statement of profit or loss. Refer also to note 4.6 Discontinued operations.

Non-controlling interests

Non-controlling interests' share in the results and equity of subsidiaries is shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of financial position and statement of changes in equity, respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an

1.1 Material accounting policy information – continued

adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity.

Presentation currency

The functional currency of the parent company is DKK, however the consolidated financial statements are presented in million EUR as the Group operates in a global environment with international stakeholders.

Translation of transactions and balances in foreign currencies

Items included in the financial statements of each of Hempel's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies. Transactions in foreign currencies are translated into the functional currency of the entity using exchange rates prevailing at the date of transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates on the reporting date. Foreign exchange differences arising between the exchange

rates at the transaction date and at the date of payment are recognised as foreign exchange gains and losses in the statement of profit or loss as financial income or financial expenses.

Non-monetary items recognised in foreign currencies are measured at the transaction date exchange rates and are not subsequently retranslated.

Translation of Group companies

The results and financial position of foreign operations with a functional currency other than EUR (and which is not the currency of a hyperinflationary economy) are translated into the presentation currency EUR as follows:

- assets and liabilities are translated at the exchange rate on the reporting date
- income and expenses in profit or loss and in the statement of comprehensive income are translated at monthly average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- share capital denominated in a currency that differs from the presentation currency of the consolidated financial statements is translated at historical cost

- all resulting exchange differences are recognised in other comprehensive income and attributed to a separate component of equity (translation reserve). However, where the entity is not wholly-owned, a proportion of the translation difference is allocated to the non-controlling interests.

Foreign currency translation adjustments arising on loans to, or borrowings from, subsidiaries which are neither planned nor likely to be settled in the foreseeable future, and which are therefore considered to form part of the net investment in the subsidiary, are recognised directly in other comprehensive income under the separate translation reserve within equity. When a foreign operation is derecognised, the associated cumulative exchange rate differences are reclassified to profit or loss, as part of the gain or loss on sale. Repayment of loans considered a part of the net investment in a subsidiary is not considered a disposal when Hempel retains its proportionate ownership interests, thus the cumulative exchange difference is not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation.

Hyperinflation

In foreign subsidiaries that operate in hyperinflationary economies, income and expenses are translated into the presentational currency EUR at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, the income statement and non-monetary balance sheet items are restated taking into account changes in the general purchasing power of the functional currency based on the inflation up to the reporting date ('inflation adjustment'). The effect of the inflation adjustment is recognised in Other comprehensive income within the translation reserve. In the statement of profit or loss, any gain or loss arising on the net monetary position in the foreign entities is recognised as financial income or expense.

The assessment as to when an economy is hyperinflationary is based on qualitative as well as quantitative factors, including whether the accumulated inflation over a three-year period exceeds 100%. Currently, Turkey and Argentina are considered hyperinflationary economies and thus the Group's operations in Argentina and Turkey have been remeasured in accordance with the principles described, applying the national Consumer Price Index (CPI) of Argentina and Turkey, respectively, for the inflation adjustment.

1.1 Material accounting policy information – continued

Classification of operating expenses in the statement of profit or loss

Production costs

Production costs comprise costs incurred to generate revenue for the year. Costs comprise raw materials, consumables, direct labour costs and indirect production costs, such as maintenance, amortisation and depreciation, as well as costs for operation, administration and management of factories. Production costs also include research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs (except for amortisation of business application software). Write-downs of inventory are also included.

Sales and distribution costs

Sales and distribution costs comprise costs incurred to distribute products and for sales campaigns, including costs for sales and distribution staff, advertising costs, depreciation of sales equipment and amortisation of customer relationships.

Administrative costs

Administrative costs comprise costs incurred for management and administration of the Group, including costs for administrative staff and management as well as office costs, depreciation and write-downs for bad debt. Amortisation of brands and software business applications are also recognised in administrative costs.

Cash flow statement

The statement of cash flows is presented using the indirect method. The statement of cash flows for the Group shows the cash flows for the year, broken down into operating, investing and financing activities and changes in the Group's cash and cash equivalents from the beginning of the year to the end of the year. The statement of cash flows cannot be immediately derived from the published financial records.

Cash flow from operating activities

Cash flow from operating activities is calculated as the operating profit or loss for the year adjusted for changes in working capital, non-cash items such as depreciation, amortisation and impairment losses and provisions, as well as interest and tax paid.

Cash flow from investing activities

Cash flow from investing activities comprises cash flows from purchases and disposals of intangible assets, property, plant and equipment and acquisitions/divestments of enterprises.

Cash flow from financing activities

Cash flow from financing activities comprises cash flows from the raising and repayment of principal long-term and short-term debt, including repayment of lease liabilities as well as payments to and from shareholders.

Cash flow in currencies other than the functional currency

Cash flow in currencies other than the functional currency are translated at the average exchange rates for the month, unless these differ significantly from the rates at the transaction date, in which case the exchange rate at the transaction date is applied.

Cash

Cash comprises cash at hand and bank deposits.

1.2 Significant accounting estimates and judgements

In preparation of the consolidated financial statements, management is required to make various accounting judgements and estimates that affect the reported amounts of assets, liabilities, income and expenses, including the related disclosures. A degree of uncertainty is involved in carrying out these judgements and estimates which could result in adjustments to the carrying amount of assets and liabilities in future periods.

The judgements, estimates and the related assumptions made are based on historical experience and other factors that management considers to be reasonable under the given circumstances. Estimates and judgements are reviewed on an ongoing basis.

The Group's significant accounting estimates and judgements are described below.

Significant accounting estimates

The significant accounting estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in a subsequent reporting period.

Warranties

The Group generally offers warranties for its products and receives claims under these warranties. Management makes estimates regarding the related provisions, both for claims that have already been received and for claims

that may be received in the future related to products already sold that are still under warranty at the reporting date. For claims already received estimates take into account technical assessments of the validity of the claim, the costs of remediation and input from internal and external counsel regarding the probability of pending legal disputes and future litigation outcomes. For claims not yet received related to products sold before the reporting date, historical warranty claim information is used as the basis of the estimate of the provision, as well as recent trends that might suggest that historical claim levels do not accurately represent an approximation of the costs of future claims.

Factors that could impact the estimated amounts include whether the claims are received and deemed valid, to what extent the claims are covered by the product warranty and estimates of the costs of coating products and other associated costs for remediating any product failure. Reference is made to note 3.7 Provisions for information about the Group's warranty provision.

The Group has taken out insurance against product failures. The product failure insurance is, to a certain extent, linked to the size and nature of claims. This reduces the overall exposure to warranty claims and the potential net impact on profit and loss from claims.

Uncertain income tax positions

Hempel has activities and subsidiaries in many different countries, and therefore is subject to income taxes in tax jurisdictions around the world. Uncertain tax positions relate to uncertainty in the interpretation of tax legislation in the countries Hempel operates in.

Significant estimates and judgements are required when determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain tax positions.

In the course of conducting business globally, transfer pricing disputes with tax authorities may occur, and management's judgement is applied to assess the possible outcome of such disputes. Hempel believes that the provision made for uncertain tax positions is adequate. However, due to the uncertainty, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Reference is made to note 2.4 Income tax, tax assets and liabilities.

Valuation of deferred tax assets

The deferred tax assets are recognised for carry-forward tax losses expected to be utilised and temporary deductible differences.

The Group recognises deferred tax assets, including the expected value of carry-forward tax losses, based on an assessment of the

recoverability of the deferred tax assets, both at initial recognition and subsequently on a regular basis.

The assessment of the recoverability of the deferred tax assets involves estimates by management as to the likelihood of the utilisation of the deferred tax assets within a foreseeable future. This depends on a number of factors, including whether there will be sufficient taxable profits available in future periods, against which the carry-forward tax losses can be utilised. In the event that actual future taxable profits generated are less than expected, impairment of the deferred tax assets may be required. Reference is made to note 2.4 Income tax, tax assets and liabilities.

Impairment test of goodwill

In performing the annual impairment test, management assesses whether the groups of Cash Generating Units (CGUs) to which the goodwill relates will be able to generate sufficient positive net cash flows to support their carrying amount together with other net assets of the respective groups of CGUs. This assessment is based on estimates of expected future cash flows. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that Hempel is not yet committed to or significant future investments that will enhance the performance of the assets of the groups of CGUs being tested. The recoverable amount is sensitive to the discount rate used, as well as the expected future

1.2 Significant accounting estimates and judgements – continued

cash inflows and the terminal growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different groups of CGUs are disclosed and further explained in note 3.1 Intangible assets.

Impairment test of brand

In performing the annual impairment test of the Farrow & Ball brand, management assesses whether the brand will be able to generate sufficient positive net cash flows to support the carrying amount of the brand. The assessment is performed using a relief-from-royalty method based on expected future cash flows generated from the royalty savings attributable to owning the brand. The expected cash flows are based on assumptions about the royalty rate, expected future revenue and the discount rate. The key assumptions used to determine the recoverable amount of the brand are disclosed and further explained in note 3.1 Intangible assets.

Significant accounting judgements

The significant judgements, apart from those that involve estimations, are the judgements that management made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Useful life of brands

Management has assessed that certain brands, in particular the Farrow & Ball brand, have an indefinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows, based on the brand being well-established in its markets, having existed for decades and having no legal, regulatory, contractual, competitive, economic or other factors limiting the useful life of the brand.

2 Results for the year

2.1 Revenue

Accounting policies

The Group mainly generates revenue from the sale of paints and coatings (goods for resale and finished goods) based on prices and conditions stated in the contracts with customers. The primary revenue-generating activity comprises sale of finished goods. In addition, the Group generates a minor part of its revenue from the provision of technical services.

Revenue from sale of paints and coatings is recognised when the related performance obligation is satisfied by transferring control of the promised goods to a customer. The Group's customer contracts usually include only a single performance obligation. Control of the paints and coatings is obtained when the goods are transferred to the customer. Where the Group provides technical services, including advice, training, project oversight and surface management services, etc., revenue is recognised over time as the services are rendered.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which Hempel expects to be entitled in exchange for those goods and services (transaction price), which normally

comprises the price specified in the contract, net of discounts and customer bonuses.

The Group offers various discounts, including rebates, bonuses, volume discounts and payments to customers depending on the nature of the customer and business. These discounts are considered variable consideration. Bonuses and discounts payable to a customer are accrued for as the related performance obligations are satisfied and revenue is recognised. Historical experience is used to estimate and provide for the discounts, using the expected value method. Variable consideration related to discounts is only recognised as revenue to the extent that it is highly probable that a significant reversal will not occur in a later period. In the case of expected returns, a refund liability and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned.

Revenue

The vast majority of the Group's performance obligations are satisfied within one year or less. Amounts for remaining performance obligations (order backlog) are therefore not disclosed in accordance with the practical expedient in IFRS 15.121.

Payments from customers are due depending on the type of customer and local business practices, though typically within 30-90 days. Longer credit terms are provided in certain countries, though normally not exceeding 180 days. Retail payments are normally due immediately after control of the goods has transferred to the customer. Accordingly, no significant element of financing is present.

Disaggregation of revenue

The following table displays revenue disaggregated into sale of goods per geographical region:

(EUR m)	2025	2024
EMEA	1,209	1,225
Asia-Pacific	721	700
Americas	235	260
Total revenue	2,165	2,185

Revenue disaggregated into sale of goods per customer category:

(EUR m)	2025	2024
Marine	750	709
Energy & Infrastructure	775	823
Decorative	640	653
Total revenue	2,165	2,185

2.2 Employee costs

Accounting policies

Employee costs include wages and salaries, pensions, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits. Employee costs are recognised in the financial year in which the associated services are rendered.

Costs for long-term employee benefits provided by the Group are recognised in the period in which they are earned.

For further information about the Group’s pension plans, reference is made to note 3.6 Pensions and other post-employment benefit obligations.

Equity-settled share-based payment transactions are measured at fair value determined at the date of grant and recognised as an expense over the vesting period with a corresponding increase in equity.

Key management compensation

Together with the Board of Directors, key management personnel comprise individuals in the Registered Executive Management and the Executive Group Management (EGM). Registered Executive Management is a part of the EGM and the EGM consists of 9 individuals (2024: 8 individuals).

Remuneration of the Executive Group Management includes a fixed salary, company car and other standard fringe benefits, and an annual bonus payment which cannot exceed 70-100% of the individual’s fixed salary.

The annual cash bonus payment is contingent upon the fulfilment of ESG targets, including climate targets, and the realisation of specific financial targets.

During 2024, a management incentive plan was implemented whereby members of the EGM and certain other senior managers were offered the opportunity to purchase, at fair value, shares and warrants of the company. New members of the EGM in 2025 were offered the same opportunity.

The arrangement is classified as an equity-settled arrangement. As the participants in the plan pay fair value for the shares and warrants purchased, no share-based payment expense is incurred by the company as a result of these equity-settled transactions. If a participant ceases to be an employee of the company, the provisions of the plan may permit or require the company to repurchase the leaver’s shareholdings for either the original cost or fair value at the time of repurchase, depending upon the circumstances. See note 4.1 for further information.

(EUR m)	2025	2024
Employee costs		
Wages and salaries	379	377
Pensions – defined contribution plans	23	22
Pensions – defined benefit plans	1	2
Other social security contributions	25	24
Other employee costs	23	23
Total employee costs for the year	451	448
Average number of full-time employees	6,919	6,932
Employee costs have been recognised in the statement of profit or loss as follows:		
Production costs	137	140
Sales and distribution costs	236	229
Administrative costs	78	79
Total employee costs in profit and loss	451	448
(EUR m)	2025	2024
Registered Executive Management		
Wages and salaries	2.6	3.2
Pensions – defined contribution plans	0.2	0.2
Other long-term benefits	-	1.5
Total	2.8	4.9
Other key management personnel		
Wages and salaries	3.3	3.6
Pensions – defined contribution plans	0.2	0.4
Severance pay	0.8	2.0
Other long-term benefits	-	2.4
Total	4.3	8.4
Board of Directors		
Board fee	1.3	1.2
Total	1.3	1.2
Total compensation to key management personnel	8.4	14.5

2.2 Employee costs – continued

A long-term cash-based incentive scheme, comprised of rolling three-year cash-based bonus programmes, was discontinued for the Executive Group Management and certain other senior managers in 2024.

All programmes were subject to vesting criteria based on a number of factors, including the realisation of minimum financial targets for the nominal EBITDA accumulated over the three-year period. The outcome was calculated at the end of the three-year programme period. The long-term cash incentive programme payment cannot exceed 110-120% of the individual’s fixed annual salary. Final payments for the relevant participants under this scheme were made in 2024 and are included in the table on the previous page.

The Board of Directors determines annually whether to instigate new programmes and, if so, the scope and objectives of these programmes.

The compensation paid or payable to key management personnel for employee services is shown in the table on the previous page. Total remuneration for Registered Executive Management and Board of Directors amounted to EUR 4 million in 2025 (2024: EUR 6 million).

2.3 Special items

Special items include significant income and expenses of a special nature relative to the Group’s earnings-generating activities, such as costs related to M&A activities (including gains and losses on disposals of businesses), integration of acquired businesses and significant restructuring costs. Other significant amounts of a non-recurring nature are also included in special items.

Due to the significant impact on the statement of profit or loss, these non-recurring items of special nature are disclosed separately in this note. The special items are presented in the statement of profit or loss within the functions shown in the table below.

In 2025, restructuring costs mainly comprised severance pay; the restructuring initiatives are aligned with Hempel’s strategic ambition to improve competitiveness.

Special items (EUR m)	2025	2024
Restructuring costs	7	-
M&A and integration related items	-4	-
Total special items	3	-

(EUR m)	2025	2024
Production costs	2	-
Sales and distribution costs	3	-
Administrative costs	2	-
Other operating income	-4	-
Total special items	3	-

2.4 Income tax, tax assets and liabilities

Income tax

Accounting policies

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, changes due to changes in tax rates, adjustments to tax from prior years and changes in provision for uncertain tax positions.

Current tax payable and receivable are recognised in the consolidated statement of financial position as tax computed on the taxable income for the year, adjusted for tax on taxable income for prior years and for prepaid tax.

Current tax and changes in deferred tax are recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these cases, the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the parent company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

In the case of uncertain tax positions, if it is considered probable that the Group's proposed tax treatment will be accepted by the taxation authority, such position is recognised in the financial statements. If acceptance by the taxation authority is not considered probable, the uncertainty is reflected in the amounts of tax assets and liabilities recognised. Uncertain tax positions are assessed individually, and the possible outcome is measured based on either the most likely amount or a probability-weighted expected value, depending on which method is considered to better predict the resolution of the uncertainty. Uncertain tax positions relate to various tax disputes, including transfer pricing cases.

	2025	2024
Tax for the year (EUR m)		
Tax for the year is specified as follows:		
Tax on profit for the year	- 47	- 50
Tax on other comprehensive income	6	- 6
Total tax for the year	- 41	- 56
Tax on profit for the year is calculated as follows:		
Current tax for the year	- 44	- 72
Deferred tax for the year	6	23
Adjustments in respect of prior years, current tax	- 2	4
Adjustments in respect of prior years, deferred tax	- 7	- 5
Total tax on profit for the year	- 47	- 50
Effective tax rate of the Group		
Danish tax rate	22.0%	22.0%
Higher/(lower) tax rates of foreign subsidiaries	- 4.2%	- 1.8%
Permanent differences	0.2%	0.6%
Unrecognised deferred tax assets	5.9%	5.9%
Recognised deferred tax assets related to prior years	- 1.1%	- 7.4%
Adjustments in respect of prior years	- 3.9%	- 0.3%
Other adjustments	0.1%	0.1%
Withholding taxes and other income taxes	2.8%	2.2%
Effective tax rate of the Group excluding hyperinflation	21.8%	21.3%
Hyperinflation	0.3%	1.4%
Effective tax rate of the Group	22.1%	22.7%

2.4 Income tax, tax assets and liabilities – continued

Deferred tax

Accounting policies

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred income tax is calculated using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is adjusted for elimination of unrealised intra-group gains and losses.

Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where Hempel A/S is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax recognised in the statement of financial position (EUR m)	2025	2024
Deferred tax, beginning of year	52	35
Recognised in profit or loss	6	22
Recognised in other comprehensive income	4	-
Adjustments in respect of prior years	3	-5
Deferred tax assets and liabilities at 31 December, net	65	52

Specification of deferred tax assets (EUR m)	2025	2024
Intangible assets	10	16
Property, plant and equipment	2	7
Inventories	7	2
Trade receivables	6	2
Provisions and defined benefit pension plan deficits	23	30
Lease liabilities	2	1
Tax loss carryforwards	73	64
Tax on other comprehensive income	4	-
Deferred tax assets at 31 December	127	122

Specification of deferred tax liabilities (EUR m)	2025	2024
Intangible assets	38	40
Property, plant and equipment	6	2
Provisions and defined benefit pension obligations	18	28
Deferred tax liabilities at 31 December	62	70

2.4 Income tax, tax assets and liabilities – continued

The Group recognises deferred tax assets, including the expected value of tax loss carryforwards, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. At 31 December 2025, Hempel recognised a deferred tax asset related to tax loss carryforwards of EUR 60 million (2024: EUR 64 million).

Management has considered future taxable income and applied judgement in assessing whether deferred income tax assets should be recognised. The assessment of the recoverability of the deferred tax assets depends on a number of factors, including whether there will be sufficient taxable profits available in future periods in tax jurisdictions for which the tax loss carryforwards can be utilised.

Assessment of the recoverability of the deferred tax assets is based on taxable income projections that contain estimates of, and tax strategies for, the future taxable income, taking into account the general market conditions, recent financial performance of the individual entities and the Group's approved business plan. The projections are based on the Group's five-year forecast, though in certain cases a longer forecast period is used. Such projections are inherently subject to uncertainty, as the realisation of the projections are dependent on the outcome of future events. It is management's assessment that the forecast is achievable and supports the recognised deferred tax assets. In making this assessment, business initiatives to improve organic growth and taxable income are considered together with expected allocation of future taxable income based on the transfer pricing policy in place.

The international tax reform – Pillar Two model rules

The Pillar Two model rules apply for the Hempel Group as of 1 January 2024. The current tax expense related to Pillar Two income taxes amounts to EUR 2.8 million for 2025 (2024: EUR 1.7 million).

Hempel has applied the exception of not recognising deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules.

Deferred tax assets not recognised in the statement of financial position (EUR m)	2025	2024
Temporary differences	4	1
Tax loss carryforwards	58	44
Total tax asset not recognised	62	45
Temporary differences, gross	14	3
Tax loss carryforwards, gross ¹	222	149
Total gross values	236	152

¹ Out of tax loss carryforwards, 0% (2024: 0%) expire within 1 year, 1% (2024: 0%) within 5 years and 3% (2024: 15-20%) after 5 years from the balance sheet date.

3 Operating assets and liabilities

3.1 Intangible assets

Accounting policies

Goodwill

Goodwill is initially recognised in the statement of financial position at cost and allocated to groups of cash-generating units (CGUs) at which goodwill is monitored. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Brands with an indefinite useful life

Brands acquired in a business combination are initially recognised in the statement of financial position at fair value and subsequently measured at cost less accumulated impairment losses. Brands which are considered to have an indefinite useful life are not amortised, since there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows.

Software and software under development

Acquired software and developed software are initially measured at cost and subsequently at cost less amortisation and impairment losses. Acquired software and developed software are amortised on a straight-line basis over the estimated useful life, which is 3-10 years, though typically 5 years for ERP systems.

For software as a service (SaaS) arrangements, implementation costs are capitalised only where customisation and configuration of the SaaS arrangement results in an intangible asset controlled by the Group. Where customisation and configuration costs do not result in an intangible asset, costs are either expensed as incurred or alternatively over the contract term when the received services are not distinct from the SaaS solution.

Software under development is recognised at cost less impairment losses. Software under development is not amortised.

Customer relationships

Customer relationships acquired in a business combination are initially recognised at fair value and subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life, which is 5-12 years.

Other intangible assets

Other intangible assets comprise development projects such as development of products or processes, formulas and smaller brands.

Development projects are recognised as intangible assets where they relate to products or processes (other than software development projects) that are clearly defined and identifiable, and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the product or process in question. Development projects are initially measured at cost, which comprises expenses, including salaries, amortisation and external costs, directly attributable to these development projects. Development projects are subsequently measured at cost less amortisation and impairment losses.

Development projects are amortised on a straight-line basis over the estimated useful life, which is 3-10 years.

Formulas and smaller brands are measured at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period is 2-10 years.

Amortisation and impairment losses are included in the statement of profit or loss as follows.

Amortisation and impairment losses included in profit or loss (EUR m)	2025	2024
Production costs	4	6
Sales and distribution costs	4	6
Administrative costs	16	17
Total amortisation and impairment losses	24	29

3.1 Intangible assets – continued

Research and development costs expensed

Research and development costs not eligible for capitalisation are expensed in the period incurred and included in the statement of profit or loss within production costs. In 2025, this amounted to EUR 34 million (2024: EUR 36 million).

Impairment of non-current assets

Goodwill, intangible assets with an indefinite useful life and software under development that is not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment test

Hempel has tested the carrying amount of software under development, brands with indefinite useful life and goodwill for impairment.

Goodwill is monitored based on three commercial business units (Marine, Energy & Infrastructure and Decorative). Goodwill is allocated to the groups of CGUs as follows:

(EUR m)	2025	2024
Marine	171	180
Energy & Infrastructure	116	123
Decorative	241	254
Total goodwill	528	557

The three key commercial business units manage sales and are responsible for daily contact with the customers.

Marine customers comprise both newbuilding shipyards, ship owners requiring maintenance in dry dock or at sea, and maintenance contractors. Maintenance work relates to every area of a vessel, most notably hull coating systems to protect the metal structure of the vessels.

Energy customers are owners of energy assets, which are often subject to harsh weather conditions, such as windmills and other energy solution assets. Infrastructure mainly relates to bridges, transportation assets and other

infrastructure buildings. Customers are e.g. governments responsible for maintenance of critical infrastructure, companies that own infrastructure assets and maintenance contractors.

Decorative sells indoor and outdoor coating products. Decorative customers are both private and commercial customers, e.g. retailers.

Impairment test of goodwill

In determining the carrying amount of net assets of each group of CGUs, certain allocation keys were applied.

The recoverable amounts of each group of CGUs are based on value-in-use calculations and based on cash flow projections for the years 2026-2030. The forecast represents management's best estimate of the future cash flows and is assumed to be both reasonable and achievable. The assumptions applied by management in forecasting the future cash flows reflect management's expectations considering all relevant factors, including Hempel's strategic initiatives, local initiatives, past experience and external sources of information, where possible and relevant. The key assumptions used in the cash flow projections are revenue growth, EBITDA margin, long-term growth rate and pre-tax discount rate (refer to the table on page 68). Cash flows beyond the five-year forecast period are extrapolated using the estimated growth rates stated in the table on page 68.

Sensitivity analysis

Management considered and assessed reasonably possible changes for the key assumptions and did not identify any instances that could cause the carrying amount of goodwill to exceed its recoverable amount.

Impairment test of the Farrow & Ball brand

The carrying amount of the Farrow & Ball brand with indefinite useful life of EUR 134 million (2024: 141 million) was tested separately for impairment as the brand relates to the Farrow & Ball CGU. The recoverable amount is calculated based on a relief-from-royalty method, assuming a steady revenue growth of average 8.2% (2024: 5.6%) in the forecasting period based on expected market development within the luxury paint business.

The royalty rate applied in the relief-from-royalty calculation is based on a benchmark study for high-end brands with similar market position to Farrow & Ball. A royalty rate of 6.15% (2024: 6.15%) and a weighted average cost of capital (WACC) of 8.8% (2024: 8.16%) were applied.

3.1 Intangible assets – continued

Key assumption	Description
Revenue growth and EBITDA margin	<p>Revenue for all commercial business units is assumed to increase over the forecasting period on average by mid to high single-digit growth rates, assuming a slight increase in market share. This is based on past performance and assumptions about stable raw material prices in the forecast period, the general market development in the different commercial business areas, taking into consideration the maturity of the markets in which Hempel operates. Further, Group and local strategic initiatives are considered when estimating the revenue growth rates for the individual commercial businesses, including initiatives focusing on increasing sales prices and volumes. EBITDA margin developments for each business unit reflect the assessment of the expected operating performance throughout the forecast period. For Marine and Energy & Infrastructure this represent a stable margin while in Decorative an improved margin is expected.</p> <p>The estimated revenue growth in Decorative is, in particular, to be achieved through our strong market position, increasing brand awareness and companies and stores acquired that increase Decorative's accessibility in selected markets. In addition, we have expanded our e-commerce presence in key markets and opened new stores in strategic geographical locations which is expected to help drive an increase in volumes.</p> <p>For Marine, the estimated revenue growth is to be achieved through our highly competitive products, e.g. hull coatings, and higher sales prices through a more value-based price setting model, as well as increased sales volumes based on the assumed continuation of the trend of increasing demand for products in the marine industry that reduce both fuel consumption and CO₂e emissions.</p> <p>For Energy & Infrastructure, the future revenue growth is based on the continued global demand for high-performance sustainable coating solutions across the energy and infrastructure sectors. This includes continued launch of improved solutions for both new constructions and maintenance work on global E&I assets, thereby continuing to offer high value to our customers through our value-based commercial model.</p>
Long-term growth	The terminal growth rates do not exceed expected long-term inflation.
Pre-tax discount rate	The pre-tax discount rate reflects the specific risks to the CGUs.

	Long-term growth rate 2025	Long-term growth rate 2024	Pre-tax discount rate 2025	Pre-tax discount rate 2024
Marine	2.00%	2.00%	8.96%	9.18%
Energy & Infrastructure	2.00%	2.00%	9.60%	9.67%
Decorative	2.00%	2.00%	9.45%	9.18%

3.1 Intangible assets – continued

Intangible assets (EUR m)	Goodwill	Brands (indefinite life)	Software	Intangible assets under construction	Customer relationships	Other intangible assets	Total
Cost at 1 January 2025	557	145	119	17	131	108	1,077
Effect of exchange rate adjustment	- 29	- 6	- 5	- 1	- 12	- 5	- 58
Additions for the year	-	-	6	13	-	-	19
Transfer and reclassifications	-	-	10	- 14	-	4	-
Disposals for the year	-	-	- 13	-	- 1	- 1	- 15
Cost at 31 December 2025	528	139	117	15	118	106	1,023
Accumulated amortisation at 1 January 2025	-	-	86	-	119	79	284
Effect of exchange rate adjustment	-	-	- 3	-	- 11	- 3	- 17
Amortisation for the year	-	-	14	-	4	6	24
Impairment losses for the year	-	-	-	-	-	-	-
Disposals for the year	-	-	- 10	-	- 1	-	- 11
Accumulated amortisation at 31 December 2025	-	-	87	-	111	82	280
Carrying amount at 31 December 2025	528	139	30	15	7	24	743
Cost at 1 January 2024 ¹	535	139	82	35	141	99	1,031
Effect of exchange rate adjustment	22	6	2	-	7	2	39
Additions for the year	-	-	1	31	-	-	32
Transfer and reclassifications	-	-	39	- 49	-	10	-
Disposals for the year	-	-	- 5	-	- 17	- 3	- 25
Cost at 31 December 2024	557	145	119	17	131	108	1,077
Accumulated amortisation at 1 January 2024 ¹	-	-	74	-	124	72	270
Effect of exchange rate adjustment	-	-	1	-	7	2	10
Amortisation for the year	-	-	15	-	6	8	29
Impairment losses for the year	-	-	-	-	-	-	-
Disposals for the year	-	-	- 5	-	- 17	- 3	- 25
Accumulated amortisation at 31 December 2024	-	-	85	-	120	79	284
Carrying amount at 31 December 2024	557	145	34	17	11	29	793

¹ Brought forward balances at 1 January 2024 include minor reclassifications between asset categories, and between cost and accumulated depreciation, arising on a group consolidation system implementation during the year, with no impact on the total carrying amount.

3.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprise the purchase price, including import duties and non-refundable taxes, and expenses directly related to the acquisition up until the time when the asset is ready for intended use. In the case of assets of own construction, costs comprise direct expenses for labour, materials, components and suppliers.

Material general and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits. The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the statement of profit or loss. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is based on the cost of an asset less its residual value. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings (max.)	50 years
Laboratory equipment	10 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years

If the individual material components of an asset have different useful lives, each component is depreciated separately. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in other operating income and expenses. The assets' residual values and useful lives are reviewed, and adjusted if necessary, at the end of each reporting period.

Information about commitments for acquisition of property, plant and equipment is provided in note 5.3 Contingent liabilities and other commitments.

Property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment and, if so, a review of the carrying amount is performed. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss.

Depreciation and impairment losses are included in the statement of profit or loss as follows:

Depreciation and impairment losses included in profit or loss (EUR m)	2025	2024
Production costs	32	34
Sales and distribution costs	6	6
Administrative costs	7	7
Discontinued operations	-	1
Total depreciation and impairment losses	45	48

3.2 Property, plant and equipment – continued

Property, plant and equipment (EUR m)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2025	358	355	163	45	921
Effect of exchange rate adjustment	- 24	- 23	- 9	- 2	- 58
Additions for the year ¹	-	4	5	19	28
Transfer and reclassifications	4	21	6	- 31	-
Disposals for the year	- 12	- 6	- 7	-	- 25
Cost at 31 December 2025	326	351	158	31	866
Accumulated depreciation at 1 January 2025	108	229	104	-	441
Effect of exchange rate adjustment	- 10	- 15	- 7	-	- 32
Depreciation for the year	9	22	14	-	45
Transfer and reclassifications	-	-	-	-	-
Disposals for the year	- 7	- 5	- 6	-	- 18
Accumulated depreciation at 31 December 2025	100	231	105	-	436
Carrying amount at 31 December 2025	226	120	53	31	430
Cost at 1 January 2024²	377	349	147	46	919
Effect of exchange rate adjustment	12	12	5	1	30
Additions for the year ¹	6	5	7	34	52
Transfer and reclassifications	-	15	16	- 31	-
Disposals for the year	- 37	- 26	- 12	- 5	- 80
Cost at 31 December 2024	358	355	163	45	921
Accumulated depreciation at 1 January 2024²	118	212	97	-	427
Effect of exchange rate adjustment	5	8	4	-	17
Depreciation for the year	11	23	14	-	48
Disposals for the year	- 26	- 14	- 11	-	- 51
Accumulated depreciation at 31 December 2024	108	229	104	-	441
Carrying amount at 31 December 2024	250	126	59	45	480

¹ There are no capitalised borrowing costs for the year 2025 and 2024.

² Brought forward balances at 1 January 2024 include minor reclassifications between asset categories, and between cost and accumulated depreciation, arising on a group consolidation system implementation during the year, with no impact on the total carrying amount.

3.3 Leases

Accounting policies

Lease liabilities

At the commencement date of leases, the Group recognises lease liabilities, measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivables, variable lease payments that depend on an index or rate, e.g. when a minimum indexation is applied, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The present value is calculated using the interest rate implicit in the lease or Group's incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Contracts may contain both lease and non-lease components. The Group has elected to separate lease and non-lease components. For these contracts, the consideration promised in the contract is allocated based on the relative stand-alone prices between the lease and non-lease component. Non-lease components are accounted for in accordance with the accounting policy applicable to such items.

Some lease contracts include extension and termination options. Management exercises judgement in determining whether these options are reasonably certain to be exercised. Management considers all relevant facts and circumstances that create an economic incentive to exercise the extension option.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. The lease liability is increased to reflect the accretion of interest and reduced for lease payments made. The lease liability is remeasured when there is a change in the lease term or a change in the assessment to purchase the underlying asset. In addition, the lease liability is remeasured if there is a change in future lease payments arising from a change in an index or rate, including revised lease payments that reflect a change in market rental rates, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any further reduction is recognised in the statement of profit or loss.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date and any initial direct costs incurred. Dismantling and restoration costs are not included in the calculation of the right-of-use assets value, but are booked separately.

After initial recognition, right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is calculated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

Right-of-use assets mainly comprise office and warehouse buildings, stores and vehicles, such as cars, trucks and vans. Lease terms of buildings are usually 5-10 years whereas vehicles typically have a lease term of 3-5 years.

Short-term and low-value leases

Short-term and low-value leases are expensed directly as operating costs in the statement of profit or loss, usually on a straight-line basis over the lease term.

The Group has recognised the following amounts relating to leases, as shown on the next page.

3.3 Leases – continued

The following amounts are recognised in the statement of financial position relating to leases:

(EUR m)	2025	2024
Right-of-use assets – additions	21	21
Right-of-use assets, carrying amount		
Land and buildings	90	105
Vehicles	17	16
Other fixed assets	-	1
Total	107	122
Lease liabilities		
Current	30	34
Non-current	84	95
Total	114	129

Total cash outflow from leases amounts to EUR 43 million, including cash outflow from short-term and low-value leases (2024: EUR 43 million). The maturity analysis of undiscounted cash flows in lease liabilities is disclosed in note 4.3 Financial risks.

The following lease expenses are recognised in the statement of profit or loss:

Depreciation charge of right-of-use assets (EUR m)	2025	2024
Land and buildings	30	31
Vehicles	9	8
Other fixed assets	-	-
Total	39	39

Expenses relating to leases (EUR m)	2025	2024
Depreciation included in profit or loss		
Production costs	11	12
Sales and distribution costs	26	24
Administrative costs	2	2
Discontinued operations	-	1
Total depreciation	39	39
Interest expense on lease liabilities	4	4
Expenses related to short-term leases	1	1
Total amount recognised in profit or loss	44	44

3.4 Inventories

Accounting policies

Inventories are measured at cost, determined using the FIFO-method, or net realisable value if the net realisable value is lower. Costs of inventories comprise purchase costs of raw materials, including import duties and transportation costs directly attributable to the acquisition of raw materials, costs of conversion and other costs incurred in bringing the inventories to the present location and condition.

The costs of finished goods and work in progress also include indirect production costs, which comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process and costs of factory administration and management.

The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined based on the most reliable evidence available at the time the estimates are made, taking into account obsolescence and development in expected selling prices.

(EUR m)	2025	2024
Raw materials and consumables	88	108
Work in progress	8	9
Finished goods	181	219
Total inventories	277	336
Cost of inventories, included under production costs ¹	1,132	1,132
Hereof write-downs to net realisable value during the year	15	11

¹ 2024 restated to exclude cost of inventories included within discontinued operations – see Note 4.6 for further information.

3.5 Trade receivables

Accounting policies

Trade receivables are recognised initially at their transaction price. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. Due to the short-term nature of trade receivables, amortised cost is equal to the invoiced amount less loss allowance for expected credit losses.

Credit risk

The Group is exposed to financial and commercial counterparties but has no particular concentration of customers. To minimise the credit risk related to trade receivables, financial vetting is undertaken for all major customers and credit limits are assigned for major customers based on the Group's credit risk assessment.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. Trade receivables not due are also included when assessing the expected lifetime loss provision.

Trade receivables are written off when there is no reasonable expectation of recovery, i.e. typically when customers are undergoing restructuring or bankruptcy proceedings have commenced.

The Group's maximum exposure to credit risk at the end of the reporting period related to trade receivables is the carrying amount of trade receivables mentioned above. The Group does not hold collateral as security.

Expected credit loss 2025 (EUR m)	Carrying amount, gross	Expected loss rate (%)	Loss allowance	Carrying amount, net
Current	334	0.4%	1.4	333
Overdue 1-30 days	53	0.4%	0.2	52
Overdue 31-60 days	22	0.4%	0.1	22
Overdue 61-120 days	19	0.8%	0.1	18
Overdue 121-240 days	14	9.6%	1.3	12
Overdue 241-360 days	4	33.9%	1.3	3
Overdue > 360 days	25	92.0%	23.4	2
Total	471		27.8	442

Expected credit loss 2024 (EUR m)	Carrying amount, gross	Expected loss rate (%)	Loss allowance	Carrying amount, net
Current	338	0.8%	2.7	335
Overdue 1-30 days	54	1.0%	0.5	54
Overdue 31-60 days	24	3.0%	0.7	23
Overdue 61-120 days	18	3.6%	0.6	17
Overdue 121-240 days	17	12.6%	2.1	15
Overdue 241-360 days	6	21.7%	1.3	5
Overdue > 360 days	40	99.0%	39.6	1
Total	497		47.5	450

Loss allowance (EUR m)	2025	2024
Allowance at 1 January	48	38
Sale of enterprises	-	-1
Additions/reversals for the year	-5	14
Losses recognised	-11	-5
Currency translation	-4	2
Total	28	48

3.6 Pension and other post-employment benefit obligations

Accounting policies

The Group operates various post-employment benefit plans, including defined benefit and defined contribution pension plans.

Defined contribution plans

Hempel operates a number of defined contribution plans which provide post-employment benefits determined by the value of funds contributed in respect of each employee. The Group's contributions to defined contribution plans are recognised in profit or loss in the year in which they become payable. The Group's obligation is limited to the amount that it agrees to contribute to the plans; it has no further obligation once the contributions have been paid. Contributions payable are recognised in the statement of financial position within other current liabilities.

Defined benefit plans

For defined benefit post-employment benefit plans, the surplus or deficit recognised in the statement of financial position for each plan is determined as the fair value of the plan assets less the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation and cost of providing benefits is calculated annually by

independent actuaries using the projected unit credit method. This is done separately for each major plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligations. In countries where there is no deep market in such bonds, the market rates for government bonds are used.

Defined benefit plan surpluses are recognised only to the extent that they are recoverable by way of either reduced future contributions to the plan or a refund from the plan.

Service costs comprise current service costs and past service costs. Current service cost is the increase in the present value of the defined benefit obligation resulting from employee services in the current period. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The net interest expense is calculated by applying the discount rate to the defined benefit obligation and the fair value of plan assets. This cost is included in financial expenses in the consolidated statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Pension and other post-employment benefit plan costs

In 2025, net costs of EUR 25 million relating to Hempel's pension and other post-employment benefit plans were recognised in the statement of profit or loss (2024: EUR 25 million) as analysed in the table below.

Post-employment benefit plan costs (EUR m)	2025	2024
Costs for defined contribution plans:		
Employee costs	23	22
Costs for defined benefit plans:		
Employee costs	1	2
Interest expense	1	1
Total costs recognised in profit or loss	25	25

3.6 Pension and other post-employment benefit obligations – continued

Hempel's defined benefit plans

The Group operates defined benefit plans in several countries with the major plans being pensions in Ireland and the UK. None of the plans are individually significant to the Group.

The pension plans are generally final salary plans, which provide benefits in the form of a guaranteed level of pension payable for life. The level of benefits provided typically depends on the employees' length of service and their salary in the final years leading up to retirement. The majority of the defined benefit obligation relates to plans that are funded. However, there are also a number of unfunded plans in which the Group meets the benefit payment obligation as it falls due. Recognition of plan assets for the UK defined benefit pension plan is restricted as the surplus in the plan may not ultimately be recoverable by the Group.

Plan assets held in trusts are governed by local regulations and practice in the relevant country, as is the nature of the relationship between the Group and the trustee boards and their composition.

The Group also operates a number of other post-employment benefit plans which are primarily unfunded and typically provide a lump sum payment on leaving employment.

Movements in the present value of the defined benefit obligations and the fair value of the plan assets during the year are shown in the table to the right.

(EUR m)	2025	2024
Present value of obligation at 1 January	52	50
Current service cost	1	2
Interest expense	2	2
Actuarial (gains)/losses arising from changes in financial assumptions	-1	-1
Actuarial (gains)/losses arising from experience adjustments	-	2
Exchange differences	-3	-
Benefit payments from employer	-2	-2
Payments from the plans	-3	-1
Present value of obligation at 31 December	46	52
Fair value of plan assets at 1 January	35	32
Calculated interest on plan assets	1	1
Return on plan assets excluding calculated interest	-	2
Exchange differences	-1	-
Employer contributions	-	1
Payments from the plans	-3	-1
Fair value of plan assets at 31 December	32	35
Surplus (deficit) at 31 December	-14	-17
Effect of asset ceiling	-1	-1
Net benefit asset (liability) at 31 December	-15	-18
Represented by amounts recognised in the statement of financial position:		
Asset recognised	5	4
Liability recognised	-20	-22
Net benefit asset (liability)	-15	-18
The defined benefit obligation may be analysed as follows:		
Funded plans	-26	-30
Unfunded plans	-20	-22
Defined benefit obligation	-46	-52
The defined benefit obligation may be analysed as follows:		
Pension plans	-28	-32
Other post-employment benefit plans	-18	-20
Defined benefit obligation	-46	-52

3.6 Pension and other post-employment benefit obligations – continued

Of the total defined benefit obligation, 51% (2024: 50%) relates collectively to pension plans in Ireland and the UK.

The expected average duration of the defined benefit obligations is 10 years (2024: 10 years)

and the expected employer contributions for the year ending 31 December 2026 are EUR 2 million.

The composition of plan assets is shown in the table below.

Defined benefit plan assets by category:	2025 unquoted	2025 quoted	2025	2024
Cash and cash equivalents	-	9%	9%	1%
Equity instruments	6%	10%	16%	21%
Debt instruments	3%	54%	57%	57%
Real estate	1%	-	1%	1%
Investment funds	-	6%	6%	9%
Assets held by insurance company	10%	-	10%	9%
Other	1%	-	1%	2%
Total	21%	79%	100%	100%

The following table summarises the key assumptions of the defined benefit plans.

	2025	2024
Weighted average discount rate	4.73%	4.55%
Future wage / salary increase	3.53%	3.60%

Mortality rates are also a key assumption; in each country the most common demographic assumptions, including mortality rates, are applied.

Sensitivity analysis

The following table illustrates the change in the defined benefit obligation relating to defined

benefit plans due to a change in key actuarial assumptions. The analysis is based on reasonably possible changes, provided that other parameters remain unchanged.

Recognised defined benefit obligation (EUR m)	2025	2024
Discount rate		
Increase of 0.5 %-points	- 2	- 2
Decrease of 0.5 %-points	2	3
Future wage / salary increase		
Increase of 0.5 %-points	1	1
Decrease of 0.5 %-points	- 1	- 1
Mortality		
Increase 1 year	-	-
Decrease 1 year	-	-

3.7 Provisions

Accounting policies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions for environmental, warranty and restructuring obligations, as well as other obligations, are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The costs required to settle the liability are discounted if the effect is material to the measurement of the provision. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Decommissioning and restoration obligations are measured at the present value of the future liability in respect of decommissioning as expected at the balance sheet date. The present value of the provision and changes in estimates are recognised as part of the cost of property, plant and equipment and depreciated together with the associated asset.

Interest on provisions is recognised in the statement of profit or loss under financial expenses.

Environmental provisions

Environmental obligations relate to restoration of various sites and to remedying established environmental damages that occurred in connection with the production of coatings and disposal or release of certain wastes. Management anticipates that the resolution of the Group's environmental obligations will occur over an extended period, in some cases over a period of more than 5 years.

Warranties

Provision is made for estimated warranty claims in respect of products sold that are still under warranty at the end of the reporting period. Warranty cases are normally resolved within 0-5 years, though some complex cases are resolved over an extended period of more than 5 years.

In line with accounting policies, potential product warranties are recognised as warranty provisions when revenue from the related sale is recognised.

Other provisions

Restructuring provisions are recognised when a detailed formal plan exists which identifies the affected part of the business, the number of affected employees and approximate timeline, and the employees affected have been notified of the main features of the plan.

The Group is involved in a number of legal cases, tax cases and other disputes. Some of these involve significant amounts and are subject to some uncertainty. Management continuously assesses the risks associated with the cases and disputes, and their likely outcome. It is the opinion of management that, apart from items recognised in the financial statements, the outcomes of these cases and disputes are not probable or cannot be reliably estimated in terms of amount or timing. The Group does not expect these to have a material impact on the consolidated financial statements.

3.8 Other liabilities

Accounting policies

Other liabilities mainly comprise accrued employee costs, including bonuses, withholding tax and VAT, customer bonuses, commission payables and accrued interest.

Other financial liabilities are measured at initial recognition at fair value. Subsequently, other financial liabilities are measured at amortised cost using the effective interest method, which usually corresponds to the nominal value.

(EUR m)	Environmental obligations	Warranties	Other provisions	Total
Total provisions, beginning of year	20	36	20	76
Exchange adjustment at year-end rate	-1	-2	-	-3
Additions for the year	-	12	14	26
Reversed for the year	-1	-8	-9	-18
Consumed for the year	-1	-7	-4	-12
Unwind of discount	1	-	-	1
Total provisions, end of year	18	31	21	70
Current liabilities	1	12	10	23
Non-current liabilities	17	19	11	47
Total provisions, end of year	18	31	21	70

4 Capital structure and financing items

4.1 Share capital, distribution to shareholder

Accounting policies

Dividends proposed by management for the year are presented separately within equity.

The translation reserve comprises foreign exchange differences arising from the translation to EUR of financial statements of the parent company and its subsidiaries. Also, the effect of the inflation adjustment from hyperinflationary economies is recognised within the translation reserve.

The cash flow hedge reserve covers cash flow hedging of interest rates associated with loans and borrowings.

Share capital

In August 2024, CVC Funds acquired 22.2% of Hempel A/S through the issuance of new B shares in addition to the already existing B shares, which are owned by Hempel Invest A/S. At the time of the investment, the existing share capital was restructured into A, B and C classes with shares of DKK 1 each.

The share capital has been fully paid and no shares have special dividend rights. A shares carry 10 votes per share whereas B shares carry 1 vote per share. There are no voting rights attached to C shares.

The C shares have been issued in connection with a management incentive programme. The total number of C shares outstanding as of 31 December 2025 amounted to 217,111 (2024: 200,422) of which key management personnel subscribed for 132,686 shares (2024: 118,592 shares). If a participant ceases to be an employee of the Company, the provisions of the plan generally permit the Company to repurchase the leaver's shareholdings for either the original cost or fair value at the time of repurchase, depending upon the circumstances. In limited instances outside the control of the participant, Hempel has an obligation to reacquire the shares at either the original cost or fair value at the time of repurchase, depending upon the circumstances.

In addition, 5,768,448 warrants were outstanding as of 31 December 2025 (2024: 5,522,548 warrants) in connection with this programme, of which 3,761,336 warrants have been issued to key management personnel (2024: 3,267,537 warrants). These warrants give the holder the right, in certain circumstances, to subscribe for D shares in Hempel A/S at an exercise price of DKK 0.01 per share. In such circumstances the holders of these D shares may have the right to enhanced returns upon disposal. The warrants are subject to the same repurchase provisions as the C shares and also have no voting rights.

Share capital	31 December 2025		31 December 2024	
	Number of shares	Nominal value (DKK)	Number of shares	Nominal value (DKK)
The share capital comprises:				
A shares	32,857,143	32,857,143	32,857,143	32,857,143
B shares	115,000,000	115,000,000	115,000,000	115,000,000
C shares ¹	217,111	217,111	200,422	200,422
Share capital (fully paid)	148,074,254	148,074,254	148,057,565	148,057,565

¹ Including 11,591 treasury shares (2024: 0 shares), acquired in connection with the management incentive programme.

Dividends

The Group proposed no ordinary dividend related to the year 2025 (2024: no dividend).

During 2024, before the issuance of new shares, ordinary dividends related to the year 2023 of EUR 217 thousand per share amounting to a total dividend payment of EUR 25 million was paid out. Extraordinary dividends of EUR 1.1 million per share were paid out in 2024, in total amounting to EUR 132 million.

Capital structure

The capital structure of the Group is intended to ensure sufficient financial flexibility and stability for the Group to reach its strategic goals. The Group aims to maintain an optimal capital structure, and to use the free operating cash flow after financial

items and tax for debt servicing and business development.

The Group will not declare dividends for the financial years 2024 to 2027, after the extraordinary dividend payment in 2024.

The Group strives to ensure adequate credit resources at all times, which includes securing access to committed bank financing and refinancing maturing debt in a timely manner. The Group aims to have minimum EUR 250 million of free committed credit resources available for the next 12 months.

4.1 Share capital, distribution to shareholder – continued

In order to achieve this overall objective, the Group's capital management aims to ensure that it meets its financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The covenants, which the Group is required to comply with quarterly, state that the Group's leverage must not exceed 4.0x. The Group's leverage is defined in note 5.7 Financial definitions.

At the end of 2025, the leverage ratio was 0.9x (2024: 1.4x). The Group aims to maintain a leverage ratio of approximately 2.5x in the long term while a higher leverage ratio is accepted when acquiring strategic businesses.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches, nor close to default, of the financial covenants of any interest-bearing loans or borrowings in the current period or in the previous period.

No changes were made in the objectives or processes for managing capital during 2025 or 2024, except for the change to the contribution policy mentioned above.

4.2 Borrowings

Accounting policies

Long-term loans, such as loans from credit institutions, are recognised initially at fair value net of directly attributable transaction costs. Subsequently, the loans are measured at amortised cost using the effective interest method. The difference between the proceeds initially received and the nominal value is recognised as financial expenses in the statement of profit or loss over the loan term.

The bank loans are floating interest loans based mainly on EURIBOR. Further, the interest rate is linked to the Group's leverage ratio.

A negative pledge clause is attached to the Group's long-term loan arrangements that prevents Hempel A/S from pledging certain assets as security.

The Group's borrowings consist of the following, see table to the right:

2025 (EUR m)	Average interest rate	Maturity	Carrying amount
Bank loans	2.92%	2027 - 2030	351
Overdraft facilities	2.80%	2026	42
Lease liabilities	0.4% - 16.1%	2026 - 2047	114
Total borrowings			507
Current			72
Non-current			435
Total borrowings			507

2024 (EUR m)	Average interest rate	Maturity	Carrying amount
Bank loans	3.52%	2026 - 2027	548
Overdraft facilities	3.46%	2025	75
Lease liabilities	0.2% - 13.1%	2025 - 2047	129
Total borrowings			752
Current			109
Non-current			643
Total borrowings			752

4.3 Financial risks

This note describes the exposure to financial risks and how these risks could affect the Group’s future financial performance.

The Group’s activities expose Hempel to a variety of risks related to the Group’s financial assets and liabilities. The Group’s financial liabilities comprise primarily borrowings, trade and other payables and lease liabilities, whereas the financial assets primarily comprise trade receivables and cash deposits.

Management has assessed the following key financial risks and their significance to the Group:

Financial risk type	2025	2024
Foreign exchange risk	Low	Low
Interest rate risk	Low	Low
Credit risk	Low	Low
Liquidity risk	Low	Low

The above financial risks are inherent to the way Hempel operates as a global company with a large number of operating units across the world. The Group’s overall risk management programme seeks to identify, assess, and mitigate these financial risks in order to reduce the effects on the Group’s financial performance. The risks are managed in accordance with the policies and guidelines laid out by the Board of Directors. Hempel has centralised handling of

these risks, except for commercial credit risk, which is managed locally. There are no changes in the Group’s financial risk management policies compared to the previous year.

It is the Group’s policy not to speculate actively on financial risks.

To some extent, the Group’s income and expenses in foreign currencies net out and create a natural hedge of the Group’s profitability margin. Foreign exchange hedges are executed to reduce risks associated with currency fluctuations in internal balances between Group entities. See further description under market risk.

Market risk

The Group’s exposure to market risks is related to foreign exchange risks and interest rate risk. All market risks are managed in accordance with the Group’s Treasury Policy.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates.

Hempel’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s trade receivables and trade payables, arising respectively from revenue and purchase transactions denominated in a foreign

currency and intercompany loans and deposits. The currency exposure in these balances may affect Hempel’s result.

The overall objective of foreign exchange risk management is to reduce the short-term negative impact of exchange rate fluctuations on net financials and cash flows, thereby contributing to the predictability of the financial results.

To manage exposure to foreign exchange risk, it is Hempel’s policy to pool funding activities centrally through intercompany loans and deposits. In each subsidiary, foreign exchange risk derived from trade receivables or payables is mitigated by Hempel A/S establishing an intercompany loan/receivable towards the local entity in the same foreign currency, thereby creating a natural hedge.

Currency risk is, as a main policy, hedged against DKK or EUR when exposure exceeds EUR 0.5 million (a higher threshold is applied for USD). Some currencies cannot be hedged within a reasonable price range, in which case correlation to a proxy currency is considered and, if deemed appropriate, proxy hedging is applied.

Foreign exchange forward contracts, typically of one month duration, are used to hedge the exposure to currency risk. As the vast majority of intercompany loans are hedged, and because changes in the fair value of both the hedged item

and the foreign exchange forward is recognised in profit or loss under financial items, the net exposure to foreign currency risk is deemed low, though a higher foreign exchange risk persists in countries with high inflation.

Foreign currency sensitivity

The sensitivity analysis is based on financial assets and liabilities recognised as of 31 December. The table on the next page demonstrates the sensitivity to a reasonably possible change in USD and GBP exchange rates against EUR, with all other variables held constant. The Group’s exposure to foreign currency changes for all other currencies is not material.

The impact on the Group’s profit before tax is due to changes in the fair value of monetary assets and liabilities denominated in foreign currencies and non-designated foreign exchange derivatives. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in pre-tax equity equals the effect on profit before tax adjusted for fair value movements of interest rate swaps designated as hedging instruments.

4.3 Financial risks – continued

Interest rate risk

The Group’s exposure to changes in interest rates primarily relates to long-term loans and borrowings with floating interest rates. The Group’s policy is to hedge its interest rate risk depending on the Group’s interest coverage level (EBITDA/interest). When the Group’s interest coverage level falls below 10, the Group assesses whether it is necessary to mitigate the interest rate risk by entering into hedging instruments.

Hempel has fixed the interest rate on EUR 200 million of debt by entering variable-to-fixed interest rate swaps maturing in December 2026, which reduces the exposure to changes in interest rates in 2026. The interest related to the EUR 200 million debt is fixed at an interest rate of 2.31% until December 2026.

There is an economic relationship between the loans and the hedging instruments as both the nominal amount and terms of the interest rate swaps mirror the hedged exposure, creating an equal and opposite interest receipt and a fixed interest payment. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swaps are identical to the hedged risk.

The table to the right demonstrates sensitivity to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity analysis is based on financial assets and liabilities recognised as of 31 December and assumes that the interest rate hedges are 100% effective. The sensitivity analysis is based on a change of 100 bps which is considered a reasonably possible change at 31 December 2025.

(EUR m)	Change in rate	Nominal value	Effect on profit before tax	Effect on equity
2025				
USD/EUR	5%	15.3	0.8	0.6
USD/EUR	-5%	15.3	-0.8	-0.6
2025				
GBP/EUR	5%	10.2	0.5	0.4
GBP/EUR	-5%	10.2	-0.5	-0.4
2024				
USD/EUR	5%	-47.7	-2.4	-1.9
USD/EUR	-5%	-47.7	2.4	1.9
2024				
GBP/EUR	5%	14.1	0.7	0.6
GBP/EUR	-5%	14.1	-0.7	-0.6

(EUR m)	Increase/ decrease in bps	Effect on profit before tax	Effect on equity
2025			
Euro	+100 bps	-0.2	-0.1
Euro	-100 bps	0.2	0.1
2024			
Euro	+100 bps	0.8	0.6
Euro	-100 bps	-0.8	-0.6

4.3 Financial risks – continued

Credit risk

Credit risk arises from the possibility that trading partners and customers may default on their obligations, causing financial losses for the Group. The Group is exposed to credit risk on cash, trade and other receivables. Please refer to note 3.5 for a description of the Group’s credit risk in relation to trade receivables.

The carrying amount of EUR 224 million (2024: EUR 273 million) represents the maximum credit exposure related to cash and other receivables.

Hempel’s main banks are all financial institutions with a high credit rating and, therefore, financial assets such as cash are considered to be of low risk.

Other financial assets measured at amortised cost comprise other receivables. These financial assets are considered to have a low credit risk, and thus the impairment provision calculated based on 12 months of expected losses is considered immaterial. The financial assets are considered to be low risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group has no material risks relating to a single customer or business partner. It is the Group’s credit policy to rate major customers and other business partners on a regular basis. Bank Acceptance Bills are used as a financial instrument to further limit the risk of credit losses.

The Group considers a financial asset in default when the Group is unlikely to recover the outstanding contractual amount in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity risk

The liquidity risk is assessed to be low. Hempel ensures the availability of the required liquidity through a combination of cash management and both uncommitted and committed credit facilities. Hempel applies cash pool arrangements for optimisation and centralisation of cash management.

Hempel has an undrawn credit facility of EUR 528 million (2024: EUR 454 million).

Maturities of financial liabilities

The table to the right provides an analysis of Hempel’s financial liabilities divided into relevant maturity groupings based on their contractual maturities for non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual undiscounted cashflows (EUR m)	Less than 1 year	Between 1 and 5 years	More than 5 years
2025			
Non-derivatives:			
Borrowings, current and non-current ¹	54	380	-
Trade payables	304	-	-
Lease liabilities	33	76	14
Derivatives:			
Derivative financial instruments ²	1	-	-
Total contractual undiscounted cash flows at the end of the year	392	456	14
Non-current liabilities	470		
Current liabilities	392		
2024			
Non-derivatives:			
Borrowings, current and non-current ¹	94	559	-
Trade payables	317	-	-
Lease liabilities	37	81	21
Derivatives:			
Derivative financial instruments ³	1	1	-
Total contractual undiscounted cash flows at the end of the year	449	641	21
Non-current liabilities	662		
Current liabilities	449		

¹ The contractual payments for borrowings are based on the variable interest rates as of 31 December 2025.

² The derivatives reflect the mark-to-market value and expected cash flows of the EUR 200 million interest rate swaps maturing December 2026.

³ The derivatives reflect the mark-to-market value and expected cash flows of interest rate swaps totalling EUR 500 million maturing in December 2025, and an additional interest rate swap of EUR 200 million maturing in December 2026.

4.4 Financial instruments

Accounting policies

Derivative financial instruments, foreign exchange forwards, currency swaps and interest rate swaps are initially recognised in the balance sheet at fair value and subsequently remeasured at their fair value.

Derivatives are used for economic hedging purposes and not as speculative investments. Where the derivatives do not meet the hedge accounting criteria, they are measured at fair value through profit or loss.

Hedging instruments not qualifying for hedge accounting

For foreign exchange forwards and currency swaps, positive and negative fair values of these derivative financial instruments are recognised as Other receivables and Other liabilities, respectively.

Changes in the fair values of foreign exchange forwards and currency swaps are recognised in the statement of profit or loss under financial income and expenses.

Cash flow hedge accounting

For interest rate swaps, cash flow hedge accounting is applied. Positive and negative fair values are recognised as Other receivables and Other liabilities, respectively. Changes in the fair values are recognised directly within Other comprehensive income. The amount accumulated in equity is reclassified to profit or loss as a reclassification adjustment in the same periods during which the hedged cash flows affect profit or loss. Fair value of the interest rate swaps was negative EUR 0.5 million as of 31 December 2025 (2024: negative EUR 2.0 million).

Financial instruments, fair value disclosures

The carrying amount of financial instruments is a reasonable approximation of the fair value, except for loans measured at amortised cost. The carrying amount of loans measured at amortised cost amounts to EUR 393 million (2024: EUR 623 million) compared to a fair value of EUR 395 million (2024: EUR 624 million). The fair value is determined based on the present value of expected future cash flows.

Financial instruments measured at fair value

Fair value measurement of financial instruments is categorised into a hierarchy based on the inputs used in the valuation process. The hierarchy consists of three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

Foreign exchange contracts, currency swaps, and interest rate swaps and loans are categorised as Level 2 in the fair value hierarchy. Their valuation is based on observable market data, such as foreign exchange rates. Loans are classified as Level 3 in the fair value hierarchy, as their valuation relies on inputs not based on observable market data.

Reconciliation of liabilities arising from financing activities (EUR m)	Beginning of the year	Cash flows	Non-cash movements				End of the year
			Additions	Disposals	Acquisitions	Exchange rates	
2025							
Lease liabilities	129	- 38	30	- 2	-	- 5	114
Borrowings, current and non-current	623	- 229	-	-	-	- 1	393
Liabilities arising from financing activities	752	- 267	30	- 2	-	- 6	507
2024							
Lease liabilities	140	- 37	31	- 7	-	2	129
Borrowings, current and non-current	1,144	- 523	-	-	-	2	623
Liabilities arising from financing activities	1,284	- 560	31	- 7	-	4	752

4.5 Financial income and expenses

Accounting policies

Financial income and expenses comprise interest income and expenses, gains and losses on receivables, payables, realised and unrealised exchange gains and losses on transactions denominated in foreign currencies.

Financial income (EUR m)	2025	2024 ²
Interest income	6	18
Gain on derivative financial instruments at fair value through profit or loss ¹	-	5
Fair value adjustment transferred from equity hedge reserve	-	3
Net monetary gain	-	2
Total financial income	6	28

Financial expenses (EUR m)	2025	2024
Interest expense on borrowings	-20	-49
Interest expense on lease liabilities	-4	-4
Interest expenses to parent companies	-	-3
Interest expenses on financial liabilities measured at amortised cost	-24	-56
Foreign exchange loss (net)	-30	-13
Net monetary loss	-	-
Loss on derivative financial instruments at fair value through profit or loss ¹	-1	-
Fair value adjustment transferred from equity hedge reserve	-2	-
Other financial expenses	-15	-16
Total financial expenses	-72	-85

¹ Gains and losses on foreign exchange derivative financial instruments measured at fair value through profit or loss have been presented separately.

² A minor reclassification has been made between financial income and financial expenses in the 2024 comparative financial information.

4.6 Discontinued operations

Divestment of the Decorative business in France and Germany

The divestment of Hempel's Decorative business in France and Germany to Fidelium Partners was completed on 1 August 2024. The business was reported as a discontinued operation up to the date of disposal. Certain adjustments relating to this divestment are included in the 2025 data in these tables.

Divestment of Hempel Russia

The divestment of Hempel Russia was completed on 13 July 2023. The associated operations were presented as discontinued operations up to the date of disposal.

Net gain/loss from discontinued operations (EUR m)	2025	2024
Revenue	-	94
Production costs	-	- 76
Sales and distribution costs	-	- 21
Administrative costs	-	- 7
Financial income and expenses	-	- 9
Net loss before tax from operating activities	-	- 19
Income tax	-	-
Net loss after tax from operating activities	-	- 19
Profit/loss on sale of Decorative business in France and Germany	2	- 75
Profit/loss on sale of Hempel Russia	-	4
Net profit/loss from discontinued operations (attributable to the shareholders of Hempel A/S)	2	- 90

Cash flow from discontinued operations (EUR m)	2025	2024
Cash flow from operating activities	- 1	- 12
Cash flow from investing activities	- 2	4
Total	- 3	- 8

Profit/loss on sale of Decorative business in France and Germany and Hempel Russia (EUR m)	2025	2024
Net cash received (paid)	- 2	4
Net proceeds receivables/payables	5	- 5
Total consideration received or receivable	3	- 1
Carrying amount of net assets sold	-	- 58
Reclassification of foreign currency translation reserve	-	-
Carrying amount of building sold	-	- 8
Transaction costs	- 1	- 3
Profit/loss on sale of Decorative business in France and Germany and Hempel Russia	2	- 70

The carrying amounts of assets and liabilities as of the date of sale were:

(EUR m)	2024
Non-current assets	33
Inventory	30
Trade receivables	49
Cash	1
Other current assets	6
Total assets	119
Non-current liabilities	- 8
Trade payables	- 29
Other current liabilities	- 24
Total liabilities	- 61
Net assets	58

5 Other disclosures

5.1 Fee to the auditors appointed at the General Meeting

Fees for services other than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Hempel Group mainly consist of accounting advisory services, and other advisory and tax services.

(EUR m)	2025	2024
Audit fee	2	2
Tax advice	1	1
Total	3	3

5.2 Adjustment for non-cash items

For the purpose of presenting the statement of cash flows, non-cash items with effect on the statement of profit or loss must be reversed to identify the actual cash flow effect from the statement of profit or loss. The adjustments are specified as follows:

(EUR m)	2025	2024
Amortisation, depreciation and impairment	108	116
Other non-cash adjustments	-	1
Provisions	-	21
Gains and losses on the sale of fixed assets	- 11	71
Hyperinflation adjustment	4	-
Total	101	209

5.3 Contingent liabilities and other commitments

Other contingent liabilities

The Group is, through its ongoing business, involved in product liability claims and disputes in connection with the Group's operational activities. The Group does not expect the pending litigations, claims and investigations, individually and in the aggregate, to have a material impact on the Group's financial position, operating profit or cash flow in addition to the amounts recognised as provision for legal disputes.

Hempel A/S and its Danish subsidiaries are jointly taxed with several Danish companies in the Hempel Foundation Group. The Group's Danish enterprises are jointly and severally liable for Danish taxes at source and income taxes. Refer to the tax administration company Hempel Invest A/S for the total amount of corporate tax payable for the Group of jointly taxed companies.

5.4 Events after the reporting period

No events occurred after the balance sheet date that could have a material impact on the company's financial results, assets, liabilities or equity.

5.5 Related parties and ownership

Parent companies

Hempel Invest A/S

As of 31 December 2025, there is no outstanding loan payable to Hempel Invest A/S as it had been fully repaid in 2024. Interest expense in 2024 amounted to EUR 3 million.

Dividend

Due to the extraordinary dividend payment in 2024, a change has been made to the dividend distribution policy, so the Group is not going to declare dividends for the financial years 2024 to 2027. (Ordinary dividend 2024: EUR 25 million, Extraordinary dividend 2024: EUR 132 million).

Other related parties

Hempel Ejendomme A/S

Hempel A/S paid rent of EUR 5 million (2024: EUR 5 million) to Hempel Ejendomme A/S under office leases with terms expiring in 5-6 years and lease liabilities of EUR 29 million (2024: EUR 34 million). As of 31 December 2025, Hempel A/S has EUR 1 million deposit receivable from Hempel Ejendomme A/S in relation to office leases (2024: EUR 1 million).

Key management personnel of the entity or its parent

For information on remuneration of key management personnel of Hempel, please refer to note 2.2 Employee costs. There were no material unsettled balances with key management personnel at the end of the year.

Related parties and ownership

Basis

Controlling influence:

Hempel Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark
Hempel Invest A/S, Amaliegade 8, 1256 Copenhagen K, Denmark

Ultimate parent company
Majority shareholder (77.7%)

Minority shareholder:

SeaCoat Investments S.a r-l Company no. B286172, 29, Avenue de la Porte-Neuve L-2227 Luxembourg

Shareholder (22.2%)

Other related parties:

Members of Registered Executive Management and Board of Directors of Hempel A/S, Hempel Invest A/S and Hempel Foundation

Related party

Key management personnel of Hempel A/S

Related party

Hempel's Employee Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Hempel's Cultural Foundation, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Brænderupvænge ApS, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Keldskov ApS, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Hempel Employee Foundation from 2017, 2800 Kongens Lyngby, Denmark

Related party

Hempel Administration ApS, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Hempel Invest II ApS, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

Hempel Ejendomme A/S, Amaliegade 8, 1256 Copenhagen K, Denmark

Related party

5.6 The Hempel Group

Location	Name	Currency	Ownership
Denmark	Hempel A/S	DKK	
Argentina	Hempel Argentina S.R.L.	ARS	100%
Australia	Hempel (Australia) Pty. Ltd.	AUD	100%
Australia	Hempel NewCo (Australia) Pty. Ltd.	AUD	100%
Australia	Hempel (Wattyl) Australia Pty. Ltd.	AUD	100%
Bahrain	Dahna Paint Middle East Holding B.S.C.	BHD	51%
Bahrain	Hempel Paints (Bahrain) S.P.C.	BHD	51%
Brazil	Hempel Tintas do Brasil Ltda	BRL	100%
Canada	Farrow & Ball Canada Limited	CAD	100%
Canada	Hempel (Canada) Inc.	CAD	100%
Chile	Pinturas Hempel Chile SpA	CLP	100%
China	Hempel North Asia Holding Co., Ltd	CNY	100%
China	Hempel (Hong Kong) Limited	HKD	100%
China	Hempel (China) Limited	HKD	100%
China	Hempel (Kunshan) Coatings Ltd.	CNY	100%
China	Hempel (Yantai) Coatings Ltd.	CNY	100%
China	Hempel (Guangzhou) Coatings Ltd.	CNY	100%
China	Hempel (Zhangjiagang) Coatings Ltd.	CNY	100%
Croatia	Hempel Coatings (Croatia) Ltd.	EUR	100%
Cyprus	Hempel Coatings (Cyprus) Limited	EUR	100%
Czech Republic	Hempel (Czech Republic) s.r.o.	CZK	100%
Denmark	HSA (Denmark) A/S	DKK	100%
Denmark	Hempel Decorative Paints A/S	DKK	100%
Denmark	HF (Denmark) A/S	DKK	100%
Ecuador	Hempel Ecuador S.A.	USD	100%
Egypt	Hempel Coatings (Egypt) LLC	EGP	100%
Egypt	Hempel Egypt L.L.C.	EGP	100%
Egypt	Hempel Paints Egypt LLC	EGP	99%
Finland	OY Hempel (Finland) AB	EUR	100%
France	Hempel (France) SAS	EUR	100%
Germany	Farrow & Ball DE GmbH	EUR	100%
Germany	Hempel (Germany) GmbH	EUR	100%
Germany	Hempel Beteiligungsgesellschaft GmbH	EUR	100%
Germany	Rottkamp Immobilien Verwaltung GmbH	EUR	100%
Greece	Hempel Coatings (Hellas) Single Member S.A.	EUR	100%
India	Hempel Paints (India) Private Limited	INR	100%
Indonesia	P.T. Hempel Indonesia	IDR	100%
Ireland	Crown Paints Ireland Limited	EUR	100%
Italy	Hempel (Italy) S.r.l.	EUR	100%
Korea	Hempel Korea Co. Ltd.	KRW	100%
Kuwait	Hempel Paints (Kuwait) K.S.C.C.	KWD	51%
Malaysia	Hempel (Malaysia) Sdn. Bhd	MYR	100%

Location	Name	Currency	Ownership
Malaysia	Hempel Manufacturing (Malaysia) Sdn. Bhd.	MYR	100%
Mexico	Pinturas Hempel de Mexico S.A. de C.V.	MXN	100%
Morocco	Hempel Maroc SARL	MAD	100%
The Netherlands	Hempel (The Netherlands) B.V.	EUR	100%
New Zealand	Hempel (Wattyl) New Zealand Ltd.	NZD	100%
Norway	Hempel Norway AS	NOK	100%
Oman	Hempel (Oman) L.L.C	OMR	25%
Oman	Hempel Manufacturing LLC	OMR	25%
Peru	Hempel Pinturas Del Perú S.A.C.	PEN	100%
Poland	Hempel Paints (Poland) S.p. z o.o.	PLN	100%
Portugal	Hempel (Portugal) Lda	EUR	100%
Qatar	Hempel Paints (Qatar) W.L.L.	QAR	28%
Saudi Arabia	Hempel Paints (Saudi Arabia) W.L.L.	SAR	51%
Singapore	Hempel (Singapore) Pte. Ltd.	SGD	100%
South Africa	Hempel Paints South Africa (Pty) Ltd.	ZAR	100%
Spain	Pinturas Hempel SAU	EUR	100%
Sweden	Hempel (Sweden) AB	SEK	100%
Switzerland	Hempel Schweiz AG	CHF	100%
Syria	Hempel Paints (Syria) W.L.L.	SYP	43%
Taiwan	Hempel (Taiwan) Co., Ltd.	TWD	100%
Thailand	Hempel (Thailand) Ltd.	THB	100%
Turkey	Hempel Coatings San. ve Tic. Ltd. Sti.	TRY	100%
The United Kingdom	Crown Brands Limited	GBP	100%
The United Kingdom	Crown Paints Limited	GBP	100%
The United Kingdom	Crown Paints Group Limited	GBP	100%
The United Kingdom	Crown Paints Holdings Limited	GBP	100%
The United Kingdom	FB Ammonite Limited	GBP	100%
The United Kingdom	FB Brassica Limited	GBP	100%
The United Kingdom	FB Brinjal Limited	GBP	100%
The United Kingdom	FB Calluna Limited	GBP	100%
The United Kingdom	Farrow & Ball Holdings Limited	GBP	100%
The United Kingdom	Farrow & Ball Limited	GBP	100%
The United Kingdom	Hempel Decorative Paints Limited	GBP	100%
The United Kingdom	Hempel UK Ltd.	GBP	100%
The United Kingdom	Reebor Limited	GBP	1%
United Arab Emirates	Hempel Paints Company Abu Dhabi L.L.C.	AED	24%
United Arab Emirates	Hempel Paints Emirates L.L.C.	AED	49%
USA	Farrow & Ball Inc.	USD	100%
USA	Hempel (USA), Inc.	USD	100%
USA	Jones-Blair Company, LLC	USD	100%
Vietnam	Hempel Vietnam Company Limited	VND	100%

5.7 Financial definitions

Financial ratios have been calculated as follows:

Organic growth	=	$\frac{\text{Organic revenue}}{\text{Revenue in comparative period}}$ <p>Organic growth is defined as revenue growth from one year to the next, based on values in fixed currencies for both years excluding mergers, acquisitions and divestments, etc.</p>
Gross margin	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{EBITDA}}{\text{Revenue}}$
EBITDA margin, adjusted	=	$\frac{\text{EBITDA, adjusted}}{\text{Revenue}}$
EBITDA	=	Operating profit (or loss) before impairment, amortisation and depreciation
EBITDA, adjusted	=	EBITDA before special items and before adjustment for hyperinflation according to IAS 29
Operating profit margin	=	$\frac{\text{Operating profit (loss)}}{\text{Revenue}}$
Return on invested capital (ROIC)	=	$\frac{12 \text{ month operating profit less effective tax rate}}{(\sum_{i=T-12}^{T-1} \text{ Invested capital}) / 12}$
Invested capital	=	Intangibles + property, plant and equipment + inventories + receivables – provisions – trade payables – other payables
Equity ratio	=	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$
Leverage ratio	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA} - \text{Special Items}}$
Net interest-bearing debt	=	Overdraft facilities + bank loans, etc. + interest-bearing payables to parent companies + lease liabilities – cash at bank and in hand
Free cash flow	=	Total net cash generated from operating activities less net cash used in investing activities
Cash conversion	=	$\frac{\text{Total net cash flows from operating activities before financial items and tax}}{\text{Total EBITDA}}$

Financial ratios have been calculated as follows:

Accounts receivable days	=	$\frac{\text{Accounts receivable} \times 90}{\text{Revenue (last 3 months)}}$
Accounts payable days	=	$\frac{\text{Accounts payable} \times 90}{\text{Cost of goods sold (last 3 months)}}$
Inventory days	=	$\frac{\text{Inventory} \times 90}{\text{Cost of goods sold (last 3 months)}}$
Average net working capital days	=	Accounts receivable days + inventory days – accounts payable days (12 months average)

The following key figures are calculated as follows (EUR m)

	2025	2024
Operating profit	279	277
Amortisation, depreciation and impairment	108	114
EBITDA	= 387	391
Special items, see note 2.3	3	-
Adjustment for hyperinflation according to IAS 29	4	1
EBITDA, adjusted	= 394	392
The following key figures are calculated as follows:		
Borrowings	393	623
Lease liabilities	114	129
Cash	- 163	- 210
Net interest-bearing debt	= 344	542
EBITDA, adjusted	394	392
Adjustment for hyperinflation according to IAS 29	- 4	- 1
EBITDA before special items	= 390	391
Leverage ratio	= 0.9x	1.4x

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Statement of profit or loss

Note	(EUR m)	2025	2024
2.1	Revenue	475	246
	Production costs	- 274	- 128
	Gross profit	201	118
	Sales and distribution costs	- 45	- 30
	Administrative costs	- 105	- 79
	Other operating income/expenses	- 7	1
2.2	Operating profit (loss)	44	10
5.5	Income from investments in subsidiaries	73	5
	Profit (loss) before financial income and expenses	117	15
4.3	Financial income and expenses	- 15	- 22
	Profit (loss) before tax	102	- 7
2.3	Income tax	- 15	6
	Profit (loss) for the year	87	- 1

Statement of financial position

31 December

Note	(EUR m)	2025	2024	Note	(EUR m)	2025	2024
	Software	9	7		Share capital	20	19
	Intangible assets under construction	15	17		Share premium	591	590
	Other intangible assets	10	11		Warrants	6	6
3.1	Intangible assets	34	35		Reserve for development costs	24	24
	Plant and machinery	4	5	4.1	Retained earnings	201	164
	Leasehold improvements	19	21		Total equity	842	803
	Other fixed assets	2	1	4.2	Borrowings	296	498
	Assets under construction	1	1		Provisions	53	12
3.2	Property, plant and equipment	26	28		Total non-current liabilities	349	510
5.5	Investments in subsidiaries	1,143	1,004	4.2	Overdraft facilities	22	44
	Loans to Group enterprises	102	230		Trade payables	42	22
2.3	Deferred tax assets	30	33	4.2	Payables to parent company	-	-
	Deposits	2	1		Payables to Group enterprises	459	532
	Other non-current assets	1,277	1,268		Tax payables	3	2
	Total non-current assets	1,337	1,331		Other liabilities	31	32
					Total current liabilities	557	632
3.3	Inventories	69	22		Total liabilities	906	1,142
	Trade receivables	11	13		Total equity and liabilities	1,748	1,945
	Receivables from Group enterprises	302	498				
	Tax receivables	6	12				
	Other receivables	14	35				
	Prepayments	9	14				
	Cash	-	20				
	Total current assets	411	614				
	Total assets	1,748	1,945				

Statement of changes in equity

Note	(EUR m)	Share capital	Share premium	Warrants	Reserve for development costs	Retained earnings	Proposed dividend	Total equity
		15	-	-	32	252	25	324
		-	-	-	-	-1	-	-1
		-	-	-	-	38	-	38
		-	-	-	-	2	-	2
		-	-	-	-	3	-	3
		-	-	-	-	-2	-	-2
		-	-	-	-	-4	-	-4
		-	-	-	-	-132	-	-132
		-	-	-	-	-	-25	-25
		4	590	6	-	-	-	600
		-	-	-	-8	8	-	-
4.1		19	590	6	24	164	-	803
		19	590	6	24	164	-	803
		-	-	-	-	87	-	87
		-	-	-	-	-57	-	-57
		-	-	-	-	1	-	1
		-	-	-	-	1	-	1
		-	-	-	-	-1	-	-1
		-	-	-	-	6	-	6
		-	-	-	8	-	-	8
		-	-	-	-8	-	-	-8
		1	1	-	-	-	-	2
4.1		20	591	6	24	201	-	842

1 Basis of preparation

1.1 General accounting policies

The financial statements of Hempel A/S have been prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven) applying to large enterprises of reporting class C.

The financial statements are presented in EUR million.

Because a statement of cash flows is prepared for the Group in the consolidated financial statements, no separate statement of cash flows has been prepared for the parent company (as permitted under the Danish Financial Statements Act). Please refer to the consolidated cash flow statement for the Group.

The accounting policies and presentation for the parent company are the same as for the consolidated financial statements with the exceptions described in the following sections. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

Revenue

Revenue is generated mainly from the sale of goods for resale and finished goods. Revenue is recognised in the income statement when all significant risks and rewards have been transferred to the customer and when the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the consideration expected to be received. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and the net realisable value, which normally corresponds to the nominal value.

Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The parent company does not have any finance lease agreements.

An operating lease is a lease other than a finance lease. Operating lease commitments mainly relate to office buildings, leased cars and, to some extent, office equipment. Payments made under operating leases are recognised in the statement of profit or loss over the lease term.

Hyperinflationary economies

The results and financial position of subsidiaries in Argentina and Turkey are translated into the presentation currency EUR following the principles described in note 1.1 Translation of Group companies in the consolidated financial statements. The results and financial position in Parent Financial Statements are not restated taking into account inflation adjustments in hyperinflationary economies.

Discontinued operations

Activities in Decorative business in France and Germany, divested in 2024, are not presented as discontinued operations.

2 Results for the year

2.1 Revenue

All revenue is derived from activities within the EMEA region. The following table displays revenue disaggregated into the sale of goods per customer category.

Disaggregation of revenue is based on internal management reporting. The other category primarily consists of intercompany sales.

(EUR m)	2025	2024
Marine	45	46
Energy & Infrastructure	11	11
Other	419	189
Total revenue	475	246

2.2 Employee costs

For remuneration of the Board of Directors and Registered Executive Management, please refer to note 2.2 in the consolidated financial statements.

Staff costs (EUR m)	2025	2024
Wages and salaries	55	61
Pension costs	4	4
Other social security contributions	1	1
Other employee costs	2	2
Total	62	68
Average number of employees	439	425

2.3 Income tax, tax assets and liabilities

The Danish corporate tax rate was 22% in 2025 (22% in 2024). At 31 December 2025, the company had recognised a deferred tax asset

of EUR 30 million (2024: EUR 33 million) which relates to temporary differences and tax losses carried forward.

Income tax	2025	2024
Tax for the year (EUR m)		
Tax for the year is specified as follows:		
Tax on profit for the year	- 32	- 21
Tax in respect of subsidiaries	17	27
Total tax for the year	- 15	6

Tax on profit for the year is calculated as follows:		
Current tax for the year	- 14	- 4
Deferred tax for the year	- 6	11
Tax on other comprehensive income	2	-
Adjustments in respect of prior years, current tax	-	-
Adjustments in respect of prior years, deferred tax	3	- 1
Total tax on profit for the year	- 15	6

Deferred tax	2025	2024
Deferred tax recognised in the statement of financial position (EUR m)		
Deferred tax (net):		
Deferred tax, beginning of year	33	23
Recognised in profit or loss	- 6	11
Recognised in equity	-	3
Adjustments in respect of prior years	3	- 4
Deferred tax (net), end of year	30	33

3 Operating assets and liabilities

3.1 Intangible assets

Intangible assets (EUR m)	Software	Intangible assets under construction	Other intangible assets ¹	Total
Cost at 1 January 2025	22	18	49	89
Additions for the year	-	10	-	10
Transfer between categories	9	- 13	4	-
Disposals for the year	-	-	-	-
Cost at 31 December 2025	31	15	53	99
Accumulated amortisation at 1 January 2025	15	-	39	54
Amortisation for the year	7	-	4	11
Accumulated amortisation at 31 December 2025	22	-	43	65
Carrying amount at 31 December 2025	9	15	10	34

¹ Other intangible assets comprise mainly brands and formulas.

3.2 Property, plant and equipment

Property, plant and equipment (EUR m)	Plant and machinery	Leasehold improvements	Other fixed assets	Assets under construction	Total
Cost at 1 January 2025	11	29	5	1	46
Transfer between categories	-	-	1	- 1	-
Additions for the year	-	-	-	1	1
Disposals for the year	-	-	-	-	-
Cost at 31 December 2025	11	29	6	1	47
Accumulated depreciation at 1 January 2025	6	8	4	-	18
Depreciation for the year	1	2	-	-	3
Accumulated depreciation at 31 December 2025	7	10	4	-	21
Carrying amount at 31 December 2025	4	19	2	1	26

3.3 Inventories

Inventories (EUR m)	2025	2024
Raw materials and consumables	28	13
Work in progress	3	1
Finished goods	38	8
Inventories	69	22

4 Capital structure and financing items

4.1 Share capital, distribution to shareholder

Refer to note 4.1 in the consolidated financial statements for an overview of the changes in share capital.

An amount equal to capitalised development costs, net of tax, is reserved in the Reserve for development costs within equity. The reserve is reduced with amortisation and write-downs of development projects. The reserve cannot be used for payments of dividends.

Distribution of profit (EUR m)	2025	2024
Proposed dividends	-	-
Extraordinary dividends	-	- 132
Retained earnings	87	131
Total	87	- 1

4.3 Financial income and expenses

(EUR m)	2025	2024
Interest income from subsidiaries	36	47
External interest expenses	- 16	- 42
Interest income, other	-	1
Other financial expenses	- 3	- 7
Interest paid to Group enterprises	- 19	- 17
Realised and unrealised exchange gains/losses, net	- 13	- 4
Net financial income/expenses	- 15	- 22

4.2 Borrowings

As of 31 December 2025, there is no outstanding loan from Hempel Invest A/S. Overdraft facilities amounted to EUR 22 million (2024: EUR 44 million).

Long-term borrowings etc. including short-term part (EUR m)	2025	2024
Due within 1 year	22	44
Due within 1 to 5 years	296	498
Total borrowings	318	542

5 Other disclosures

5.1 Fee to the auditors appointed at the General Meeting

The audit fee is disclosed in the consolidated financial statements, note 5.1.

5.2 Contingent liabilities and other commitments

The operating lease commitments are related to non-cancellable operating leases primarily related to buildings, company cars and office equipment.

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the lease term. The parent company guarantees unutilised local loans and bank credits to subsidiaries.

Hempel A/S is jointly taxed with a number of Danish companies in the Hempel Foundation Group. The Group's Danish enterprises are jointly and severally liable for Danish taxes at source and income taxes.

Refer to note 5.3 in the consolidated financial statements for more information.

5.3 Events after the reporting period

Refer to note 5.4 in the consolidated financial statements for more information.

5.4 Related parties

The parent company has chosen only to disclose transactions that have not been made on an arm's length basis in accordance with section 98c (6) of the Danish Financial Statements Act.

(EUR m)	2025	2024
Rental and lease obligations:		
Due within 1 year from the balance sheet date	6	6
Due within 1 to 5 years from the balance sheet date	24	24
Due more than 5 years from the balance sheet date	0	6
Total rental and lease obligations	30	36
Guarantees:		
For local loans and bank credits to subsidiaries	67	85
Total guarantees	67	85

5.5 Investments in subsidiaries

Accounting policies

Investments in subsidiaries are recognised and measured under the equity method whereby the proportionate share of the profit for the year, less amortisation of goodwill and other fair value adjustments from business acquisitions, is recognised in income from investments in subsidiaries in the statement of profit or loss. Goodwill is amortised over the period the company is expected to derive benefits from the goodwill, which is based on the acquisition business case. Brands are amortised over 10 years.

The investments are measured in the balance sheet at the proportionate ownership share of the net asset value of the enterprises with deduction or addition of shares of unrealised intercompany profits and losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to 'Reserve for net revaluation under the equity method' under equity. The reserve is reduced by dividends distributed to the parent company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the parent company to cover the negative balance of the subsidiary is recognised in receivables from subsidiaries or as a provision.

Please refer to note 5.6 in the consolidated financial statements for an overview of the Hempel Group.

	2025	2024
Investments in subsidiaries (EUR m)		
Cost at 1 January	1,045	1,045
Additions for the year	185	99
Disposals for the year	-	-99
Cost at 31 December	1,230	1,045
Net revaluations at 1 January	-107	-276
Exchange rate adjustments	-43	26
Remeasurements of defined benefit pension plans	1	2
Profit for the year	137	71
Amortisation and impairment of goodwill and brands	-64	-66
Dividend received	-80	-56
Disposal	-6	95
Other adjustments ¹	-	97
Net revaluations at 31 December	-162	-107
Carrying amount at 31 December	1,068	938
Recognised in the statement of financial position as follows:		
Subsidiaries with negative equity	-75	-66
Investments in subsidiaries	1,143	1,004
Total	1,068	938
Subsidiaries with negative equity are recognised in the statement of financial position as follows:		
Recognised as provisions	-28	-12
Recognised in receivables from subsidiaries	-47	-54
Net value at 31 December	-75	-66

¹ 2024: As part of the sale of the Decorative business in France and Germany the remaining Intercompany loans were written-down, which is presented under other adjustments. Please refer to note 4.6 in the consolidated financial statements for further information related to the divestment of the Decorative business in France and Germany.

Statements

- [Management's statement](#)
- [Independent auditor's report](#)
- [Independent limited assurance report on ESG data](#)

Management's statement

The Board of Directors and Executive Board have today considered and approved the Annual Report of Hempel A/S for the financial year 1 January – 31 December 2025.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2025.

In our opinion, the Management Report includes a fair review of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent Company are facing.

In our opinion, the ESG data and information have been prepared in accordance with the accounting policies applied. They give a fair presentation of Hempel's environmental, social and governance performance.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kgs. Lyngby, 3 March 2026

Registered Executive Management

Michael Hansen
Group President
& Chief Executive Officer

Peter la Cour Gormsen
Executive Vice President
& Chief Financial Officer

Board of Directors

Richard Sand
Chair

Søren P. Olesen
Deputy Chair

Leif Jensen

Britt Meelby Jensen

Karsten Munk Knudsen

Michael Lavrysen

Christoffer Sjøqvist

Helle Fiedler

Stephan Rolsted

Vibeke Stendal Larsen

Independent auditor's report

To the Shareholders of Hempel A/S

OPINION

In our opinion, the Consolidated Financial Statements (pages 51-92) give a true and fair view of the Group's financial position at 31 December 2025 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements (pages 94-102) give a true and fair view of the Parent Company's financial position at 31 December 2025 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hempel A/S for the financial year 1 January – 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ('the financial statements').

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON THE MANAGEMENT REPORT

Management is responsible for the Management Report.

Our opinion on the Financial Statements does not cover the Management Report (pages 1-48), and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management Report provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in the Management Report.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of the Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 3 March 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33771231

Mads Melgaard

State Authorised Public Accountant
mne34354

Kristian Pedersen

State Authorised Public Accountant
mne35412

Independent limited assurance report on the ESG data 2025

To the Stakeholders of Hempel A/S

Hempel A/S ('Hempel') engaged us to provide limited assurance on the ESG data for the period 1 January – 31 December 2025 on pages 40-46 in the Annual Report for Hempel for 2025.

OUR CONCLUSION

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the ESG Data on pages 40-46 in the Hempel Annual Report 2025 have not been prepared, in all material respects, in accordance with the ESG Accounting Policies stated on pages 40-46.

This conclusion is to be read in the context of what we state in the remainder of our report.

WHAT WE ARE ASSURING

The scope of our work was limited to assurance over the ESG Data on pages 40-46 in Hempel's Annual Report 2025. We express limited assurance in our conclusion.

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions stated on pages 41-43 in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gases.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

UNDERSTANDING REPORTING AND MEASUREMENT METHODOLOGIES

The ESG Data needs to be read and understood together with the ESG accounting policies (pages 40-46), which management of

Hempel is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

WORK PERFORMED

We are required to plan and perform our work to consider the risk of material misstatements of the Sustainability key figures. In doing so and based on our professional judgement, we:

- Conducted interviews with data owners to understand the key processes and controls for reporting performance data;
- Obtained an understanding of the key processes and controls for measuring, recording, and reporting the ESG Data;
- On a sample test basis agreed and reconciled reported data to underlying documentation;
- Performed analysis of data from reporting sites, selected based on risk and materiality to the Group;
- Performed analytical review and trend explanation of the ESG Data; and
- Evaluated the evidence obtained.

MANAGEMENT'S RESPONSIBILITIES

Hempel Management are responsible for:

- Designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG Data that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the ESG Data;
- Measuring and reporting the ESG Data based on the accounting policies and the content of the ESG Data; and
- The content of the ESG Data for the period 1 January – 31 December 2025, in the Annual Report 2025.

OUR RESPONSIBILITY

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the ESG Data are free from material misstatement, and are prepared, in all material respects, in accordance with the ESG accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of Hempel A/S.

Hellerup, 3 March 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33771231

Mads Melgaard

State Authorised Public Accountant
mne34354

Kristian Pedersen

State Authorised Public Accountant
mne35412

HEMPEL

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Financial year:
1 January – 31 December

Auditors
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab

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