TREATT

Annual Report & Accounts

ANNUAL REPORT

2023

WELCOME TO Treatt

MAKING THE WORLD TASTE BETTER. FOR GOOD

By extracting excellence, and enhancing every day

We are writing a growth story like no other. Our innovative natural extracts and impactful synthetic ingredients have been the differentiating signature notes delighting the global beverage, flavour, fragrance, and consumer goods industries since 1886.

From our bases in the UK, the US, and China, we now look to leverage our considerable heritage and continue to drive growth in existing, as well as exciting new markets.

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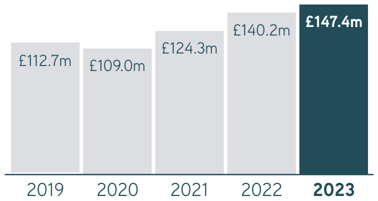
OUR HIGHLIGHTS

OUR HIGHLIGHTS CONTINUED

FINANCIAL

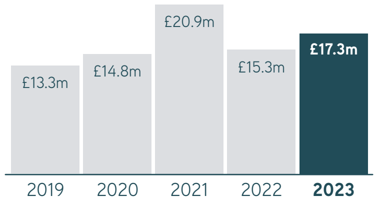
Revenue[1]

£147.4m ↑ 5.1%



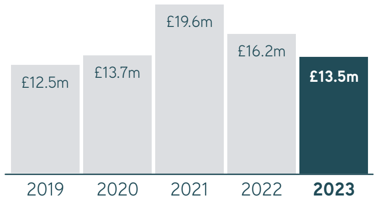
Profit Before Tax And Exceptional Items[1]

£17.3m ↑ 13.7%



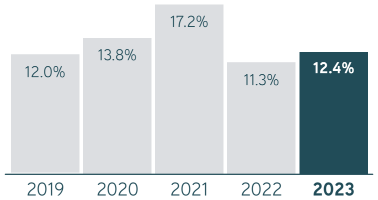
Profit Before Tax[1]

£13.5m ↓ (16.3%)



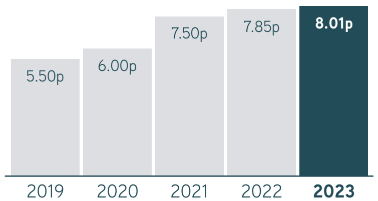
Adjusted Net Operating Margin[2,3]

12.4% ↑ 110bps



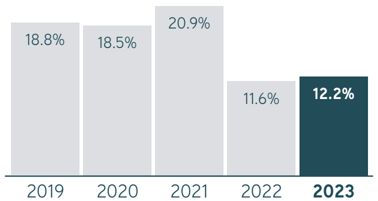
Dividend Per Share[6]

8.01p ↑ 2.0%



Adjusted Return on Average Capital Employed[3,4,5]

12.2% ↑ 60bps



OPERATIONAL

New UK site transition complete
UK site transition is now complete, providing a strong platform for further growth across multiple categories and territories. Capex returns to normalised levels.

Successful pricing action
Considered pricing action, in order to recover raw material inflation, particularly in citrus, was successful in the year and drove revenue growth.

Cost discipline embedded
Cost disciplines have been embedded in the business, with cost savings in the year mitigating the macro headwinds, including destocking.

Continuing to drive and embed our sustainability strategy
Our three pillars – People, Planet, and Performance continue to provide the framework for our priorities and approach to sustainability. Working collectively to deliver positive impact through the year.

A promising year in new markets
Continued strong growth in China and coffee, helping new markets grow by 61%. The Group is excited about these key strategic growth drivers.

1 Excluding discontinued operations in 2019 and 2020. There were no discontinued operations in 2021, 2022 and 2023.
2 Operating profit is calculated as profit before net finance costs and taxation.
3 Excludes exceptional items, details of which are provided in note 8 of the financial statements.
4 The methods of calculating financial key performance indicators are shown on page 22.
5 Return on average capital employed is considered to be an alternative performance measure, details on these and the equivalent statutory measures are provided in note 31 of the financial statements.
6 The dividend per share relates to the interim dividend declared and final dividend proposed in the corresponding financial year, details of which are provided in note 10 of the financial statements.

UNDERSTANDING *our world*

From our strategically positioned manufacturing campuses across the world, we create innovative extracts and ingredients that deliver an all-important authentic impact that our customers love.

We will continue to drive long-term sustainable growth for our stakeholders by protecting our heritage, accelerating growth in our premium categories, and igniting new markets. We are home to seven performance-driven product categories and are proud that people across the world enjoy our extracts and ingredients every day.

Facilities: USA, UK, China

Sales by channel

52% FMCG

48% flavour houses

Sales by customer

31% from top 5

7 product categories

1,638 products

706 customers

74 countries shipped to

81% natural products

88% natural purchases

89% of waste reused/recycled/recovered

£2.0m investment in innovation

365 employees across three sites

WHAT MAKES US *great*

OUR CUSTOMERS TELL US IT'S BECAUSE WE:

- have a high-quality and market-driven product range
- proudly take a responsible approach to sourcing
- always put them first
- are world class technical experts
- service diverse routes to growing markets
- mitigate risk with dual-site manufacturing in strategic locations

WE KNOW IT'S ALSO BECAUSE WE ARE:

- agile and entrepreneurial, working with speed
- quality-driven across every team and department
- ambitious and disruptive in thought and action
- strongly aligned to consumer demand
- not afraid of a challenge
- proudly human, and don't take ourselves too seriously

OUR PRODUCT PORTFOLIO

INNOVATION *everywhere*

Heritage

Citrus
Our value-added citrus extracts and ingredients deliver an impactful and genuine profile that's true to the fruit at any scale our customers' need.

Herbs, spices & florals
Our herbs, spices, & florals portfolio is known for its breadth, quality, and reliability, and is a bedrock of our established business.

Synthetic aroma
Our curated range of aroma chemicals and UK-manufactured high impact chemicals consistently provide the desired profile and trusted quality through a secure supply chain.

Premium

Tea
Delivering the experience of real brewed tea, our extracts differentiate products in a variety of formats, offering a range of powerful tea profiles and origin claims.

Fruit & vegetables
Our natural, authentic extracts capture the best of nature, and give our customers the real deal when it comes to impact.

Health & wellness
A range consisting of 100% natural proprietary extracts and distillates suitable for multiple applications.

New

Coffee
Great tasting, premium products, that deliver the true experience of brewed coffee, regardless of origin, grade, concentration, or roast.

Discover more about our growth ambitions on page 16

CHAIR'S STATEMENT

I am delighted to present my first Chair's Statement, having taken up the role earlier this year. I am grateful to my predecessor, Tim Jones, for his guidance as I took over the reins from him."

Vijay Thakrar
Chair

Daemmon Reeve, who has been with Treatt for almost 33 years, 11 of these as CEO, retires on 31 December 2023. Ryan Govender, our CFO, will become Interim CEO while we conduct a search for Daemmon's replacement. On behalf of all stakeholders, I'd like to thank both Tim and Daemmon for the important contribution they have made to Treatt over many years. The business is set for exciting growth, and I look forward to working with its talented people as the business forges ahead.

Well invested for future growth

As Treatt enters the next chapter in its almost 140-year history, it feels an appropriate time to reflect on some of its many strengths: deep expertise in the global sourcing and manufacturing of ingredients; long-standing trusted customer relationships; renowned technical expertise to deliver authentic tastes sustainably; and commitment to delivering excellence in its products. Capital investments in the UK and US, together with the dedication and expertise of our people, have positioned Treatt for significant growth in the years ahead. We are excited by growth potential in China and have continued to invest in our local team, product range and operations, establishing a facility focused on product testing and development tailored to the Chinese market and the wider region.

Since joining the Board, I have been struck by the talent of my colleagues and their commitment to the business, to each other and to our customers, across all our functions and geographies. Their expertise, passion and teamwork position Treatt strongly to deliver the Group's strategic priorities, and to capitalise on the many opportunities ahead in the dynamic beverage sector.

Treatt is proud to be trusted by a broad, international customer base, with many relationships in place for decades. These include household brands and some of the biggest flavour houses in the world, as they navigate and influence evolving consumer trends.

Performance

Treatt has delivered a resilient performance in the year despite difficult macroeconomic conditions. This is thanks to the drive and expertise of colleagues, and the business' agility in aligning with changing demand in the beverage market for healthier and authentic options.

With interest rates at their highest level for many years, volumes softened as customers in the beverage sector, and beyond, destocked as they tightened control of working capital. However, through considered pricing adjustments to offset materials price increases, and by focusing on cost control, we have been able to deliver a profit before tax and exceptional items increase for the period of 13.7%. Also, through our team's discipline and focus, we have been able to reduce our net debt position by some £12m, driven by record cash generation over the course of the year. On behalf of the Board, I'd like to thank all of our people for their hard work and dedication in delivering these resilient results.

Board Matters

As well as extending our gratitude to Tim Jones and Daemmon Reeve, I would also like to thank Yetunde Hofmann, who stepped down from the Board in January 2023, for her service. We wish them all the best for the future.

In January 2023, Bronagh Kennedy joined the Treatt Board as an Independent Non-executive Director and Chair of the Remuneration Committee. Bronagh brings a wealth of experience from listed companies in various sectors and has made a significant contribution already through her insights on both people and governance matters.

We have recently established an ESG Board Advisory Panel, chaired by Non-executive Director, David Johnston, to support our ESG Management Team as they develop and execute Treatt's activities on sustainability matters, an area our people and our customers are passionate about.

I feel very fortunate to chair a Board that has significant industry and business experience and which is so committed to supporting our management team in delivering Treatt's strategy. Further details of the activities and priorities of the Board and its committees can be found in the Corporate Governance Report from page 70.

Dividend

The Board intends to recommend, at the forthcoming AGM, a final dividend of 5.46p (2022: 5.35p) which, if approved by shareholders, would bring the total dividend for the year to 8.01p (2022: 7.85p), in line with our progressive dividend policy and our aim to work towards our historical level of dividend cover of three times.

Outlook

Our talented and dedicated people are focused on delivering technically sound solutions tailored to evolving consumer demand. We will continue to build on our heritage in citrus, herbs, spices & florals and synthetic aroma, while leveraging our expertise to drive growth in health & wellness/sugar reduction categories and accelerate exciting growth opportunities like China. All of these efforts will be underpinned on sound provenance and sustainable practices.

Having made significant investments in our infrastructure in recent years, we now have the opportunity to deliver improved operational leverage and gain further efficiencies from our modern facilities, and from our supply chain and procurement as the business continues to grow, utilising new capacity.

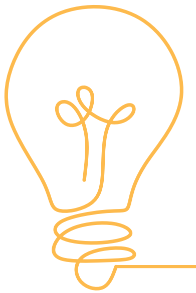
While we remain cognisant of ongoing macroeconomic headwinds, we are confident in our strategy and in the strength of our teams and their expertise to deliver this.

Vijay Thakrar
Chair
28 November 2023

CHIEF EXECUTIVE'S REVIEW

Following substantial investment in our people in the past two years, we believe we now have the right team in place to seize multiple growth opportunities."

Daemmon Reeve
Chief Executive Officer



People with purpose, expertise and passion

365 employees

Optimised for opportunities

In September 2023, with the completion of our relocation to Skyliner Way, handing over the keys for the head office Treatt first moved into in 1971 marked a key milestone for the business. This was the largest project in Treatt's 137-year history, executed brilliantly despite challenges in relation to Brexit and the Covid-19 pandemic. Feedback from colleagues and customers who have visited the site has been overwhelmingly positive.

Performance during the year has been resilient, thanks to ongoing strong demand in our end markets. Although revenues in the second half of the year were impacted by customers destocking as they sought to reduce inventories in response to interest rate rises, encouragingly, we are now seeing some early signs of a reversal of this temporary growth slow-down in a few customers, whilst volumes are still down from normalised levels.

During the year we have worked to optimise our cost base for future growth, supported by investment in technology and the good performance of the new site since operations began there a year ago. Since joining as CFO in July 2022, Ryan Govender has brought an invigorating commercial finance mindset and cost discipline, setting the business up well for sustainable growth.

Performance

I am pleased with the performance in the year which is reflected in the sales and profit growth along with record cash generation, despite the difficult macro trends in our industry. Particularly pleasing was our growth in new product offerings, including coffee and Treattzest, and from our expanding footprint in China. Cost discipline has been embedded into the business, and with the transition of our new UK site now complete, the Group is well-positioned for continued growth.

Although cost of living pressures are being felt in many of the 74 countries we serve, our core beverage market continues to be buoyed by long-term trends towards health and wellness, sugar reduction and use of natural extracts, areas in which Treatt is recognised for our technical excellence. Growing interest in provenance, authenticity and sustainability also play to our strengths.

Our citrus lines performed extremely well this year, and we are continuing to drive the category towards more value-added and innovative products.

Our business in China continues to deliver, with growth accelerating since the lifting of pandemic-related restrictions early in the reporting period. We continue to develop relationships with domestic Chinese beverage customers, which provide a rich source of growth opportunities in this vast, innovative market.

Coffee performance in the year was pleasing, with revenues now reaching £5m, from £1m in the previous year, we have successfully integrated coffee as a new category in our portfolio.

We implemented price increases to mitigate inflationary pressures, although our relatively low energy usage somewhat shields the business from these to a degree, since many of our extraction processes are necessarily gentle, and therefore more energy efficient to preserve the integrity of the flavours and fragrances.

Sustainability

Treatt's operations are rooted in sustainability, with core lines of our business deriving from by-products of the citrus industry. The nature of what we do means it is inherent to our ethos to be conscious of our impact and what we can do to mitigate this.

To oversee our sustainability efforts and to further embed these throughout the business we recently established an ESG Board Advisory Panel, chaired by Non-executive Director David Johnston. Alongside the panel, the ESG Management Team, including members from across the business, collectively brings diverse perspectives to such an important area. We have made good progress with our pathway to net zero, aligning to science-based target methodology for our short-term targets. Read more about our sustainability strategy and the impact we've made during the year on pages 24 to 49.

Although the world is experiencing more frequent and more extreme weather events, our long-term supply relationships and longstanding experience of sourcing in times of drought, flood, hurricane and other risks to harvests mean our customers can rely on us to supply them consistently. This is one of Treatt's core strengths. We are not heavily dependent on single origins and often source from different hemispheres to mitigate any issues.

People and culture

Our culture remains a fundamental element of Treatt's success, and having the whole of our UK team under one roof, following the closure of our previous site, is already paying dividends culturally. Communication is much easier, and relevant departments are located close to each other to facilitate cross-departmental collaboration. This is also the case between our international locations, with best practice shared among our facilities, strengthening our organisational culture as well as operational excellence.

During the year we launched our refreshed values with accompanying initiatives to embed them throughout the business, including the appointment of cultural ambassadors and materials setting out what each of the values means to individuals.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Mindful of the impact of inflationary pressures on household finances in some countries in which we operate, we were pleased to support colleagues with a cost of living payment during the year.

Personal

After nearly 33 years in the Group, and the last 11 years as CEO, my retirement from Treatt was announced effective on 31 December 2023. I have enjoyed a wonderful career at Treatt and it has been a privilege to serve as CEO during a time when the business has made great strides. I would like to thank all of my colleagues both past and present for their trust and support. I retire from Treatt with the Group in very good shape, the UK site move well-executed, and the platform set for the business to ascend to even greater heights in the future.

Outlook

Thanks to the drive and dedication of colleagues, the business is well-positioned to capitalise on its future opportunities. We have honed our cost base appropriately for the growth we expect in the next few years, and there are further operational efficiencies to be derived as volumes grow, which we expect to come from multiple categories and regions. Our core areas of expertise align with macro trends. Citrus remains a strong suit, with one in four new beverages globally based on those flavours, and we have some exciting new offerings coming to market across our portfolio. We are seeing signs of a return to growth in our largest geographical markets and are continuing to invest in China, where our burgeoning relationships and new business wins bode well for a healthy order book. By continuing to nurture what makes Treatt special, I am confident in the ability of our team to achieve our objectives for the years ahead.

Daemmon Reeve
Chief Executive Officer
28 November 2023

MARKET OVERVIEW

ALIGNING OUR BUSINESS
with healthier living macro trends

The beverage industry continues to be a resilient hotbed for innovation, with notable brand owners transforming the way drinks are sourced, produced, packaged, thought about and consumed."

Tracy Gorman
Insights Executive

BEVERAGE SEGMENTS *we're excited about*

Our portfolio is strongly aligned with our customers' needs, giving us optimism for future growth in multiple beverage categories. The below beverage segments are forecasting volume growth of greater than 20% between 2023 and 2028.

"Our products are proven to be highly effective in a range of applications, delivering that differentiating authenticity every time."

Lamia Gaman
Senior Applications Manager

Category	Top trending flavours
ENERGY DRINKS	Herbs and spices, apple, lemon, peach, orange, pear, grapefruit, lime, mango, melon, kiwi, nuts and seeds
SPORTS DRINKS	Apple, lemon, peach, orange, lime, mango, berries and tea
RTD COFFEE	Vegetables, berries, nuts and seeds, herbs and spices
RTD ALCOHOLIC DRINKS	Apple, berry, orange, basil and jalapeño
FLAVOURED WATERS	Lemon, peach, grapefruit, mango, pomegranate, passionfruit, calamansi, melon, guava, herbs and spices
RTD TEA	Apple, grapefruit, tamarind, lychee, mango, melon, nuts and seeds, and calamansi
CARBONATED	Pear, lime, coffee, tea, honey, pomegranate, and kiwi

Tracy Gorman, Insights Executive

During the 2010s, consumers began to demand more information about the food and drink they consumed, keen to understand the ingredients being used. Brands responded with selective transparency, accentuating what was not used rather than demystifying the messaging on the back of pack. We have since seen clean label evolve, with ingredient labels becoming shorter, and far easier for consumers to understand – prioritising naturalness above all else. Ultimately, this has meant a move to fewer ingredients, and those ingredients must be easily recognised. In markets such as Europe, clean label is no longer a selling point, but it is becoming expectation[1].

In North America, consumer interest, and sales of natural and organic food reached a new high during the first year of the pandemic. According to foodnavigator.com, growth is expected to rebound to pre-pandemic levels by 2024 as consumers continue to be self-aware with regards to what they consume and the associated health implications[2].

Since 2021, the health and wellness mega-trend has continued to outrank all others as the most influential for consumers. Its longevity and permanence persist as the dominant driver as we look to the future[3]. The key target consumers for forward-looking beverage manufacturers and the flavour and fragrance houses that serve them are Millennials and Gen Z, both of whom are increasingly using emerging social media platforms to discover, share, and connect with new beverage trends. While statistics vary, up to 60% of the 1.1 billion TikTok users are now Gen Z[4]. While some trends may be flash in the pan, their cumulative impact is being closely monitored by those up and down the beverage supply chain as a rich source of 'up to the minute' insight.

CONSUMER MINDSETS DRIVING INNOVATION

GIVE ME:

Natural, authentic ingredients

The extent to which a product impacts one's health and wellbeing is a driving influence for multi-generational consumers[5]. Natural is proving to be an essential product feature for Gen Z, Y, X, and Boomers – clearly indicating the desire for natural as a broad, multi-generational appeal.

An average of 33% of Gen Z, Y, X and Boomer consumers cite that 'natural' was an essential or nice to have feature they looked for when choosing a product

1 The Clean Label Evolution in Food and Drink, Mintel, 16 Feb 2022, Davina Patel.

2 Growth of natural, organic products slow, but bright spots include functional ingredients (Foodnavigator.com).

GIVE ME:

Premium drinking experiences

The premiumisation trend continues as growing awareness of health issues associated with the consumption of artificial ingredients is shifting consumers towards naturally derived food and beverage ingredients, particularly the younger generations.

36% of UK consumers agree that foods which contain artificial ingredients cannot be healthy[6]

GIVE ME:

A way to minimise my impact on the planet

Consumers are growing increasingly conscious about how their own decisions, including the brands they support, are impacting the environment, and the future health of the planet[7]. Whether it's reducing food waste, saving water and energy, or exploring packaging alternatives – brands must continue to prioritise ESG in bold new ways to drive growth and transform the industry for years to come.

31% of Gen Z consumers cite that how sustainable/environmentally-friendly a product is, is an essential feature when choosing which products to purchase

3 Global Data, The Evolution of Consumer Mega Trends Over Time, July 2023.
4 TikTok Statistics – Everything You Need to Know Aug 2023 Update (wallaroomedia.com).
5 Global Data Consumer Survey Q2 2023 – Line 2965, Column BC – BI.
6 The Clean Label Evolution in Food and Drink, Mintel, 16 Feb 2022, Davina Patel.
7 Global Data Consumer Survey Q2 2023 – Line 2818, Column BC.

EXPERTS IN EXTRACTION

Creating value for our stakeholders

GROWERS, PROCESSORS, AND SUPPLIERS

We work hard to develop and maintain transparent, stable, and mutually beneficial relationships with partners across our portfolio, mitigating risk and providing traceability at every stage. Working directly with growers and processors across the world guarantees the finest quality raw materials and standards of production – both of which are priorities for our discerning customers. Turn to page 48 to learn more about the benefits of our sustainable supply chain programme.

Quality & innovation

OPERATIONAL EXCELLENCE

From our world class facilities in the UK, the US, and China, we create consistently high-quality products that are sold across the world. With over a century of knowledge and experience, we are true experts in extraction – known for creating differentiating authentic products that deliver on impact every time. Our recent infrastructural investment programme has readied the business for the next phase of growth, and has been shaped by our skilled people, our commitment to quality, and our shared ambition to innovate at scale.

Global

facilities in the UK, the US, and China

LOGISTICS

Ensuring our products arrive with our customers on time, wherever they are in the world, and to our high standards, is a core part of the service we provide to our customers. We ship 1,600 products to 74 countries with shipment quantities varying from 25 grammes to 20 tonnes and have made significant strides in increasing the sustainability of our logistics operations, with 85% of shipments now being classed as sustainable. See page 46 to learn more about the progress we have made this year.

85%

shipments now being classed as sustainable

UNDERSTANDING OUR WORLD CONTINUED

BRAND OWNERS

Our high-quality, market-driven products, and responsible approach to sourcing continue to differentiate us from competitors, along with our commitment to excellent service. We are known for our unique, highly impactful authentic extracts, and create value by acting as the extension of our customers' internal team.

48%

sales to brand owners

FLAVOUR HOUSES

We have worked with the world's leading flavour houses since our inception, and continue to be the partner of choice for many of the top tier organisations. Our technical expertise and supply chain knowledge are broadly recognised in the industry as being market-leading. We are proud to have built our brand reputation on delivering consistently high-quality products, at scale, to our customers all over the world. Our products are used to differentiate our customers' solutions, which are then sold to brand owners.

52%

sales to flavour houses

Natural, premium & health

CONSUMERS

Our product portfolio has a strong market alignment, speaking directly to the needs of health-conscious consumers across the globe.

33%

cite 'natural' as essential[1]

1 Global Data Consumer Survey Q2 2023 – Line 2,965, column BC-BI.

VISION 2027

Protect. Accelerate. Grow.

OUR VISION: Making the world taste better. For good. By extracting excellence, and enhancing every day.

OUR MISSION: To sustainably grow our profit by creating authentic, innovative extracts and ingredients our customers, and their consumers, love.

With a high-performing, values-driven culture inspiring innovation

WHERE WE PLAY

PROTECT OUR HERITAGE

The core of our business remains critical, with our citrus, herbs, spices & florals, and synthetic aroma categories delivering value.

ACCELERATE PREMIUM CATEGORIES

Our highly impactful natural extracts are strongly aligned with key consumer trends, and are well-positioned for long-term growth in all of our key markets.

GROW IN NEW MARKETS

We are focused on our ambitions to grow in China, expand our coffee portfolio, and launch new innovative citrus extracts.

WINNING WITH THE 7Cs

CULTURE
Investing in our world class people

CONSUMER
Maintaining relevance to growing trends through innovation

CITRUS
Launching innovative and cost-effective natural extracts

COFFEE
Expanding capacity and growing portfolio

CHINA
Driving growth with national beverage brands

CAPACITY
Driving volume growth to fill capacity and de-bottleneck

COST BASE
Scaling with appropriate grip on costs

WHERE *we play*

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PROTECT OUR HERITAGE

We continue to drive growth with our flavour and fragrance house customers, who highly value the quality of our product offering, our technical expertise, and sought-after market knowledge."

Nick Evans
UK Site and Sales Director

ACCELERATE PREMIUM CATEGORIES

We're excited to further the growth of our premium categories, building on the success we have already achieved across the portfolio."

Rosie Travers
Global Fruit & Vegetable and Health & Wellness Category Manager

GROW IN NEW MARKETS

As we look to further our expansion into coffee, we will leverage the great work we've done to build a solid foundation from which to sustainably grow."

Dr Maya Zuniga
VP of Innovation & Technical Services

OUR STRATEGY – VISION 2027 CONTINUED

PROTECT OUR HERITAGE

The core of our business remains critical, and we're committed to driving its continued success through targeted strategies in each territory.

Our citrus, herbs, spices & florals, and synthetic aroma categories will continue to play a significant part in driving growth over the course of our plan as we look to:

- Share the benefits of our strong, diversified supply chain with our customers
- Build our partnership model through the sharing of our unrivalled technical expertise
- Secure our long-term position in the value chain through mutually beneficial industry relationships

ACCELERATE PREMIUM CATEGORIES

Our premium, authentic, natural products are strategically aligned with increasing consumer demand in the healthier living space on a global scale and will be central to our growth strategy.

The extracts, essences, and distillates that make up our tea, health & wellness, and fruit & vegetables categories will drive growth by:

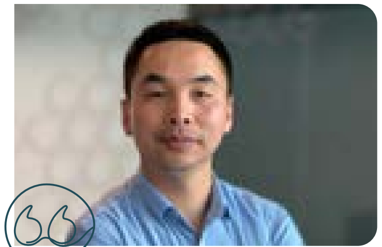
- Scaling up our commercial strategy to increase market penetration outside the US across both routes to market
- Using consumer insights to drive the long-term evolution of our portfolio
- Delivering world class quality when it comes to taste and aroma impact

GROW IN NEW MARKETS

We have significant opportunities to grow in new territories, as well as further penetration in emerging product segments.

These areas are anticipated to deliver strong growth across the course of our plan by:

- Advancing our China growth trajectory with regional brand owners, as well as flavour houses
- Scaling up our coffee operation as we grow our commercial pipeline
- Adding value through a new range of innovative value-added citrus extracts



We have great ambitions to grow our operation in China and become known as the 'go to' partner for citrus excellence in the region."

Steve Fan
Country Manager, China

OUR STRATEGIC HEADLINES

driving our focus

1 INVEST IN OUR WORLD CLASS PEOPLE AND CULTURE

The continued success of our business is delivered by our world class team. Turn to page 27 to learn more about how we put them first.

2 INNOVATE ACROSS OUR PORTFOLIO

We will invest in innovation over the course of our strategy, driving our long-term growth ambitions.

3 CONTINUE OUR LONG-TERM EXPANSION IN COFFEE

We are excited by the obtainable market potential in each of our key territories.

4 DRIVE CONTINUED GROWTH IN CHINA

Differentiating ourselves with flavour houses and brand owners.

5 REALISE OPERATIONAL EFFICIENCY BENEFITS

Our fully invested asset base has the capacity that will allow us to grow at scale.

OUR BUSINESS LEADERSHIP TEAM

Daemmon Reeve
Chief Executive Officer

Daemmon has been part of the Treatt story for three decades, and has been our CEO for the last 11 years. His endless passion for our industry, and for Treatt, as well as his commitment to investing in our culture and people have been defining features of his tenure. He retires at the end of December 2023.

Ryan Govender
Chief Financial Officer

Ryan has worked in senior commercial roles across the world for over 20 years. He joined Treatt as CFO in 2022 from ABF, and will be assuming the role of Interim CEO from January 2024. Known for his passion, Ryan believes strongly in teamwork, empowering people, and fostering a culture of accountability.

Jamie Bowman
Global Supply Chain Director

Jamie joined Treatt over 10 years ago in our planning team, before moving into procurement in 2017 and then went on to complete his MCIPS. He's an ambassador for global thinking, and creating sustainable value for our stakeholders.

Angie Williams
Head of Acceleration

With a career spanning Finlays, SABMiller, and AB InBev, Angie was drawn to Treatt in 2022 because of our reputation for quality, and has been a driving force for positive change since joining.

Alison Sleight
Group Finance/IT Director

Having joined Treatt in 2019 from The Music Sales Group, Alison was immediately struck by the company's passion and teamwork. She now leads our finance and IT functions and is a champion for collaborative global working.

Melanie Cooksey-Stott
US Site Director

Mel has been a valued part of our leadership structure for many years, and is known in the industry for her unrivalled knowledge of, and passion for citrus. A strong ambassador for culture, Mel is a coach and mentor to many.

Nick Evans
UK Site and Sales Director

Nick joined Treatt in 2011 as a strategic business and purchasing manager before moving into a Director of Sales role shortly after. His wealth of industry knowledge is trusted by our largest customers.

Kelly Gordon
Business Performance Director

Kelly was Head of Finance within an ABF division before joining the Treatt team earlier this year. Impressed by our culture, and the calibre of our people, Kelly is a strong addition to our leadership team, bringing a wealth of experience to this new role.

Gavin Patrick
Global VP Sales

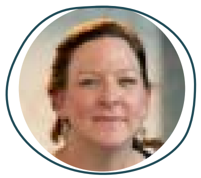
Gavin is a long-serving part of the Treatt team, having started his career with us straight out of University. He has successfully grown long-term partnerships with our top customers, and is a passionate advocate for customer centricity.

Dr Maya Zuniga
VP of Innovation & Technical Services

Maya has held several senior roles in the food industry, before moving into beverage 15 years ago. Joining us with significant expertise in tea, coffee, and botanicals, Maya has been an instrumental part of driving our growth in coffee.

Tracy Marshall
Head of Validation

Tracy has been with Treatt for over 30 years and is a recognised asset. Her technical knowledge, expertise, and perspective are highly valued by our top customers across the world. A big advocate for learning, Tracy is a keen developer of our emerging talent.



Babette Norman
VP of Operations

Babette has a wealth of experience from mining to manufacturing, and was appointed into her current role this year, having driven significant positive operational change since joining Treatt in 2018. Babette now oversees operations across our UK and US sites.

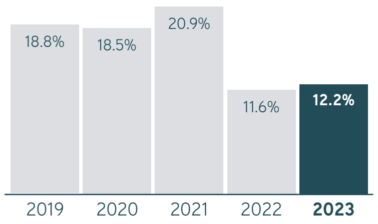
KEY PERFORMANCE INDICATORS

FINANCIAL KPIs

The Group has financial KPIs which it monitors on a regular basis at Board level and, where relevant, at business leadership meetings. The key performance indicators shown here cover a period of five years which is reflective of the Board's long-term thinking.

Return on average capital employed[1,2]

12.2%



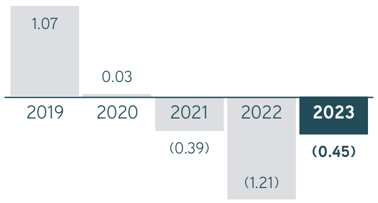
Return on average capital employed is an important measure used to assess the profitability of the Group relative to the capital being utilised.

Why we measure it: Return on average capital employed enables stakeholders to see the profitability of the business as a function of how much capital has been invested in the business.

Calculation: We divide operating profit from continuing operations (as shown in the Group income statement) by the average capital employed in the business, which we calculate as total equity (as shown in the Group balance sheet) plus net debt or minus net cash (as shown in the Group reconciliation of net cash flow to movement in net debt), averaged over the opening, interim and closing amounts.

Net cash/(debt) to adjusted EBITDA[1,2]

(0.45)



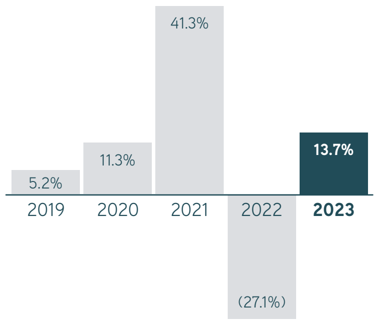
Net cash/(debt) is used to ensure that the level of debt is appropriate relative to the profits generated by the business.

Why we measure it: It is important to ensure that the level of borrowings can be supported by the cash flow in the business. EBITDA is widely recognised as a good indicator of the cash generative performance in year.

Calculation: We divide the closing net cash or debt at the year-end date by adjusted EBITDA. Adjusted EBITDA is calculated as operating profit before exceptional items (as shown in the Group income statement) plus depreciation and amortisation from continuing operations as shown in note 5 to the financial statements.

Growth in profit before tax and exceptional items[1]

13.7%



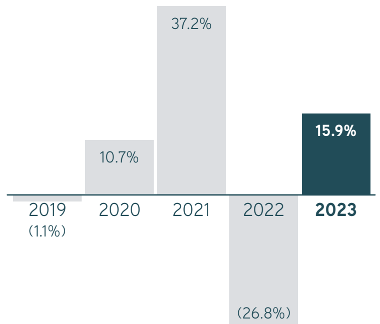
Profit before tax and exceptional items is considered the most appropriate measure of the underlying performance of the Group.

Why we measure it: Profit before tax shows the underlying performance of the business for the year. We have a clear policy on exceptional items to ensure that only items (both positive and negative) which would otherwise distort the reported performance are excluded.

Calculation: As shown in the Group income statement.

Growth in adjusted[1] basic earnings per share

15.9%



Adjusted earnings per share is considered the most appropriate measure of performance which is aligned with shareholder value.

Why we measure it: Earnings per share is widely considered one of the most important metrics used by investors in order to place a value on a company and therefore in turn impact upon the share price. It lets shareholders know how much profit was made for each share they own.

Calculation: As shown in the Group income statement.

1 All KPIs are calculated excluding exceptional items (see note 8). They also exclude discontinued operations in 2019 and 2020.

2 Return on average capital employed and net cash/(debt) to adjusted EBITDA are considered to be alternative performance measures, details on these and the equivalent statutory measures are provided in note 31 of the financial statements.

KEY PERFORMANCE INDICATORS CONTINUED

NON-FINANCIAL KPIs

We have a number of non-financial operational KPIs, which are aligned with our strategic themes and measure our progress against a number of priorities.

People

As our employees are central to our business a key priority is that they are happy, safe and engaged and feel supported to deliver their full potential:

	Total training hours	Voluntary employee turnover	Workforce diversity	Reportable accidents	Average sick days per employee
Year to 2023	9,485	14.6%	56% Male / 44% Female	0	5
Year to 2022	7,205	16.5%	59% Male / 41% Female	1	4

Employee turnover refers to the proportion of employees who have voluntarily left Treatt over the last year, expressed as a percentage of total workforce numbers.

Planet

We are committed to assessing the impact of our operations on the environment to drive improvements:

	Scope 1 and 2 CO_2 emissions (tonnes)	Total water consumed (m^3)	Sustainable shipments
Year to 2023	4,489	17,943	85%
Year to 2022	4,546	53,149*	79%

Performance

Driving improvements in ethical and responsible business practices in our global supply chain is a priority:

	SEDEX registered suppliers
Year to 2023	51%
Year to 2022	46%

* See explanation on page 45 for our change to more accurate water reporting.

SUSTAINABILITY

our approach

OUR APPROACH

Our three pillars – People, Planet, and Performance – continue to provide the framework for our priorities and approach to sustainability. Our nine key priorities focused on throughout this section are embedded within our business strategy, to ensure our ambitions are integral moving forward.

We're proud to highlight the progress we've made during the year, summarised in 'our impact in 2023'. With a further summary of our sustainability in action below.

OUR IMPACT IN 2023

PEOPLE

58%
Business Leadership Team are women

69%
permanent group employees are shareholders

ED&I commitments
to empower and support

PLANET

Reduced
carbon emissions (Scope 1 and 2)

89%
waste reduced, reused or recycled

Enhanced
water consumption monitoring

PERFORMANCE

20%
Executive Director bonus scheme subject to ESG related non-financial objectives

100%
responsible & sustainable sourcing policy roll out

New ESG Board Advisory Panel

SUMMARY OF SUSTAINABILITY IN ACTION

Pillar	Areas of focus		Sustainable development goals (SDGs)
PEOPLE	• 69% of our permanent group employees are shareholders • Embedding sustainability into our culture • Re-launching revised values and behaviours • Equality, diversity and inclusion (ED&I) that empowers and supports our people • Living Wage Employer (UK) • Volunteering hours added to our corporate giving and community relations strategy	Page 25 Page 27 Pages 27-29 Page 30 Page 32 Page 33	2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
PLANET	• Net zero pathway and carbon reduction targets • Taskforce on Climate-related Financial Disclosures (TCFD) disclosure • Carbon emissions data collection and analysis, Scope 1, 2 and 3 • 100% renewable electricity in the UK (40% of global electricity consumption) • Tree planting to help mitigate effects of necessary business travel • Improving our waste streams • Improving water monitoring	Pages 35-36, 42 Pages 36-43 Page 42 Pages 42-43 Page 44 Pages 44-45 Page 45	6 CLEAN WATER AND SANITATION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND
PERFORMANCE	• New ESG governance structure • Delivering on non-financial KPIs • Creating a responsible and sustainable supply chain • Improving sustainability disclosure	Pages 38-39 Pages 23, 46, 48-49 Pages 48-59 Page 49	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION; 15 LIFE ON LAND

SUSTAINABILITY CONTINUED

Materiality assessment shaping our strategic focus

As previously reported, a materiality assessment was undertaken by our consultant in 2021, using the Sustainability Accounting Standards Board's (SASB) materiality mapping as a reference point. The material issues were identified through consultation with a number of internal and external stakeholders. The issues of highest importance shaped the nine key priorities of our ESG strategy, focused on in this report.

These are also in line with the recognised Sustainable Development Goals (SDGs) of the United Nations.

Our ESG strategy is devised to test us in ensuring we address these substantive issues, whilst continuing to bring about positive change. We are pleased with our marked progress during the year, summarised on page 25, and are driving for continuous improvement.

Those remaining areas of priority are regularly reviewed and re-evaluated with plans for a further materiality assessment in the coming year.

How we measure and report

We report with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016. GRI is an independent international organisation that has pioneered sustainability reporting since 1997. A GRI Standards index is available on our website www.treatt.com.

Our key priorities

Pillar	Priority	
PEOPLE	Embedding sustainability into our culture	Page 27
	Reviewing our purpose, values and behaviours	Pages 27-28
	Community matters	Pages 33-34
PLANET	Carbon emissions collection and analysis	Pages 35, 42-43
	Carbon reduction strategy/net zero pathway	Pages 35-36
	Taskforce on Climate-related Financial Disclosure reporting (TCFD)	Pages 36-43
PERFORMANCE	Ensuring appropriate governance of sustainability	Pages 38-39, 49
	Determining and reviewing relevant non-financial KPI's	Pages 25, 46, 48-49
	Building a responsible and sustainable supply chain	Pages 48-49

Non-financial information

We have a number of Group policies and standards which govern our approach in these areas. Further details can be found in this table and on our website.

Reporting requirements and additional information
Environmental matters Environmental policy
Employees Board composition and diversity – pages 68 to 69 Board diversity policy
Human rights Slavery and human trafficking statement Supplier code of conduct (revised in 2022) Labour and human rights (new policy 2022)
Social matters Equal opportunities policy
Anti-bribery and corruption Supplier code of conduct (revised in 2022) Anti-bribery and corruption policy
Understanding our world Our business model – pages 14 and 15
Principal risks Principal risk and uncertainties – pages 60 to 65

PEOPLE

Supporting our people, communities & customers

Our Company succeeds because of our employees and the purpose and culture we have embedded across our business. We are keenly aware that for this to continue, the principles and practices we uphold must evolve with the business. We continue to dedicate our focus towards both our people and the communities where we do business and provide services.

RELEVANT UN SDGs

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

PRIORITY:

Embedding sustainability into our culture

Clear communication is essential for sustainability to be successfully embraced and adopted within our culture. We have followed our communication plan throughout the year to ensure our internal community keeps sustainability front of mind. Through our focused efforts, sustainable behaviours are now integral to our values and performance objectives and managers are now well equipped to drive and support their teams to consider the part they play in our journey. Our sustainability working group is now integral to our new ESG governance structure and we have 24 people from across the business involved in ESG from strategy development to delivery. See more on page 38.

Ideas coming to life

Kick-started via our internal ‘Ideas app’, whereby employees can share ideas for improvements on all areas of the business including sustainability. We worked with the UniGreen Scheme to re-home some of our technical equipment that was no longer needed after closing our former UK Site. The company collected the equipment and reprocessed it in the form of refurbishment, recertification, all for onward sale, or sold as used equipment, depending on how much investment was required. UniGreen endeavours to reuse everything with very little ending up as waste disposal. Full reports on weight of equipment reused and carbon savings are all provided once they are re-homed. This great initiative saved the equipment from waste disposal, supported institutions such as universities with limited budgets, all whilst ensuring the business receives a contribution for the value of the equipment.

Looking ahead

We will continue to drive change for good, harnessing the increased appetite within the business to support our sustainability journey, recognising the opportunities this brings.

PRIORITY:

Review our purpose, values and behaviours

Purpose

Sustainability is integral in our purpose ‘extracting excellence, enhancing every day’. ‘Enhancing’ encompasses our customer experience, our people and our planet as we strive to minimise our impact and give back.

Ensuring our values-based culture thrives

Our success as a business depends on the quality of our own community and culture. We have worked hard over the past year to maintain and grow our positive culture by ensuring that our values and behaviours continue to evolve.

The Culture Ambassador Team, made up of 13 people across the business, are in place to provide a feedback loop and drive action alongside our Cultural Influencers (Executive direct reports).

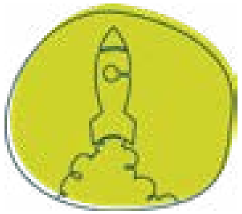
This team reviewed and updated our core values and the behaviours necessary to foster an environment conducive to success and optimum performance. Developing our values has enabled us to embed sustainability at the heart of everything we do, see page 28 for further details. During the year face-to-face workshops were held to relaunch our values and ensure that our organisation-wide holistic strategy is supportive of our social and environmental goals.

Looking ahead

We will continue to promote our purpose and values to our employees, customers, suppliers and communities and find ways to bring these to life by sharing our successes and updates on our progress. The values are embedded in our performance review process which ensures behaviours are driving towards the delivery of our business strategy. This will further accelerate our progress around sustainability and form part of individual and team-based objectives.

PEOPLE CONTINUED

WE ARE




PROGRESSIVE	PASSIONATE	ACCOUNTABLE	TEAM PLAYERS
Being open to the ideas of others to deliver results	Being creative and optimistic, inspiring others around us	Being personally accountable for our actions and trusted to act with integrity	Operating as one team, supporting, appreciating, and respecting one another
Challenging ourselves to change and drive solutions to move forward	Driving excellence and celebrating our shared successes	Driving results and delivering on our commitments to help us succeed together	Collaborating to enhance the global community
Challenging the status quo to enhance ways of working	Overcoming adversity and embracing change	Seeing the best in people and trusting that they have positive intentions	Listening and sharing knowledge to achieve a common goal
Seeking innovation and new ways of working, enabling our people and planet to flourish	Caring for our people, our planet and our communities	Committing to sustainability and sustainable practices, minimising our impact to people and planet	Celebrating diversity and recognising our differences help us to succeed together

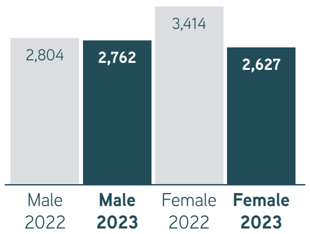
Everything we do, we do with respect

Training has been a key focus, underlining our commitment to fostering a culture of continuous learning and development within our organisation."

Glendisha Wells
Senior People Operations Partner, USA

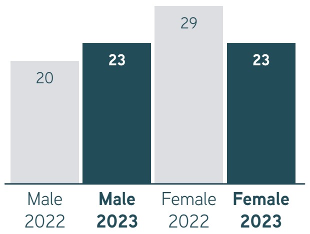
Total UK training hours

5,389 ↓ 13%

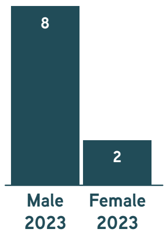


Average UK training hours per employee

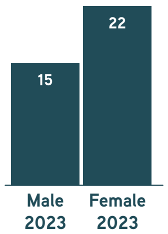
23 ↓ 4%



Mandatory training hours UK

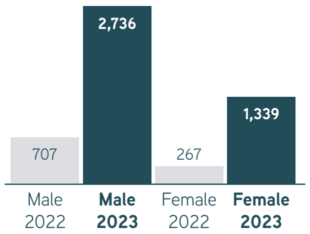


Professional development training UK



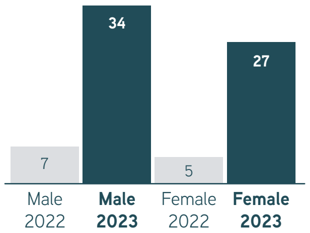
Total US training hours

4,075 ↑ 318%



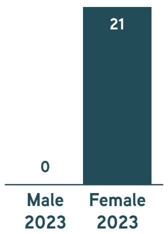
Average US training hours per employee

31 ↑ 417%



Mandatory training hours US

Professional development training US



Enabling great people to do exceptional things by creating an environment in which our people can thrive

Supporting our people's health and wellbeing is vital to retaining our key talent. Our flexible working guidance enables employees to work flexibly (as far as their role requirements allow) and supports a harmonious relationship between work life and home life. We recognise that spending time in the office environment provides opportunities to collaborate, build relationships and to share knowledge and ideas.

Therefore, a hybrid approach has been adopted (where possible) to support a better culture for Treatt and its people.

The Culture Ambassadors have also driven cultural improvement through assessing the balance of flexibility with business need, working with Influencers and Line Managers to ensure a regular presence in the office, opportunities to drive collaboration and meeting requirements of key stakeholders.

Our commitment to people extends beyond our internal community to the global communities in which we operate and serve.

Training and development

Over the course of the year, we have invested in 9,485 hours of learning to continue developing our people.

Our investment in learning for our people focuses on ensuring quality and compliance and also enables people to flourish through professional development opportunities to further enhance our business.

Looking ahead

Next year we intend to launch our 'People Power' programme with the goal of creating and developing authentic leaders that nurture the best performance from our people. This will focus on training, mentoring, networking opportunities and shared experiences, designed for those aspiring to be leaders, those new to leadership and those existing leaders benefiting from continuous professional development.

PEOPLE CONTINUED

Engaging with our people

Engagement with our internal community is critical in providing awareness of our progress and the key focus areas of our sustainability strategy. Channels include an online resource centre, regular newsletter updates and team meetings updates. The introduction of a dedicated Internal Communications Executive, to support multi-channel communication and drive strategy in this area, has also been key in improving a connection with our people.

During the year we have carried out bi-annual engagement surveys across our global community, relating to 'leadership' and 'positive workplace'. The surveys focused on two of our Employee Experience pillars, from our model created to define the elements that make up an exemplary employee experience, using employee feedback to further strengthen the experience we provide.

Various communication methods are used to feedback on actions taken and changes made, to ensure our people feel heard and that action has been taken to improve the overall employee experience.

Equality, diversity and inclusion (ED&I) that empowers and supports our people

We are honoured to work with so many outstanding individuals that offer a wide range of skills and expertise to the business. We want to embrace these distinctions and use them to improve both as a business and as a community partner.

It is fundamental to our values that we celebrate and respect each other, whilst benefiting from our diversity as a result of the variety of skills, experiences, ideas and new perspectives it brings. We collect our diversity data via forms in the US and our HR software in the UK, completion of the data is voluntary.

We have committed to create a greater understanding of each other and create an environment where we can all thrive by being ourselves.

We have three primary focus areas that will drive our ED&I activities:

- Strengthening from within
- Building our understanding of each other
- Calibration

We believe that each one of us has a role to play in creating a more diverse, equitable, and inclusive environment. During the year we have developed our equality, inclusion, and diversity plans by exploring the powerful truths of our business by bringing people together to build a better understanding. We now have an ED&I Allies Network; a community of global employees, representing different diverse groups to help drive our understanding of each other.

Whilst our ethnicity pay gap has not been formally reported, it has been regularly reviewed. Though obtaining meaningful data remains a challenge we have identified opportunities for improvement to ensure that everyone has an equal opportunity for development and progression.

We will continue to develop our opportunities to attract a diverse workforce and enable our people to fulfil their own potential.

Gender diversity across the Group is reflected in the representation of women in management and senior roles. We recognise the importance of improving opportunities within the business. In response to our gender pay gap data, a proactive programme of support has been put in place including enhanced family leave, mentoring, coaching, physical health support and programmes to empower our female colleagues. See our non-financial KPI around male to female ratios on page 23.

How the Board monitors culture

CULTURAL INDICATORS

Good governance is driven from both the operation of the Board and from the culture of the organisation in the way our employees conduct themselves each day, reflected in the following data:

- health and safety metrics
- employee turnover
- speak-up incidents
- breach of Group policies

EMPLOYEE ENGAGEMENT

During the course of the year participants welcomed the opportunity to interact with Board members through both individual employee voice sessions and wider Board engagement activities that included time with departments and individuals to gain oversight of projects and functional activities. Further details above and on pages 50 and 51.

ALL-EMPLOYEE SHARE SCHEME TAKE-UP

A good indicator of employee commitment to Treatt, its strategy, performance and culture:

- UK partnership shares take-up December 2022: 56% (2021 65%[1])
- Group share save scheme take-up in July 2023: 35% (2022: 56%[2])

Investing in our culture

LINKEDIN LEARNING

This platform provides a wide range of learning opportunities and highlights where employees are keen to further their knowledge. 729 engagement viewing hours were recorded across the business (2022: 679).

CULTURE AMBASSADORS

Via regular updates to the Executives, the voices of our people are being heard by management and the Board.

1 Compared to an average participation rate of 41% (Proshare SAYE & SIP report 2022).

2 Compared to an average participation rate of 28% (Proshare SAYE & SIP report 2022).

SUSTAINABILITY CONTINUED

Diversity profile of our employees reflecting the communities where Treatt operates

There is an observable gap in both the US and UK between ethnic groups and white employees, and whilst our workforce is reflective of the local demographics, we will be working towards improving that diversity, considering the methods by which we attract our talent, and opportunities for development.

As part of the planning with the ED&I Allies Network we have a number of actions that will be undertaken into 2024, these will focus on a plethora of desired outcomes, of particular note:

- Monitoring women and minority groups in leadership and critical positions – ensuring we have a diverse talent pipeline.
- Design a development programme to enable minority groups to excel in their careers.

FACILITY	White	Non-BAME	Black, Asian and Minority Ethnic (BAME)	Black or African American	Hispanic or Latino	Asian	Prefer not to disclose	Two or more races
USA*	65%	–	–	18%	15%	1%	–	1%
UK**	–	93%	6%	–	–	–	1%	–

* Lakeland, USA Population data 2022 – White 59%, Black or African American 20%, Hispanic or Latino 17%, Asian 2%, other 1%. Source: U.S. Census Bureau QuickFacts - Lakeland City, Florida.

** Suffolk, UK Population data 2022 – Non-BAME 95%, BAME 5%.

Position	Male	Female	Total
Group Directors	2	0	2
Business Leadership Team[1]	2	8	10
Direct reports of Group Executive Team	26	26	52
Other employees	172	129	301
Total employees[2]	**202**	**163**	**365**

1 Group Directors are also part of the Business Leadership Team, they are excluded here to avoid duplication of headcount.

2 Actual number of employees at the year-end date. This differs to the headcount in note 6 to the financial statement which is the average number of employees during the year.

PEOPLE CONTINUED

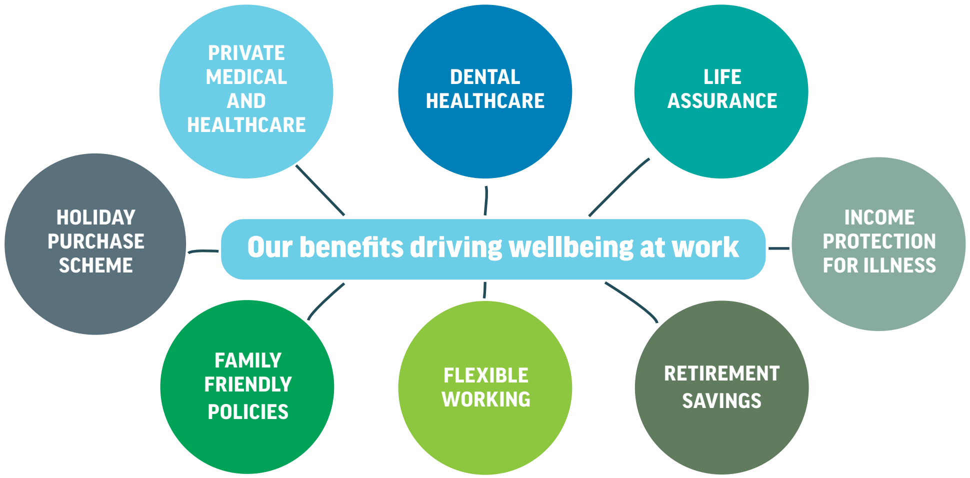
Living Wage

All our salaries should meet living costs as a minimum. In the UK we are proud to have continued to be a Real Living Wage Employer, accredited to the UK Living Wage Foundation. In the US we complete salary benchmarking yearly to ensure we are competitive and paying employees comparable to the market rate.

Employee health and wellbeing

Our mission continues, to 'think well, live well and be well'

In light of the issues many people face each day, we have a duty as an employer to take action. Our internal wellbeing teams continue to drive initiatives across the Group. This year we have focused on building people's resilience, supporting financial wellbeing, proactive health initiatives and managing stress. We have a plethora of benefits on offer to our people that support these activities shown below:



Keeping people safe

For a long time, we have successfully controlled the risks connected to the production and processing of chemicals and we continually work to enhance our performance as we strive to reach manufacturing operational excellence. Our proactive health and safety approach encourages reporting of near misses and attempts to identify behaviours that could potentially result in an incident or accident.

We consider all of the human variables that are included in the work environment, such as temperature, pace of work, stress, health, distraction, training and competency, instrument layout, and ergonomics.

We also adopt the recognised 4Cs approach to managing our health and safety approach and ensure adoption of behaviours:

- Competence: recruitment, training and advisory support.
- Control: allocating responsibilities, securing commitment, instruction and supervision.
- Co-operation between individuals and groups.
- Communication: spoken, written and visible.

All accidents, incidents, near misses and concerns are required to be reported via easily accessible means without fear of repercussion. Reported events are assessed, thoroughly investigated and corrective action measures implemented. Additionally, risk assessments are conducted to determine presentation of risks and mitigation measures needed. Job safety analysis is conducted to evaluate hazards associated with various standard operating procedures with hazard mitigation measures instituted.

Engaging stakeholders

An organisational culture that incorporates all employees and emphasises the advantages of working safely and responsibly is the most crucial aspect of safety. Employee participation in the creation of standards, practices and policies, as well as consultation on any modifications, are critical. They feel included and accountable for safety discussed during health, safety, and environment (HS&E) meetings, toolbox talks, team meetings, and shift handovers.

Reintroduced during the year, we now have eight SHE champions in the UK and anticipate four to five also joining in the US.

Their role is to work with the HS&E team to improve safety in all areas of the business. Assisting with risk assessment, COSHH assessing, accident and incident reporting and investigations, driving the concern card reporting system and assisting with any corrective actions. They also form part of the UK HS&E Committee. Representation in every department and each shift provides management teams and colleagues access to dedicated safety contacts, to provide greater support and allowing questions or issues around HS&E to be dealt with at the time.

We are in the process of refreshing our HS&E committee, to be comprised of the SHE champions, key department supervision and members of the Business Leadership Team, to further support our HS&E agenda and embed this further into our culture. Our aim is to further reduce accidents to a minimal level (Target Zero).

Occupational health and safety training

In the UK, we collaborate with a third-party occupational health service to track employees' health, identify hazards and conduct routine screening and surveillance. Support services also include advice and direction for people with long-term health conditions and for workers who require medical advice and support. This service includes medical exams, such as COSHH. We believe that training is a crucial component of our health and safety plan for safeguarding our people from diseases and injuries and as such our training complies with legislative standards. New starters receive training linked to specific hazards as required and also general health, safety and environmental training. To assist baseline testing and continuous health assessments we use an occupational health service provider in the USA.

SUSTAINABILITY CONTINUED

Taking our customers along on our sustainability journey

It is imperative that we take our customers on our sustainability journey. Results from our recent sustainability survey further re-enforced how our customers are looking to us to support their journey and climate targets and will help shape our strategy moving forward.

Our survey highlighted the top three priorities for our customers in the next ten years:

- Eliminating modern slavery, child labour and forced labour
- Eliminating deforestation in supply chains and meeting biodiversity targets
- 100% sustainable ingredients

An increased interest in product level carbon data was also apparent, encompassed in our TCFD disclosure on page 40.

This survey also enabled us to highlight the certifications and standards we hold, further cementing our efforts and level of transparency through standards such as EcoVadis.

We encourage direct conversations with our key customers regarding sustainability to support their targets and direction of travel. To inform these conversations we gather insight from our Sales Team and Global Sustainability Manager on our approach and progress.

Top three categories of incidents[1] – chemical, vehicle, equipment

Top three categories of accidents[2] – chemical, human factor, slip/trip same level

Total H&S training hours per Group employee: 5.3 (2022: 5.6)

Total H&S training hours: 872 (2022: 2,391)

Internal hours: 395 (2022: 577) External hours: 477 (2022: 1,834)

	2023	2022	2021	2020	2019
Number of reportable accidents[3] across Group	**0**	1	2	1	5
Average number of sick days	**5**	4	4	3	3

1 Incidents – unplanned event that causes damage or loss to property, vehicles, or product.

2 Accidents – unplanned event that causes injury or harm to people.

3 Reportable accidents – reportable accidents are work-related accidents, which in the UK must be reported to a statutory body or, in the US, require hospitalisation, loss of limb, blindness in an eye or anything that leads to inability to work for seven days or more.

PRIORITY:

Community matters

Our focus: Provide positive, measurable impacts for our local communities

Our business depends on the communities in which we source and operate, and we strive to enhance the lives of the members of these communities. As a result of our focused community matters strategy, we made £56,087 in donations and supported a total of 17 charities globally. Also under a new initiative we have collectively contributed 183 volunteering hours to support causes and charities that matter to our people.

183 volunteering hours

We launched a volunteering programme midway through the year to enable all employees to spend half a day's work volunteering which will further support the SDGs mentioned.

We aim to support further opportunities, resulting in increased uptake, in 2024 and beyond.

As our purpose incorporates 'enhancing every day' this focus also allows us to align our partnerships to support the following United Nations Sustainable Development Goals:

2 ZERO HUNGER — KidsPack & Toys for Tots

3 GOOD HEALTH AND WELL-BEING — Suffolk Mind, MyWiSH, Upbeat & Peace River

4 QUALITY EDUCATION — Enterprise Advisors & School Support

11 SUSTAINABLE CITIES AND COMMUNITIES — Bury Rickshaw

14 LIFE BELOW WATER — Ocean Conservancy

15 LIFE ON LAND — Suffolk Wildlife Trust, Adopt A Highway & Operation Honeybee

Reducing human impact on our local environment (Global).

A number of our key charities work in the area of wilderness protection and the reduction of human impact on the environment. These include, The World Wildlife Fund (WWF), Adopt A Highway, Operation Honeybee, Ocean Conservancy, and the Suffolk Wildlife Trust, to name a few.

We have supported these charities through employee volunteering initiatives, including Company-wide litter picks, as well as on-site fundraisers and educational awareness events.

PEOPLE CONTINUED

SUPPORTING THE MENTAL HEALTH OF THOSE IN OUR COMMUNITIES (GLOBAL)

We take wellbeing seriously both within our business and by supporting local causes to improve mental health in the community.

In May we encouraged colleagues across the Group to get moving in our '100 miles' initiative. This initiative challenged colleagues to walk, jog, swim or run, 100 miles across the duration of Mental Health Awareness Month. The challenge raised £3,379 for Suffolk Mind, and $877, for Peace River in the US.

In the UK we have sponsored a local project to build a sustainable, multi-sensory and wildlife-rich therapeutic garden for use by West Suffolk hospital patients, staff, family members, volunteers, and the wider mental health trust (the Norfolk and Suffolk NHS Foundation Trust) totalling more than 1,500 beneficiaries across the region.

Our close relationship with Suffolk Mind encouraged us to carry out an emotional needs audit of our people this financial year, providing us with key areas of focus for the months ahead. We have also supported the charity in the capacity of headline sponsors for their first charity gala dinner which raised over £27,000.

ENGAGING YOUNG PEOPLE INTO THE WORLD OF FLAVOUR (UK)

We recognise we have a role to play in ensuring the next generation is well equipped for the world of work. Taking this into consideration we support various local primary schools, high schools, colleges, sixth forms and universities to enhance their careers education.

We assist with everything from careers talks and fairs, mock interviews and assemblies, to tours of Treatt and 1-2-1 support for students with a desire to work in the flavour ingredients industry.

This year we hosted a large group of Manufacturing Engineering students from the University of Cambridge, providing insight into the industry and generating ideas for future job roles within our sector. Two colleagues also volunteer their time as Enterprise Advisors for the Sybil Andrews Academy, based in Bury St Edmunds, helping them directly with developing a strong careers programme and creating more opportunities for young people.

9 schools supported this year

GREAT BIG GREEN WEEK

Great Big Green Week provided us with another opportunity to draw focused attention on the importance of tackling climate change and protecting nature. We shared success stories and initiatives, whilst also focusing on the following:

1) 'The power of sustainable eating', promoting a plant-based diet, encouraging our community to bring in plant-based foods and offering a plant based subsidised menu in our UK 'hub'.
2) We focused on rethinking waste, the potential to further reuse and recycle across our facilities and in our own day-to-day lives.
3) In the UK we also held a green tombola with prizes to get us green fingered and in touch with nature. In the US we focused on educating on 'saying no to plastic'.
4) We held a used book swap and sale at our two main sites and as a result a permanent book swap and resource library has now been launched across all sites.
5) In the UK we held a sustainable travel day where mechanics ran a free bike fixing session, getting 17 people back on their bikes. We also worked with the local council to offer the chance to test ride and trial seven free e-bikes via a new scheme for up to two months, ahead of a potential purchase through our cycle to work scheme.
6) In the spirit of supporting our local community in the USA we held a packing event for KidsPack where fifteen eager volunteers worked at packing stations to prepare and pack meals for local children in need.

PLANET

Acting on climate change

We promote environmentally friendly practices at every stage of our operations and extend this across our supply chain. Because the viability of natural resources is essential to our Company, environmental effects like climate change are of concern to both humanity as a whole and to Treatt.

RELEVANT UN SDGs

6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

PRIORITY:

Carbon emissions collection and analysis

Our focus has been on the evaluation and validation of Scope 1, 2 and 3 carbon emissions data capture. These are included in our TCFD disclosure on pages 36 to 43. Building on our long-standing reporting of Scope 1 and 2 carbon emissions, capturing Scope 3 data for analysis will enable us to better understand our overall carbon footprint, which will, in turn, inform our longer-term carbon reduction pathways and targets.

Looking ahead, in 2024 we hope to assess how we can better obtain primary data from our supply chain to more accurately reflect the emissions related to Scope 3 purchased goods and services. From early 2024 we intend to adopt a carbon reporting software platform which will also support Scope 3 reporting and assist in the further development of our net zero pathway.

PRIORITY:

Carbon reduction strategy/ net zero pathway

Our priority is to reduce our absolute carbon emissions over time to ensure that we are net zero ahead of the UK Government's 2050 ambition.

Net zero pathway

In 2022 we commissioned ClearLead, an international energy and sustainability consultancy, to conduct on-site energy, water and waste audits of our processing plants in Lakeland, Florida and Bury St Edmunds, Suffolk, spending three and two days on the respective sites.

The audit reports provided recommendations in respect of energy efficiency projects and step-change infrastructure investments to significantly reduce our carbon emissions. The recommendations were costed, included ROI, payback periods and estimated savings and took account of our 2022–27 business plan.

Based on these recommendations we took our first step last year towards developing a net zero pathway by reporting in our 2022 Annual Report that we had set a target of reducing Scope 1 and 2 emissions at our US site by 10% by 2025.

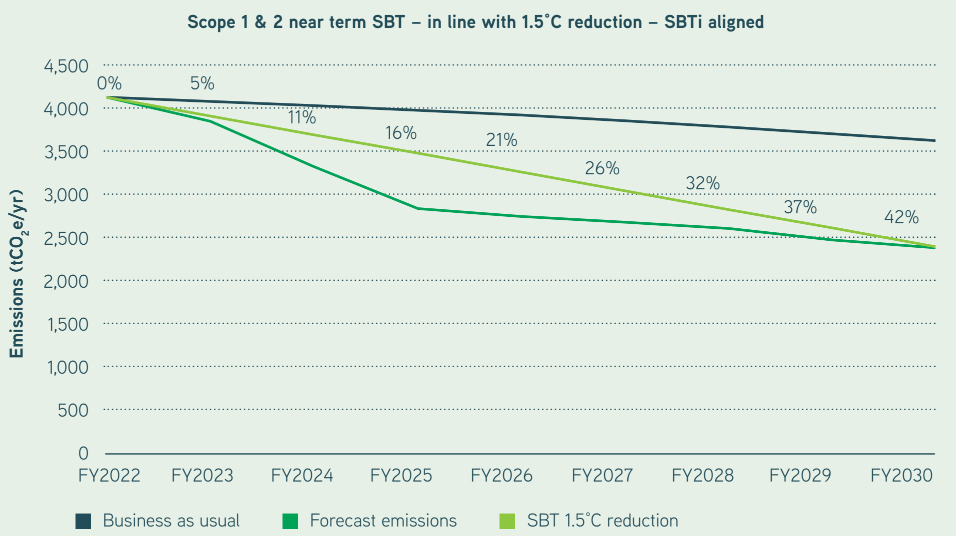
We have made further progress during 2023 in terms of modelling a net zero pathway aligned to the Science-based Targets initiative ('SBTi') methodology for SME businesses. As part of this modelling, the following necessary assumptions were made:

- The grid decarbonisation data was taken from the International Energy Agency (IEA) Projections database for the Stated Policies Scenario. At this point, the USA emissions data are US-wide and not specific to Florida, due to lack of available data, but will be incorporated when the situation changes.
- The baseline year selected is FY2022 which is considered most suitable as it takes into account both the availability of accurate baseline emissions data and the best-case aggregation of emissions data to reflect the ongoing move from older UK premises to a new BREEAM-certified site within Bury St Edmunds.
- For the period until 2030, we have incorporated the growth projections included in our five-year business plan.

In 2023 we are reporting our near-term net zero pathway (2022–30), our associated shorter-term actions and our interim targets.

Energy efficiency was built into the design of Skyliner Way, our new site in Bury St Edmunds. It is therefore understandable that most of our shorter-term actions are focused on our Florida facility. The necessary capital expenditure was already agreed for the period 2022–25 to ensure that we reach our interim 2025 emissions reduction target for our US site.

PLANET CONTINUED



Net zero pathway continued

These include improvements in areas such as refrigeration, metering, steam boiler efficiency, thermostatic controls, air compression and insulation. Other investments identified longer-term for the US plant include: on-site renewable energy and combined heat and power projects. These will be factored into any planned expansion of the US site. Future initiatives for the UK site, already utilising 100% renewable electricity, include on-site renewable energy and the decarbonisation of a natural gas-fired plant.

We have set interim targets for our net zero transition plan which we will continue to monitor and review as we progress:

Year	Reduction in absolute carbon emissions on a like-for-like basis (baseline year: FY2022)
2025	10% reduction in Scope 1 and 2 at Treatt USA
2030	42% reduction (as a minimum) in total Scope 1 and 2 across the Group
2050	90% reduction (as a minimum) in Scope 1, 2 and 3 by 2050 or earlier (subject to further modelling)

In line with SBTi's guidance for SME companies we are not required to include a near-term target for Scope 3 emissions. In 2024, supported by increased Scope 3 data, increased auditing of our suppliers and ongoing collaboration with stakeholders across our value chain, we intend to model our longer-term emissions reductions targets for Scope 1, 2 and 3 and report our actions and targets in our 2024 Annual Report.

TCFD DISCLOSURE

PRIORITY:

Taskforce on Climate-related Financial Disclosure reporting (TCFD)

Recognising the medium to long-term risks posed by climate change to our business model, we have again worked with our sustainability consultants to assess climate-related risks and opportunities that are relevant to our business.

We are reporting in reference to the recommendations of TCFD to understand the climate resilience of our business. We will endeavour to increase the level of disclosure year-on-year.

Positive progress

In last year's report, we included our initial response to the Taskforce on Climate-related Financial Disclosures ('TCFD') methodology where we reported across the framework's four key pillars of governance, strategy, risk management and metrics & targets and responded to the underlying eleven recommended disclosures.

In line with the TCFD's suggested approach, we considered a 2.0˚C warming scenario, based on the Intergovernmental Panel on Climate Change's ('IPCC') defined Representative Concentration Pathway 4.5 and assessed the associated physical and transition risks.

During FY2023 we have made good progress in terms of continuing to develop our understanding, management, measurement and decision-making in regards to climate action.

We have established an ESG Board Advisory Panel; we have modelled our initial near-term net zero targets, aligned to the SBTi and building on last year's TCFD analysis, we have considered four specific risks, supported by sector-relevant scenarios and data provided by the Business for Social Responsibility ('BSR'), Network for Greening the Financial System ('NGFS') and the World Wildlife Foundation ('WWF').

SUSTAINABILITY CONTINUED

TCFD compliance statement

The table below highlights how we have reported in line with the eleven recommendations of TCFD and includes our own informed assessment of our level of compliance. We recognise that this an iterative process and have highlighted those areas where we are currently not fully compliant and need to make improvement or continue to progress.

Recommendations	Disclosures	Disclosure level	Alignment	Page reference
GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities	Describe the Board's oversight of climate-related risks and opportunities	●	We are aligned on this recommendation	Pages 38-39
	Describe management's role in assessing and managing climate-related risks and opportunities	●	We are aligned on this recommendation	Pages 38-39
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	●	We are aligned on this recommendation	Pages 39-41
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	◖	We are partially aligned on this recommendation. We have assessed the impacts of climate-related risks and opportunities from a qualitative perspective but have yet to translate this into quantifiable financial impacts	Pages 40-41
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	◖	We are partially aligned on this recommendation. We have assessed the impacts of climate-related risks and opportunities from a qualitative perspective but have yet to translate this into quantifiable financial impacts. This will be addressed in the next financial year	Pages 39-41
RISK MANAGEMENT Disclose how the organisation identifies, assesses and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks	●	We are aligned on this recommendation	Page 41
	Describe the organisation's processes for managing climate-related risks	●	We are aligned on this recommendation	Page 41
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	●	We are aligned on this recommendation	Page 41
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	●	We are aligned on this recommendation	Pages 41-43
	Describe Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	◖	We are partially aligned on this recommendation. Year-on-year, we intend to improve the accuracy of our reported Scope 3 emissions, which represents a significant proportion of our total emissions	Pages 41-42
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	●	We are aligned on this recommendation	Pages 41-43

PLANET CONTINUED

TCFD DISCLOSURE CONTINUED

Governance

Board oversight of climate-related risks and opportunities is provided by the ESG Board Advisory Panel which was established in 2023.

During the year, in accordance with our ESG Strategy, we took steps to improve our governance as regards our oversight and management of climate action issues.

We established an ESG Board Advisory Panel, chaired by a Non-executive Director and attended by two additional Non-executive Directors, one of whom chairs our Audit Committee and the other who has extensive experience of sustainability matters through her executive position at a listed water utility business. The ESG Board Advisory Panel also includes our Chief Financial Officer, who oversees the operational and financial aspects of our sustainability programme. The ESG Board Advisory Panel is responsible for reviewing and advising on the recommendations made by the ESG Management Group, also established in 2023, comprising key members of Treatt's Business Leadership Team, including the CEO, the CFO and the Global Sustainability Manager.

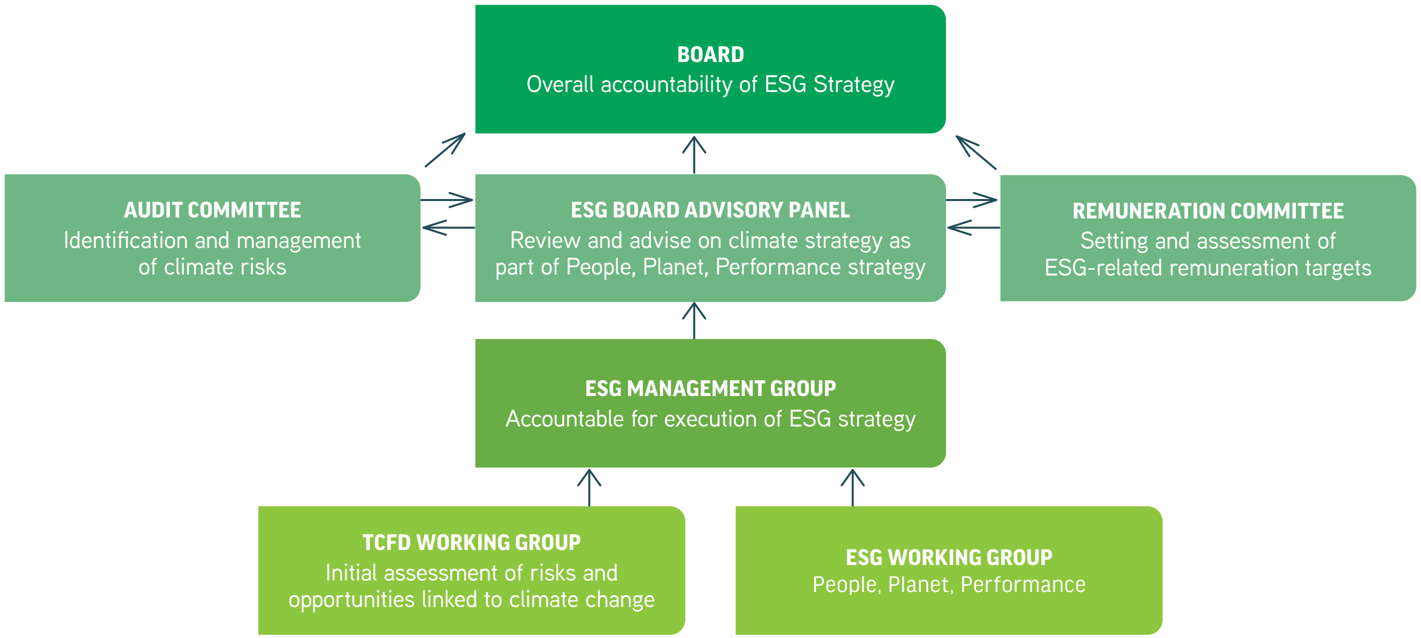
The ESG Board Advisory Panel meets quarterly, and it is the responsibility of the Chair of the ESG Board Advisory Panel to ensure that the Treatt Board is equipped with the relevant information to ensure that the Board can engage in constructive discussion on climate matters and make informed decisions. The ESG Board Advisory Panel consults with the Audit Committee to ensure the relevant level of assurance.

The ESG Management Group meets quarterly and is responsible for reviewing the progress made by the underlying ESG Working Group responsible for People, Planet and Performance, as well at the TCFD Working Group. The TCFD Working Group includes representatives from procurement, supply chain, legal and risk, engineering, finance and sustainability.

The CFO sits on the ESG Management Group, the ESG Board Advisory Panel and the Board to ensure that there is a clear flow of information between the three groups.

Constitution of the ESG Board Advisory Panel

ESG Board Advisory Panel members	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Management Group
David Johnston Non-executive Chair	✓				
Bronagh Kennedy Non-executive Director	✓		✓	✓	
Phillip O'Connor Non-executive Director	✓	✓		✓	
Ryan Govender Chief Financial Officer	✓				✓



SUSTAINABILITY CONTINUED

The Board is responsible for oversight and governance of climate-related risks as part of the Company's risk management process. Climate change is included as a principal risk in our risk register, see pages 60 to 65, which is reviewed bi-annually with each principal risk assured and classified pre- and post-controls. Building on the non-financial targets introduced for our Executive Directors and senior management team in FY2022, at least 20% of Executive Director and senior management team annual bonus scheme outcomes will be subject to ESG-related non-financial objectives for the 2024 financial year. These include progress on our published, shorter-term incremental targets to reduce emissions by 10% at our Florida site by 2025 and achieve a 42% reduction (as a minimum) in total Scope 1 and 2 for Treatt by 2030, refer to page 42 for more information.

As a Company that sits midway through the value chain in an industry which sources the majority of its raw materials from the agricultural sectors and sells to customers who are increasingly demanding as regards their suppliers' climate action progress and performance, the Board and the ESG Board Advisory Panel are being kept informed on an ongoing basis of new developments, best practice and stakeholder expectations.

In addition to this, the Board also intends to include younger people on the ESG Board Advisory Panel, to ensure wider representation.

Further details of our governance structures relating to ESG and climate-related issues can be found on pages 38 and 47.

Strategy

Over the past year, we have been making good progress in terms of delivering on our ESG Strategy. One of our key priorities is to minimise our environmental impact, both at our processing sites and across our value chain. In this report, we have included near-term reduction targets as part of our first iteration of our net zero pathway, which we will continue to develop as we gain greater understanding of our Scope 3 emissions and increase our collaboration with our suppliers and customers regarding how best to improve environmental performance.

Last year, we focused on the medium to long-term physical (acute and chronic) risks relating to our manufacturing sites in Florida, USA and Suffolk, UK and the shorter-term changes anticipated – transition risks – to take place to ensure that global warming is restricted to 1.5–2.0˚C by 2050.

Building on our 2022 analysis of climate-related risks and opportunities, where we reviewed them in terms of both significance and likelihood, we have broadened our assessment to include material aspects across our value chain. In order to provide further context to this year's assessment, we used sector-relevant scenarios provided by the Business for Social Responsibility ('BSR') and the Network for Greening the Financial System ('NGFS') and used water forecasts provided by the World Wildlife Foundation's ('WWF') Water Risk Filter.

The sector relevant scenarios are summarised as follows:

	No new policies (business as usual)	Smooth 2050 transition	Delayed 2050 transition
Physical risk	High physical risks	Low physical risks	Medium physical risk
Transition risk	Low transition risk	Medium transition risk	High transition risk
Policy ambition	3˚C+	1.5˚C	1.8˚C
Policy reaction	None – continuation of current policies	Immediate and smooth	Delayed
Technology change	Slow	Fast	Slow then fast
CO_2 removal	Low use	Medium use	Low use
Regional policy removal	Low	Medium	High

During a series of workshops our TCFD Working Group considered in detail the above scenarios and reviewed the findings from last year's assessment of climate change risks and opportunities, the TCFD Working Group highlighted the following four risk areas – physical and transition – as key material priorities for the business. In turn these were discussed and approved by both our ESG Management Group and ESG Board Advisory Panel. The four areas are: water stress at our manufacturing operations; citrus sourcing and its associated supply chain; the cost of energy/carbon across our value chain; and how changing societal attitudes towards climate change is having a material impact on our customers' procurement decisions. These were also cross-referenced with priority climate and sourcing-related findings from our FY2022 materiality assessment following consultation with a number of Treatt's stakeholders and using SASB mapping as a reference point, this highlighted climate change, carbon emissions, water, waste and energy along with raw material sourcing as highest potential material impact.

We considered three different scenarios to give us greater visibility of potential risks and have assessed potential impacts as low, medium or high based on informed, qualitative discussion of these three scenarios. At this point, we have not made a quantitative evaluation of these financial impacts but plan to do so in due course as we look to introduce internal carbon pricing into our financial planning.

In terms of our selected timeframes, we have defined 'short-term' as up to five years, in line with our 2022–27 business planning cycle; 'medium-term' as 4–15 years; and 'long-term' as beyond 15–27 years in-line with 2050 targets.

PLANET CONTINUED

TCFD DISCLOSURE CONTINUED

Material Risks

TCFD Category	Climate-related trend	Potential financial impact	Possible short-term impact	Possible medium-term impact	Possible long-term impact	Strategic response, resilience, and mitigation
PHYSICAL RISK	Water stress	Water stress at our manufacturing plants in the UK and the USA resulting in disruption to production or inability to create new products which require more water in the manufacturing process. *Data: WWF Water Risk Filter*	Low	Low	Medium	**Facility site audits:** We have audited our plants from an energy, water and waste perspective and are making changes to ensure we can maximise water efficiency. **Future NPD:** If future products require more water as part of the manufacturing process, we could consider finding alternative sites for manufacture, or alternatively seek to develop products in a more efficient way.
	Water stress	Water stress for our citrus suppliers – predominantly based in Latin America – resulting in poorer quality, lower yields and higher prices on a more regular basis. *Data: WWF Water Risk Filter*	Medium	Medium	High	**Risk mapping:** We will continue our risk assessment and modelling of our suppliers and continue to collaborate with them to ensure they have strong physical risk resilience plans.
PHYSICAL AND REPUTATION RISK	Citrus sourcing and supply chain	Extreme weather – particularly in Latin America (see above) – leads to an unreliable supply of citrus raw materials, resulting in an inability to deliver to customers on time. *Data: NGFS Climate Impact Explorer*	Low	Medium	Medium	**Continue diverse geographical sourcing:** We will continue to ensure that we have a diverse, geographical supply chain to absorb possible regional disruptions due to extreme weather. We stock accordingly to mitigate unreliable supply. **Supporting regenerative agriculture:** We are also a member of the Sustainable Agricultural Platform (SAI), a network growing a sustainable, healthy and resilient agricultural sector whilst creating strong and secure supply chains. Whilst also being a founding member of the SAI regenerative agriculture programme, helping to drive positive change for a sustainable, thriving and more resilient agriculture sector.
TRANSITION AND MARKET RISK	Energy and carbon pricing in the value chain	Our widespread value chain – including long transportation distances – makes it difficult for us to reduce our carbon emissions resulting in higher prices for our raw materials due to increased carbon costs.	Low	Low	Medium	**Net zero pathway SBTi methodology:** We have now costed a near-term carbon reduction plan for Scope 1 and 2 in line with the Science-based Targets Initiative methodology, this includes projects to generate on-site renewable energy. In 2024, we are looking to gain greater insight and understanding into how we can minimise our Scope 3 emissions across our value chain as part of long-term net zero planning to minimise any potential carbon costs.
TRANSITION AND REPUTATION RISK	Customer procurement preferences for low carbon products	Our widespread value chain makes it difficult for us to reduce our Scope 3 carbon emissions. This may cause customers to seek alternative suppliers as they look to focus on their own net zero targets. Also, the potential inability to meet increasing customer demand to provide information regarding carbon/water intensity at a product level to support their net zero targets, labelling ambitions.	Low	Medium	Low	**Benchmark to ESG ratings:** We disclose to CDP and EcoVadis to provide transparency to our stakeholders. **Customer engagement:** We ensure our customers are fully aware of our broader ESG strategy and net zero planning. In 2023 we conducted a sustainability-focused customer survey to better understand gaps and our customers' requirements (details are summarised on page 33). **Supplier engagement:** We will continue to meet with suppliers to discuss our responsible and sustainable sourcing policy and carbon targets, together with their activities to reduce Scope 1 and 2 emissions and in turn our Scope 3. **Scope 3 modelling:** Next steps are to model our long-term net zero target, including Scope 3. Holding a workshop to identify how to improve data and identify a strategy for reducing Scope 3 in our supply chain to facilitate this. **Impact assessment:** In this same workshop we will explore the opportunity for LCA analysis for our citrus category, for product level carbon/water data collection.
	Consumer procurement preferences for sustainable products	Increased demand from consumers for certified ingredients (such as Rainforest Alliance and Fair Trade) in products, could mean we lose customers by not offering enough of these ingredients (applicable predominantly to tea and coffee).	Low	Low	Medium	**Certified sourcing:** Reacting to market insights into increasing consumer preferences for certified ingredients in the future we have assessed our current approach. We already source more than 75% of our tea raw material from Rainforest Alliance certified growers. Rainforest Alliance certification helps farmers produce better crops, adapt to climate change, increase their productivity, and reduce cost. Using our certified facilities in the USA to handle this material, enabling our customers to make on-pack certification claims. Further to this we have obtained certification with Fair Trade USA to enable us to increase our offering of certified ingredients should demand increase. For other product categories such as citrus we can procure ingredients assured via The Farm Sustainability Assessment (FSA), allowing us to assess, improve, and validate on-farm sustainability in our supply chains.

SUSTAINABILITY CONTINUED

Market opportunities

Material opportunities	Description of opportunity	Possible short-term impact	Possible medium/ long-term impact	Strategic response
MARKETS	Improving sustainability of supply chain to ensure consistent supply of high-quality raw materials and reduce transportation costs/emissions.	Low	Medium	Over the past 18 months, we have conducted a comprehensive audit of our suppliers and circulated our new supplier code of conduct and sustainable sourcing policy to suppliers and customers (details found on pages 48 to 49). In 2024, we intend to explore expanding this audit to include environmental emissions throughout our value chain.
MARKETS AND TECHNOLOGY	To become less dependent on expensive energy providers and higher-carbon processing.	Low	Medium	As part of the energy, water and waste audits of our manufacturing plants, we have identified investment opportunities in on-site renewable energy sources and low-carbon processing technologies which have been captured in our future capital expenditure plans. Further details can be seen in our net zero pathway on pages 35 and 36.

Note: Currently, our assessment of low, medium and high impacts are aligned with the thresholds adopted for our bi-annual risk assurance mapping process. Levels are defined as follows: Low – may occur at some time, one event per 11–50 years, this could be a history of casual occurrences, conditions exist for this loss to occur. Medium – possibility the event or risk will occur, one event every 3–10 years, may be a history of periodic occurrences, will probably occur in some circumstances. High – strong possibility the event or risk will occur, one event in up to two years on average, may be a history of frequent occurrences, will probably occur in most circumstances. In the future, we are committed to further quantifying and qualifying the level of impacts and to providing further transparency regarding the process for determining the relative significance of climate risks.

Resilience of our strategy to climate change

Now that we have an ESG strategy in place and bearing in mind the actions we are taking and the progress we are making, we believe our organisation is resilient to the possible physical and transition impacts of climate change over our short-term timeframes across all three scenarios of water stress, citrus supply and sourcing and energy/carbon pricing in the value chain. In 2024, we will continue to engage and collaborate with our material stakeholders to ensure we remain competitive and sustainable, and therefore resilient, in the medium to long-term.

This assessment was finalised by the Board following engagement and consultation with the ESG Board Advisory Panel and the Audit Committee.

Risk management

As a principal risk for the business, climate-related risks are subject to the same formal governance and review process as other risks on our risk register. You can read more about how we assess climate-related risks on pages 60 to 62.

We have an established risk management framework in place which we use to assure the climate-related risks and opportunities we face within our business.

As one of eleven principal risks, climate change risks are assessed bi-annually and include an initial pre-controls rating, three ‘lines of defence’, which include business operations, oversight functions and internal/external audit, followed by a final post-controls rating. The assurance level is rated as low, medium and high while the risk classification ranges from 1 (low) to 9 (high). More details on our assessment of climate change as a principal risk can be found on page 62.

In FY2021, we conducted our first ESG materiality assessment – qualitative and quantitative – across external and internal stakeholders which identified addressing the long-term physical impacts of climate change as a key material priority for the business. The findings from this materiality assessment, summarised in our 2021 Annual Report, informed our ESG strategy and the risks identified were incorporated into our risk management process.

We plan to conduct a follow-up materiality assessment in 2024 in line with the recommendations of the International Sustainability Standards Board (ISSB).

As outlined earlier, our ESG Board Advisory Panel, which meets twice formally and twice informally each year, is responsible for reviewing and advising the ESG Management Group on its work relating to the risks and opportunities from identifying, managing and monitoring the principal risks relating to climate change. Day-to-day risk management is carried out by the Executive Directors who work closely with the Business Leadership Team in reviewing and monitoring risk and mitigation strategies across the business. The ESG Management Group, along with the Global Sustainability Manager, identify key climate risks, assess their potential impacts and appropriate risk mitigation strategies. Responsibility for monitoring and reviewing each risk is designated to a senior team member to ensure there is appropriate accountability.

Metrics and targets

Last year we published our initial short-term emissions reduction target for our manufacturing site in Florida. This year, we have introduced additional targets aligned to our shorter-term net zero planning. As we continue to gain greater insight into our Scope 3 emissions, we will continue to develop new metrics and targets.

We have been reporting our Scope 1 and 2 emissions since 2013 and reported on seven Scope 3 emissions categories in 2022 for the first time. These categories were purchased goods and services; fuel and energy-related other emissions; upstream transportation and distribution; waste generated in operations; business travel; upstream leased assets; and downstream transportation and distribution.

In addition, we have modelled and set ourselves 2030 Scope 1 and 2 emissions reduction targets, aligned to the SBTi methodology. This entails absolute reductions in our Scope 1 and 2 emissions of 42% by 2030.

In future, we will look to provide further details regarding how we will continue to reduce our Scope 1 and 2 emissions beyond 2030 in order to be a net zero business by 2050 or earlier. Further details can be found on pages 35 and 36.

PLANET CONTINUED

TCFD DISCLOSURE CONTINUED

Streamlined energy and carbon reporting (SECR)

We report all our emission sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. Scope 1, 2 and 3 emissions for 2022 and 2023 have been reported in line with the GHG Protocol and emission factors provided by the UK's Department for Environment, Food and Rural Affairs (DEFRA) and the US's Environmental Protection Agency (EPA). We continue to use 100% renewable electricity in the UK, playing our part in stimulating growth of the renewable energy market. Ensuring we include location-based Scope 2 emissions for this renewable electricity usage in the UK, in our global emissions. We also show market-based emissions to align with more historic reporting. Scope 1 and 2 emissions include all mandatory manufacturing and non-manufacturing related emissions.

Short-term carbon reduction targets

Target	2023	2022
10% absolute reduction in Scope 1 and 2 emissions by 2025 at USA facility (baseline FY2022)	**+3.26%**	New target
42% absolute reduction in Scope 1 and 2 emissions by 2030 (baseline FY2022)	**New target**	N/A

Although our target for the USA has not seen any progress this year, we are already seeing an encouraging small reduction in our total global emissions, against the newly set short-term Scope 1 and 2 net zero target.

GHG emissions

In the UK we continued to operate at two sites for the majority of the year, this together with the commissioning phase of new equipment at our new site has resulted in an increase in Scope 2 emissions, using location-based EF's for the 100% renewable electricity. The reduction in gas utilisation across both UK sites, resulted in a reduction in Scope 1 emissions. In the USA, having brought the coffee extraction process in-house, we have seen an uplift in Scope 1 emissions. However, this has been balanced by a comparative decrease in Scope 2 emissions, due to the current product mix during the year requiring less energy-intensive processes such as distillation. The impacts of this to our carbon targets can be seen below in the short-term carbon reduction targets table.

Category	2023 (tonnes of CO_2e)	2022 (tonnes of CO_2e)	2021 (tonnes of CO_2e)
Scope 1 – UK	**431**	629	462
Scope 2 – location-based UK	**611**	562	464
Scope 2 – market-based UK	**0**	0	0
Scope 1 – USA	**1,805**	1,348	1,482
Scope 2 – location-based USA	**1,643**	2,007	2,100
Scope 2 – market-based USA	**N/A**	N/A	N/A
Total global Scope 1 and 2 (location-based) emissions	**4,490**	4,546	4,508 (restated)
Intensity ratio KG CO_2 emissions (Scope 1 and 2) per kg of product shipped (location-based)	**0.61**	0.52	0.46 (restated)
Scope 3:			Not measured
Purchased goods and services (spend-based)	**54,991**	51,177	
Fuel and energy-related activities (average-data method)	**530**	832	
Upstream transportation and distribution (distanced-based)	**3,692**	5,005	
Waste generated in operations (waste-type specific)	**1,319**	838	
Business travel (distance-based)	**189**	181	
Upstream leased assets (average-data method)	**15**	14	
Downstream transportation and distribution (distance-based)	**3,221**	4,797	
Total Scope 3 emissions	**63,957**	62,844	Not measured
Total Scope 1, 2 and 3 emissions	**68,447**	67,390	Not measured

2022 and 2023 figures refer to the 52 weeks ending 30 September 2022 and 2023, respectively.

Notes
1 The Group has adopted a greenhouse gas reporting policy and a management system based on the GHG Protocol.
2 As defined by the GHG Protocol, Scope 1 and 2 emissions relate to emissions from activities within the operational control of the Group. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.
3 Emissions for previous years are retrospectively adjusted as and when more accurate data is provided.
4 The sales office in China is currently excluded on the basis that emissions from utility consumption are estimated to be less than a materiality threshold of 5% of overall Group emissions.
5 Data has been accurately recorded from invoices, meter and mileage readings. GHG emissions detailed in the table have been calculated using the appropriate 2023 DEFRA conversion factors, except for overseas electricity which used the 2023 IEA conversion factor for reporting consistency.
6 GHG Protocol chiller emissions are derived from those specified under Kyoto Protocol. However, other greenhouse gas emissions may be emitted that are not covered under GHG Protocol Scope 1 and are required to be reported separately. In FY2023, the Group chiller emissions that fall outside of GHG protocol, namely those identified under Montreal Protocol and others, totalled 7 tonnes (2022: 9.5 tonnes).

SUSTAINABILITY CONTINUED

Energy efficiency actions

Following our energy, water and waste audits of our US and UK manufacturing sites in 2022, we have identified approximately 30 energy efficiency projects which will reduce both costs and GHG emissions. As we have recently moved all of our UK operations into a new BREEAM-certified manufacturing site in Suffolk, UK, our focus in 2023 has continued at our site in Florida, USA building on those projects implemented in 2022.

To date these include adding new pumps with variable speed drivers to our processes, upgrading our air compressing systems by adding variable speed drivers, all of which provide greater energy efficiencies. We have also carried out extensive steam trap surveys and pipe insulation, improved auto-defrost for enhanced freezer management, optimised air conditioning controls and applied vacuum pump inverters to enhance motor efficiencies. For projects completed in FY2023 we anticipate achieving an annual reduction of 267 tonnes CO_2e at our US facility and contributing to our short-term target.

In 2024 we plan to introduce further meter and monitoring across our manufacturing processes in the USA, allowing us to better determine consumption of specific processes and in turn determine further efficiencies. We are also investing in projects such as steam boiler and efficiency upgrades and seeking specialist support in better utilisation of refrigeration space, to help maximise capacity and efficiencies next year. To further support our efforts during the year we have also set internal KPI's around electricity, gas and water consumption at our US facilities and are exploring setting these in the UK too.

Positive changes to our UK forklift truck fleet

Site	Forklift fleet details	Emissions
Old UK site (2021)	7 diesel/gas forklifts	27 tonnes CO_2*
New UK site (2023)	13 electric forklifts	0 tonnes CO_2 (market-based)

* Based on propane and gas consumption in the period, and Defra conversion factors 2021, using FY2021 as a baseline, as was the nearest period ahead of dual site running for comparison.

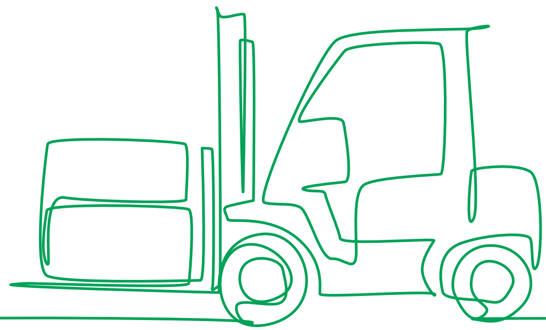
Energy consumed

Energy type		2023 (MWh)	2022 (MWh)	2021 (MWh)
Electricity	UK	**0**	0	0
	USA	**4,452**	4,750	4,609
Renewable electricity procured	UK	**2,948**	2,905	2,186
	USA	**0**	0	0
Natural gas	UK	**1,897**	2,503	2,510
	USA	**8,219**	5,769	6,729
Other fuel	UK	**207**	255	226
	USA	**81**	136	91
Group		**17,804**	16,318	16,351

Summary of targets used to manage climate-related risks, opportunities and performance

Climate-related risk	Target
Energy and carbon pricing within our control	42% absolute reduction in Scope 1 and 2 emissions by 2030
Short-term energy efficiency across US manufacturing site	10% absolute reduction in Scope 1 and 2 emissions by 2025
Citrus oil sourcing	Engage with top ten citrus suppliers to ensure that 100% have a water stress management plan in place by 2025

Climate-related opportunity	Target
Decarbonising manufacturing	42% absolute reduction in Scope 1 and 2 emissions by 2030
Sustainable procurement	During 2024 determine relevant categories and explore opportunities for further certified raw materials



PLANET CONTINUED

BUSINESS TRAVEL AND TREE PLANTING

We continue to question what we determine to be necessary travel in recognition of the need for urgent climate action. To provide a more nature positive solution to help mitigate necessary air travel we continue to invest in a tree planting programme. The programme, managed by Trees4Travel, involves planting ten trees for each flight booked departing from the UK (our most travelled route). It is predicted that each tree will absorb 164.1kgs of CO_2 in its first ten years, the programme also invests in a United Nations Certified Emissions Reduction renewable energy project which effectively doubles these emission saving promises. In total 2,493 trees will be planted as a result of travel during the year (2022: 1,252). In 2022, 770 trees were planted as part of a reforestation project in Haiti, a further 860 trees have been planted there this year. Over time, the native species planted will provide jobs and a much-needed source of revenue to the local communities. During the year 570 mangroves have also been planted in a degraded mangrove forest on the east coast of Kenya. Over 90% of Kenya has been deforested and 42% of the population live below the poverty line.

We hope this initiative can help tackle poverty and deliver climate, biodiversity and local-level benefits to these communities.

WASTE

Whilst we are responsible for our waste from the point it is produced until it is transferred to an authorised body, our duty of care for the waste we produce does not end there; it extends along the entire chain of waste management, ensuring that the company accepting our waste holds the relevant registrations and permits for transportation and final recovery or disposal. Our new purpose-built facilities, together with new ways of working, are providing opportunities to find ways to manage waste differently, with the environment in mind.

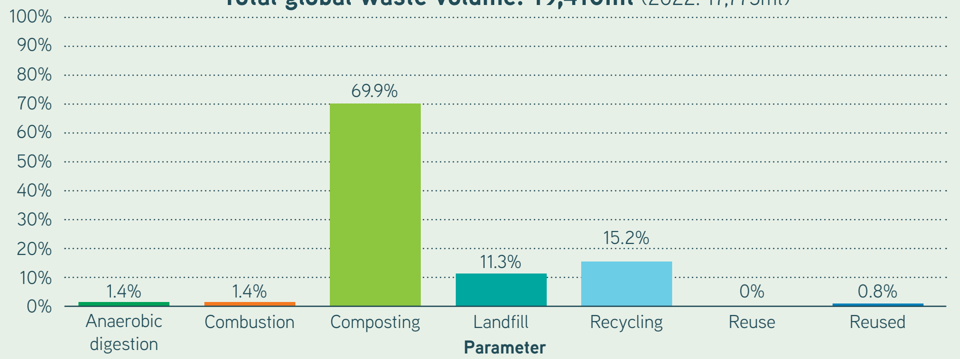
To focus our efforts on reducing waste first and ensuring as little as possible goes to landfill we use the hierarchy of waste management. Using this alongside our Scope 3 waste data has helped us to focus on the hot spots in our waste streams. All whilst staying on top of evolving opportunities to further segment other streams for reuse, recycling or recovery and supporting the circular economy.

Our circular approach to waste

Our circular approach for a number of our other waste streams, including honey, citrus and watermelon, can be seen in the sustainability section of our website. With a higher waste footprint in the USA, we are striving to determine alternative service providers for our waste, particularly in redirecting waste going to landfill. As such in the last few months, we have started working with a green waste processor in Florida to reuse our spent coffee grounds to create high-quality compost. As an anticipated growth category for the business, the re-direction of this waste stream will play a significant part in our Scope 3 emissions waste reduction plan, for which a case study features in the sustainability section of our website.

Previously going to landfill, we anticipate a reduction of 520kg of CO_2e per tonne of coffee waste*.

Total global waste volume: 19,410mt (2022: 17,775mt)

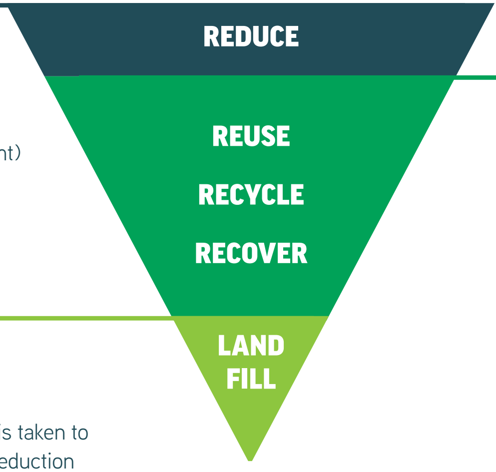


Tree planting in Haiti, image courtesy of Eden Reforestation Projects.

* Source: DEFRA emission factors (2023) for commercial and industrial waste to landfill.

WASTE MANAGEMENT PYRAMID

As a business, we have a responsibility to ensure we produce, store, transport and dispose of business waste to reduce our impact on the environment. Further to improvements made over previous years, this year we have made the following positive actions with our waste management.



REDUCE

- 41% reduction in food waste from our catering facility in the UK, due to improved planning and processing: 3.38mt (2022: 5.74mt)
- 5% reduction in non-hazardous waste for the Group: 16,344mt (2022: 17,112mt)

REUSE/RECYCLE/RECOVER

- Where possible, UK-used drums are reused internally or recycled
- 4.1mt of UK cardboard was recycled
- 100% pallets are reused or recycled in the UK
- 100% of our coffee waste in the USA now goes to make compost
- 99% of hazardous waste (3,063mt out of 3,065mt) was recovered, incinerated or recycled across the Group
- All watermelon cardboard packaging returned to supplier for reuse

LANDFILL

- 0% waste to landfill in the UK
- In the USA we have introduced a crusher service to compact waste before it is taken to landfill, reducing volume and loads required, for which we estimate a 66.3% reduction in transportation emissions whilst we work on seeking alternative services to landfill

WATER EFFICIENCY

We have always monitored and sought to improve our water usage and water efficiency. Wastewater management is an integral factor as we adopt principles of operational excellence within our processes. To enable more effective water monitoring, a wastewater flow meter has been installed at our US facility. The meter now allows for more accurate understanding of our 'water consumption', rather than our water usage being, based on 'water withdrawn'.

This is reflected in our water consumption table:

Water consumption	2023	2022
Total water withdrawn (m^3)	**106,598**	57,529
Total wastewater[1] (m^3)	**88,654**	4,380[2]
Total water consumed[1] (m^3)	**17,943**	53,149[3]
Water efficiency (litres per kg of product shipped)	**2.44**	5.95

1 Our water reporting has historically been based on all water withdrawn and hence reported as 'water used'. For 2023, since installing a wastewater flow meter in the US, this is determined by deducting our wastewater volumes from our water withdrawal. Using this alongside wastewater billing in the UK, based on consumption being 10% of withdrawal. We exclude the aquifer in the USA which operates a closed loop system.

2 UK only.

3 Water used.

Although our water efficiency now shows a significant improvement, having brought processes in-house during the year in the USA along with variations in our product mix, we've seen an increase in our water withdrawal. As such, to allow us to look more closely at our water intensive manufacturing processes in the US, we have installed further functionality to two water meters, which will enable us to determine potential water savings at various stages of the process.

Our UK facility includes several water efficiency measures, from automatic leak detection to self-closing push button taps, resulting in a scoring of 67% for water efficiency under BREEAM.

Our energy, waste and water audit reports suggested several water-saving improvements to our manufacturing facilities. A proposed rainwater harvesting system for the UK, collecting rainwater from the roof, could provide an annual supply of 3,000m^3, more than covering our grey water needs on site.

PLANET CONTINUED

SUSTAINABLE SHIPPING

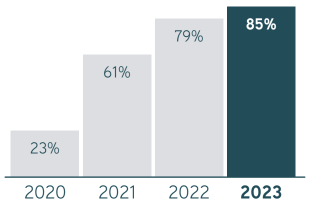
Treatt continues to face challenges in this area with over 1,600 different products being shipped via 74 countries, with shipment quantities varying from 25 grammes to 20 tonnes and we are working to increase the sustainability of our logistics operations.

During the year we continued to monitor the shipping methods used for export, calculating total shipments by each carrier.

We have also evaluated imports to provide our logistics operation a more comprehensive perspective.

We are selecting and continuing to assess companies we believe offer 'sustainable shipping'* methods. We conduct due diligence before working with new carriers and evaluate their sustainability policies as part of that process. This gives us the assurance that, when we transport our goods across the globe, we will be supporting ethical and sustainable business practices in the shipping sector.

Percentage of sustainable shipments*

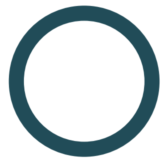


70% of shipments by road

- Road shipments using sustainable carrier 70%
- Road shipments using non-sustainable carrier 30%

100% of shipments by sea

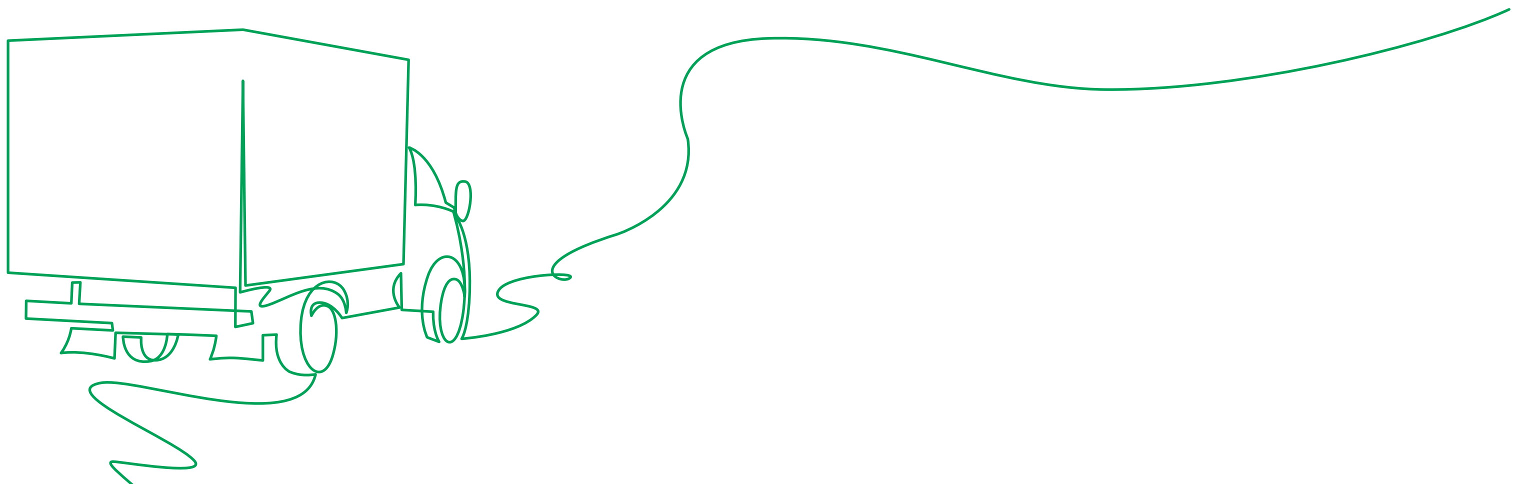
- Sea shipments using sustainable carrier 100%
- Sea shipments using non-sustainable carrier 0%



100% of shipments by air

- Air shipments using sustainable carrier 100%
- Air shipments using non-sustainable carrier 0%

* A carrier is classified as being a 'sustainable shipping' carrier if they have confirmed to Treatt that they have an established sustainability strategy and/or clear sustainability objectives which are monitored, benchmarked, and reported (for example published environmental goals like zero carbon by a set date). Any carrier that does not have either a sustainability strategy or any monitored and published sustainability objectives will not be considered as being a sustainable shipping carrier by Treatt.

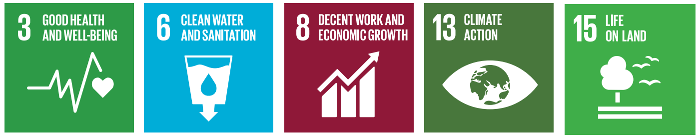


PERFORMANCE

Strong governance & sustainable sourcing

Strong governance is essential to corporate success with the ever-increasing focus on sustainability, driven by both a desire to be responsible and rising shareholder interest. It is essential that we have key decision-makers in the business involved in governance to ensure alignment with both potential impacts of our day-to-day activities together with our longer-term plans.

RELEVANT UN SDGs



In order to drive improvements and show that we are making progress, we are aware that non-financial KPIs are essential and as such further KPIs have been shared particularly around our supply chain which can be seen on pages 48 and 49.

Consumers are becoming more concerned with how food is produced and how it affects both people and the environment. To strengthen insights and openness with our suppliers we have intensified our efforts this year. More information on our strategy for responsible and sustainable procurement follows on pages 48 and 49.

PRIORITY:

Ensuring appropriate governance of sustainability

Our focus: Ensure sustainability is embedded in decision-making. Ensure that the right policies are in place and that we set and report against targets.

The success of our sustainability strategy sits with our people. During the last six months an ESG governance structure has been developed that provides a framework to further accelerate our efforts (see more in our TCFD disclosure on pages 36 to 43). With regards to our ESG strategy and execution, the ESG Working Group has been revisited, bringing in more key members and splitting the team into three focused groups around People, Planet and Performance to support the direction provided by the ESG Management Group and the ESG Board Advisory Panel.

As a result, colleagues have been working together across the business on our key priorities to ensure our collective efforts make for positive and measurable change. We further encourage engagement by continuing to share success stories via our internal magazine which has a regular sustainability feature.

This new structure further supports the integration of sustainability to our business strategy as we move forward, ensuring sustainability is integral to the '7Cs of how we win', see page 17. Our Global Sustainability Manager has supported this integration into our strategy development.

From FY2024 we will also look to increase accountability for sustainability on all projects by adding measurable parameters to the current sustainability assessment already in our capex assessment process. This will provide further information regarding any contribution to our net zero pathway, water efficiencies and waste reduction along with information sought to ensure we understand any potential impact on our people.

PRIORITY:

Determining and reviewing relevant non-financial KPIs

During the year we have continued to assess and, in many cases, deliver on improving our non-financial KPIs, many of which are summarised on page 23. We have also introduced KPIs across our strategy, from improving how we report on our training to increasing KPIs around our sustainable and responsible sourcing, see pages 29, 47 and 48. We will continue to monitor against these and additional metrics as required to drive continuous improvement.

PERFORMANCE CONTINUED

PRIORITY:

Building a responsible and sustainable supply chain

Our focus: Increase transparency, reduce risks and ensure responsible sourcing throughout our supply chain.

As markets continue to fluctuate, the importance of retaining strong supplier relationships is critical. In order to ensure a positive influence on the communities with whom we work and to uphold our commitment to sustainable, ethical, and responsible business practices, we are working to ensure our suppliers act with integrity and respect for both human rights and the environment. During the year, we have continued to connect with our suppliers to further discuss how they align with our sustainability programme.

Progress on our strategy

Following last year's initial roll out of our responsible and sustainable sourcing policy to suppliers in our largest category of citrus, we have continued to engage suppliers in our other key ingredient procurement categories, completing our target of engaging with all key suppliers in our raw material supply chain by the end of 2023.

In each category, suppliers are asked to commit to our enhanced supplier code of conduct and to complete an enhanced self-assessment questionnaire, which asks for information on their management of human and labour rights, environmental impact, carbon and GHG emissions, and sustainable agriculture at source.

We assess this information against our policy and where necessary encourage suppliers to make improvements.

This year we're pleased to report further KPIs in this area, focusing on our citrus supply chain, as set out below.

Supply chain prioritisation and ESG risk assessment

Our responsible and sustainable supply chain strategy focuses our efforts in each category with our priority suppliers. This group of suppliers were identified at the beginning of the year as likely to provide the highest volumes in the category (covering a minimum of 75% of supply), who supply critical ingredients or are key partners in meeting customer and business needs.

This year we carried out an assessment of the inherent social, environmental and governance risks within our ingredient supply chains to inform our strategy, and ensure we focus our improvement efforts with those suppliers and supply chains where we can have the most impact. To do this we have used information on the location of suppliers' processing sites, as well as ingredient origin location and the nature of the ingredient itself. For our citrus category we identified water stress and energy use in processing as key areas of focus, as well as water stress and use of migrant labour in all producing areas.

We will continue to work with our suppliers to understand how they determine and address these risks in their operations and supply chains. See more on this in our TCFD disclosure on pages 36 to 43.

Looking ahead

In 2024 we will continue to gather and report KPI data for priority suppliers in all categories and begin work with suppliers on areas identified as priority issues in our supply chain, including water stress and carbon emissions.

This will enable us to work more closely with suppliers on shared challenges and initiatives, while continuing to provide our customers with a greater degree of reassurance, traceability, and transparency in the supply chain. We will build our KPIs into other categories as we build out the data provided from this assessment.

Transparency through SEDEX

The Group is pleased to be both a supplier and buyer member of SEDEX; a global membership organisation dedicated to driving improvements in responsible business practices in global supply chains, by enabling buyers and suppliers to share data.

69%

of our total citrus volume for FY2023 was sourced from suppliers who adhered to our responsible and sustainable sourcing policy (i.e. completing our self-assessment questionnaire and signing our supplier code of conduct)

69%

of all citrus volume was procured from sites that have been SMETA 4-pillar audited

Being both a supplier and buyer member allows our customers to access our compliance to SEDEX's standards which are verified by independent SEDEX Members Ethical Trade Audits (SMETA 4-pillar). It also allows us to create links to our suppliers to access information on their audit status so we can monitor their compliance.

This year we have seen an increase in the number of suppliers registered with SEDEX, as we've continued to roll out our responsible and sustainably sourcing policy, which encourages our suppliers to become members. We continue to measure the number of members audited by SEDEX's standards and verified by independent SMETA 4-pillar audits, which are featured below. Also sharing our citrus volume procured from suppliers that are registered with SEDEX, we aim to encourage those supplier members not yet registered or audited across our supply chain to do so. Dealing with SEDEX members, or those registered with similar third-party organisations, gives us comfort that they are audited to a professional standard and adhere to high standards of governance and ethics.

Percentage of our suppliers that are SEDEX registered

	2023	2022
Percentage of our suppliers that are SEDEX registered	**51%**	46%
Percentage of suppliers sites with SMETA 4-pillar audits on SEDEX	**38%**	27%
Percentage of citrus volume procured from suppliers registered with SEDEX	**78%**[1]	81%

1 In 2022 the percentage shown was from our priority citrus suppliers, for 2023 this included all citrus suppliers.

SUSTAINABILITY CONTINUED

Looking ahead
In 2024 we will encourage priority suppliers, not yet registered or audited across all our supply chains to do so, particularly those identified as operating in locations with higher risk of non-compliance.

Procurement – CIPS membership
The majority of our procurement team hold membership of the Chartered Institute of Procurement and Supply (CIPS), a professional body that ensures that procurement and supply chain management professionals have the knowledge and capabilities to deliver sustainability goals for their organisations, with significant focus on ethical and responsible sourcing. Our aim is that our entire global procurement team is CIPS qualified at any given time.

Certifications, memberships and ratings
A wide range of standards help provide additional reassurance as to where we are on our sustainability journey. These certifications, memberships and ratings provide both a benchmark for our performance and enable us to see where we can improve the sustainability of our business and collaborate further to improve our industry's sustainability.

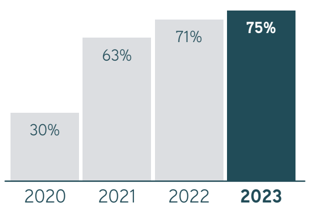
SAI platform
The SAI platform is a non-profit network of over 170 members who are united in the shared goal of solving global agricultural challenges to grow a sustainable, healthy and resilient sector while creating strong and secure supply chains.

As members of the SAI platform we have key roles in a number of projects including that of the SAI Platform Florida Orange Sustainability Accelerator Project which hit its objective of FSA verification in 80% of Florida orange production in 2022.

Discussions are underway on how this could roll out to core markets such as Brazil, for which we would be a key intermediary in implementing this best practice. As part of our sustainability strategy, we are proud to be a founding partner of the SAI Platform's Regenerative Agriculture Programme, helping to drive positive change for a sustainable, thriving and more resilient agriculture sector. There is a blog on our website for more information on this programme.

Rainforest Alliance
Our facility in the USA is proud to hold Rainforest Alliance Supply Chain certification, where we are able to buy and sell specific products with the Rainforest Alliance (RFA) certification seal. The RFA is an international non-profit organisation working at the intersection of business, agriculture, and forests to make responsible business normal. The RFA's standards enforce human rights to reduce child labour and human trafficking, reduce deforestation and greenhouse gas emissions and ensure consumers and suppliers are investing back into the environment in which the certified crop is grown. During the year we have increased our procurement of RFA-certified tea and are exploring opportunities with other raw materials.

RFA% of total tea raw material



EcoVadis
We are proud to have retained our silver standard from EcoVadis who provide a ratings platform to assess corporate social responsibility and sustainable procurement for tens of thousands of companies, providing a common platform, universal scorecard, benchmarks and performance improvement tools. With our silver sustainability rating we are among the top 25% of companies assessed by EcoVadis.

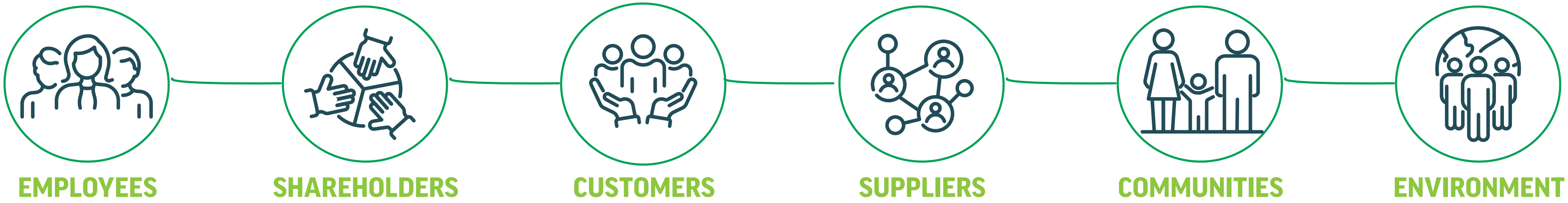
Carbon disclosure project (CDP)
CDP is a not-for-profit charity that runs a global disclosure system enabling investors, businesses, cities, states and regions to manage their environmental impacts. We disclose to this system to enable transparency of our progress with our stakeholders. Our 2022 CDP scores for climate and water were D and C respectively. The 2023 scores will be released early in 2024 and will reflect the progress we made in 2022, as unfortunately our financial year doesn't align with CDP admissions periods.

IFRA/IOFI
Treatt is a signatory to the IFRA/IOFI Sustainability Charter to further our involvement with sustainability initiatives, specifically within our business sector. Through this voluntary initiative, the flavour and fragrance industry seek to encourage enhancements in the field of sustainability, providing a framework to enable sharing and benchmarking of the industry's commitment to sustainable development.

Food safety standards
Both of our sites in Bury St Edmunds, UK and Lakeland, USA, are certified to the BRCGS global standard for food safety. Each site is audited annually to this standard and both sites have achieved AA grades in 2023. Our first year of certification was 2012 and we must constantly review our processes to remain certified and put additional control plans in place.

STAKEHOLDER ENGAGEMENT

SECTION 172



Central to the Company's ability to create long-term value is its understanding of the needs of all stakeholders. By understanding those needs the Board is able to ensure that it can best promote the success of the Company, fully aware of its impacts on stakeholders and the environment, ultimately acting in the best interests of its members as a whole. In the event a decision had to be made that was not favourable to all stakeholder groups, steps would be taken to mitigate any negative impacts as far as possible.

At an operational level, engagement with stakeholders is reported to the Board via the Executive Directors and the Business Leadership Team, both via reports and in person. Reports submitted to the Board highlight positive, negative and potential impacts of the subject matter on key stakeholders. This provides the Board with insight into the effect of our business on our stakeholders. Board meetings include time dedicated to discussion on different stakeholder groups; the views and feedback from various stakeholders in respect of the Group's approach to ESG have been carefully considered. Further details can be found on pages 38 and 39.

Section 172 of the Companies Act 2006 requires Directors to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard, amongst other matters, to:

A	The likely consequences of any decision in the long term	Page 50
B	The interests of the Company's employees	Pages 50 to 51
C	The need to foster the Company's business relationships with suppliers, customers and others	Pages 51 to 52
D	The impact of the Company's operations on the community and the environment	Page 53
E	The desirability of the Company maintaining a reputation for high standards of business conduct	Pages 26, 70, 71
F	The need to act fairly as between members of the Company	Pages 51, 72, 73

EMPLOYEES

Why we engage:

Our employees are essential to the success of our business; our culture and our commitment to our purpose and values drives our business performance. We engage with our people regularly and seek to create an environment in which all employees feel happy and supported. Further details on our culture can be found on pages 27 to 34.

How we engaged:

Our culture is supported by maintaining an open and active dialogue across the business. Direct engagement took place through open door Employee Voice sessions led by the Chair and designated Non-executive Director. Additional events, attended by all Board members on days of Board meetings, were held in the UK and US with a broad range of colleagues to facilitate more informal engagement.

The Executive Directors regularly communicate across the business and engaged through results presentations, at the half and full year.

STAKEHOLDER ENGAGEMENT CONTINUED

Indirect engagement reported to the Board included:

- Executive Director town hall meetings with Q&A sessions
- Informal 'cuppa' sessions and 'coffee connections' with the Executive Directors and senior leadership
- Wellbeing workshops for mental health awareness week focused on resilience and work-life balance and reducing the stigma around mental health conditions
- Monthly updates on key initiatives, areas of focus and successes via a dedicated newsletter to all employees
- The reinstatement of the safety, health and environment (SHE) champions, as detailed on page 32
- The formation of a global equality, diversity and Inclusion (ED&I) Allies Network, see page 30
- We considered our purpose and values and how these components feed into our high-performing culture. Culture Ambassadors and Cultural Influencers from across the Group considered and relaunched our values by way of workshops and interactive presentations see page 27
- We held 'lunch with the Board sessions' to provide our employees and Board an opportunity to mix in an informal setting

What we discussed:

Key topics of engagement:

- Implementation of the five-year strategy
- Information on customer wins and financial results
- Organisational design including culture and leadership
- Sustainability at Treatt
- Mental, physical and financial wellbeing
- Executive remuneration
- A celebration of our heritage marked by the closure of the former UK site
- Gaining a better understanding of the diverse groups which make up our workforce to ensure an equitable and inclusive company culture
- Cultural values are a vital part of our ability to deliver an employee value proposition that enhances our employee and stakeholder experience, see page 28

Board considerations:

- Feedback received from Employee Voice sessions was discussed at subsequent Board meetings and action taken by management where appropriate
- Any feedback received on executive remuneration was discussed by the Remuneration Committee and considered in the context of its discussions
- The Board approved changes to leadership positions below Board level and the composition of the Business Leadership Team, reporting to the Executive Directors, to drive future performance
- The importance of culture was discussed in the context of managing change, the importance of regular communication with all employees to alleviate uncertainty that might be felt and ensuring that change does not negatively impact the culture
- The Board approved free and matching share awards under the SIP and a grant of options under the all employee share save schemes

SHAREHOLDERS

Why we engage:

It is important that all shareholders have confidence in our business and how it is managed, whether institutional investors, private individuals or employee shareholders. The views of our shareholders inform our decision-making and engagement with them enables us to explain our strategic goals.

How we engaged:

Our well-attended Annual General Meeting in January 2023 enabled direct engagement with shareholders.

Our Executive Directors met with current and prospective shareholders during the year, providing an overview of our business and the industry in which we operate. They also presented annual and half year results to institutional investors. These presentations and webcasts were made available to all shareholders through the Group website.

Our Global Sustainability Manager has engaged with several shareholders in respect of matters of particular interest to them relating to sustainability.

Consultation provides us with an opportunity to gauge shareholder opinion and respond to any concerns raised. During October 2023, our Board Chair and Chair of Remuneration Committee engaged with institutional investors on governance matters.

What we discussed:

Key topics of engagement:

- Our financial results and performance, providing opportunities for our shareholders to ask questions to better understand our business
- Relocation to our new UK Headquarters and closure of the former UK site
- The conflict in Ukraine, sanctions against Russia and impact on our business
- Global logistical issues
- Global destocking pressures
- Inflationary pressures
- Growth in China
- Progress on sustainability
- Board composition, time given to Treatt and Management remuneration

Board considerations:

- The Board proposed a final dividend for FY2022 and approved an interim dividend for FY2023. In deciding dividend levels, the Board considered its dividend policy, the impact on the Group's cash position, investment needs and relevant borrowing covenants
- Continued oversight of the site relocation and closure of our former Northern Way site in Bury St Edmunds
- Board membership reviewed and discussion held to ensure each Director is able to devote sufficient time to Treatt
- Remuneration of management team reviewed to ensure alignment with shareholder interests

STAKEHOLDER ENGAGEMENT CONTINUED

CUSTOMERS

Why we engage:
It is important that we understand our customers' requirements to allow us to deliver the products and service they need and to inform our research and development. Customer feedback and support is crucial to the success of our business.

How we engaged:
The Executive Directors have met with a number of customers during the course of the year both at their premises and at Treatt. The Board indirectly engages with customers at an operational level through members of the Business Leadership Team and their teams:

- Listening to our customers and their needs through key account management relationships
- Working directly with relevant customer departments on sustainability, technical, regulatory, logistics and any matters of concern
- Face-to-face visits and calls with customers, with relevant Treatt specialists in attendance, enabled us to discuss a wide variety of matters and seek feedback on our performance

What we discussed:
Key topics of engagement:

- Service levels and the impact of global logistics issues on lead times
- The conflict in Ukraine, sanctions against Russia and any impact on our supply chain
- Global destocking pressures
- Inflationary pressures
- Customer needs and consumer trends, to enable us to develop suitable products to meet their needs
- Relocation of all production to our new UK Headquarters and closure of our former UK site
- Our approach to sustainability

Board decisions:
- Approval of our ESG structure to further embed sustainability within our business, ensuring that we continue to meet the sustainability needs of our customers
- Continued oversight of the financial position of the business, including the level of inventory required to be held by the Group to meet customer demand
- Receipt of a report on customer engagement

SUPPLIERS

Why we engage:
We have a strong supplier base located all over the world with which, in order to grow sustainably, we need to develop and maintain close relationships. Our suppliers are fundamental to the quality and sustainability of the products we offer our customers. It is important to us to deal with suppliers who are committed to Treatt and our values.

How we engaged:
The Executive Directors have been involved in a number of supplier meetings during the course of the year. The Board indirectly engages with suppliers through our procurement team, who are responsible for our supply chain relationships. They engaged with our suppliers through:

- Regular virtual and face-to-face meetings
- Attendance at discussions with other founding members of the regenerative agriculture programme run by the SAI Platform, a value chain initiative for sustainable agriculture
- The supplier qualification and requalification process
- Attendance at industry events including the International Citrus & Beverage Conference and British Essential Oil Association conference

What we discussed:
Key topics of engagement:

- Continuity of the supply chain, business continuity planning, global logistics issues and lead time delays
- Our responsible and sustainable sourcing policy in which we set out our expectation of suppliers for sustainable and responsible raw material sourcing
- Our supplier code of conduct, which places greater environmental expectation on our suppliers of raw materials

Board considerations:
- Receipt of a report on supplier engagement including the latest payment practices

STAKEHOLDER ENGAGEMENT CONTINUED

COMMUNITIES

Why we engage:

We care deeply about the communities in which we operate, and have spent time developing relationships to provide support and opportunities where we are able to do so. It is important that Treatt fosters the best possible reputation in the communities where we operate and from which we recruit to enable us to attract the best talent.

How we engaged:

Community relationships are managed locally with the involvement of the Executive Directors and with each subsidiary focusing on the community groups, projects and initiatives which are important to them via a number of initiatives including:

- Providing financial and non-financial donations to community projects and charities
- Enterprise Advisors working closely with local schools to support careers education through virtual assemblies and collaborative projects
- Regular meetings with community, charity and school contacts
- Group-wide charity fundraisers increasing awareness of their causes, whilst raising vital funds to support their services
- Hosting a business breakfast held by Suffolk Mind at our UK site, attended by Board members as well as the wider Treatt team

Further details of our work with local communities can be found on pages 33 and 34.

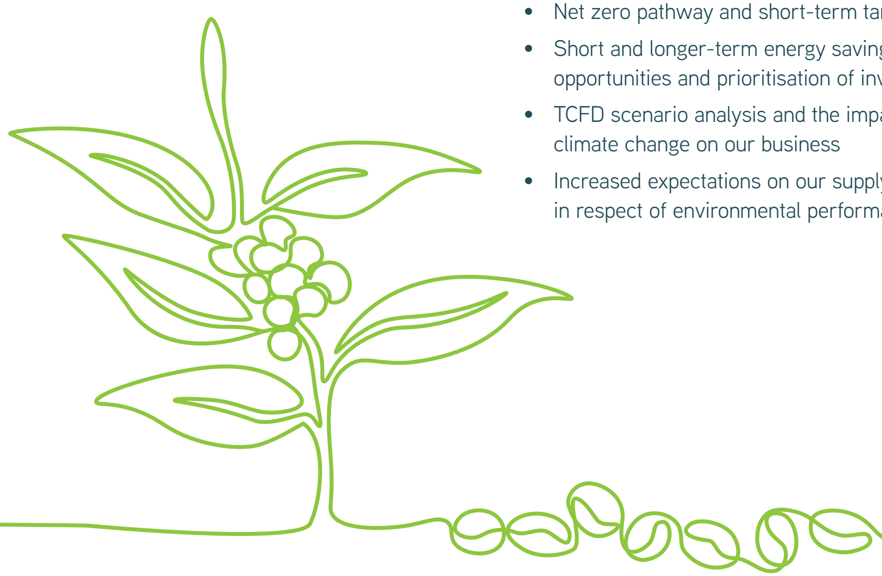
What we discussed:

Key topics of engagement:

- How we can provide assistance to charity partners
- Sponsorship
- Volunteering
- Donations

Board considerations:

- Receipt of a report on community engagement activities



ENVIRONMENT

Why we engage:

The natural environment is of considerable importance to our business and the supply of natural raw materials. We know that we must make a positive contribution to our environment and the sustainability of our products.

How we engaged:

Continuing to work with consultants, using our energy, waste and water audits, to develop our net zero pathway via SBTi methodology

Energy audit of our UK and US facilities to identify energy saving opportunities.

Group-wide initiative for the Great Big Green Week with various activities to ensure that the effect of climate change remains a focus within Treatt.

What we discussed:

Key topics of engagement:

- Net zero pathway and short-term targets
- Short and longer-term energy saving opportunities and prioritisation of investment
- TCFD scenario analysis and the impact of climate change on our business
- Increased expectations on our supply chain in respect of environmental performance

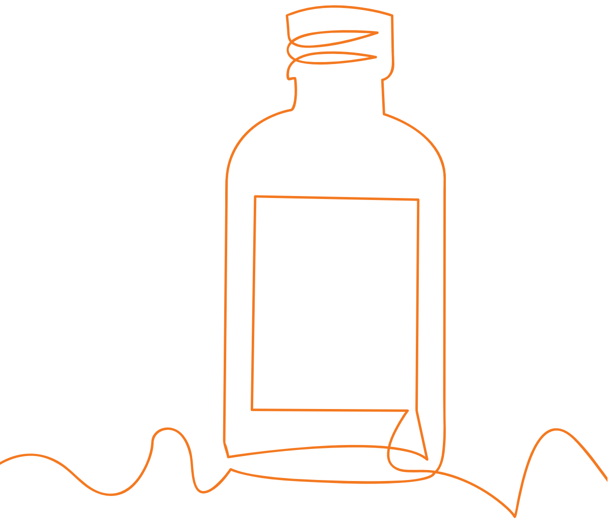
Board considerations:

- Approval of capital expenditure projects for energy saving initiatives
- Approval of our ESG governance structure, including the formation of a ESG Board Advisory Panel, to enable effective information and decision-making in respect of climate change and environmental matters
- Approval of the SBTi methodology for our net zero pathway
- Approval of a short-term SBTi aligned target
- Approval of FY2022 as the baseline year for future comparisons
- Approval of our second TCFD disclosure on pages 36 to 43
- Receipt of a report at every meeting on progress against our ESG strategy and an annual presentation from our Global Sustainability Manager

FINANCIAL REVIEW

Resilient revenue performance."

Ryan Govender
Chief Financial Officer



OVERVIEW

I am pleased with the return to growth in 2023. Revenue, profit before tax and exceptionals, and adjusted EBITDA[1] are all in growth which reflects the successful price increase programme and embedding of cost disciplines to offset macro inflation and customer destocking.

Having implemented a revised currency management strategy, providing increased visibility and controls over our currency exposures, foreign exchange impacts during the year were successfully managed.

With the transition to the new UK site complete and the closure of the old UK site at Northern Way, capital expenditure has returned to normalised levels. The Group completed refinancing of the UK bank facility for £25m with HSBC, and US facility of $25m with Bank of America for a minimum of three years. These facilities mean the Group is set up for future growth.

We launched our new strategy during the year with a focus on sales volume and innovation led growth. We have world class people and well-invested infrastructure globally with available capacity. Our strong customer base and strategic relevance in the beverage market gives me belief that we can grow our core, premium and new markets, resulting in improvement in profit and operating margins over the medium term.

I would like to thank Daemmon Reeve for his leadership of the business, during his eleven year tenure as CEO, and wish him the very best in retirement.

1 EBITDA is calculated as profit before interest, tax, depreciation and amortisation from continuing operations. See note 31 in the financial statements.

INCOME STATEMENT

Revenue

Revenue for the year increased by 5% to £147.4m (2022: £140.2m). In constant currency terms, revenue increased by 3%. Annual growth was delivered mainly through price increase despite a challenging macro environment and sector destocking, particularly in H2. Sales price increases were successfully implemented to offset raw material price inflation. Value-added beverage volumes declined moderately while as a result of strategic shedding of lower margin commoditised products and sector destocking, commodity volumes declined more significantly.

Heritage categories, which includes citrus (excluding China and Treattzest), herbs, spices & florals and synthetic aroma grew by 1% with revenue of £97.6m (2022: £96.6m). Citrus margins, mainly driven by price increases, improved across several products while customer destocking and a decrease in demand for alternative proteins adversely impacted sales of synthetic aroma and herbs, spices & florals.

Premium categories, which include tea, health & wellness and fruit & vegetables, were in line with the prior year with revenue of £33.7m (2022: £33.6m). Fruit & vegetables has shown growth in passionfruit, cucumber and mango, while sugar reduction products are well established in health & wellness with growth opportunities in new customers and regions. Tea volumes declined with lower US sales, partially offset by price increase.

New markets, which include coffee, China and Treattzest citrus, grew by 61% with revenue of £16.1m (2022: £10.0m). Coffee growth was significant in the year, with revenue of £5.0m in the year with a focus on the premium cold brew coffee and ready-to-drink markets.

China continues to make encouraging progress, in line with management expectations, as citrus gains momentum in regional FMCG customers, with revenue of £9.5m (2022 £7.9m).

Categories % share of revenue	2023	2022
Citrus	**53%**	48%
Tea	**5%**	6%
Health & wellness	**8%**	8%
Fruit & vegetables	**11%**	10%
Herbs, spices & florals	**7%**	9%
Synthetic aroma	**13%**	18%
Coffee	**3%**	1%

Geographical % share of revenue	2023	2022
UK	**6%**	7%
Germany	**4%**	6%
Ireland	**10%**	8%
Rest of Europe	**9%**	10%
USA	**42%**	38%
Rest of the Americas	**9%**	9%
China	**7%**	6%
Rest of the World	**13%**	16%

Geographical analysis of revenues shows that the UK and Europe declined, whereas the USA grew significantly. Europe declined due to the impact of destocking, particularly in synthetic aroma, more heavily in H2.

Revenue in the Group's largest market, the USA, grew by 14% to £61.4m (2022: £53.7m) representing 42% of the Group total (2022: 38.3%). Within the US, the Group benefited from particularly strong growth in citrus, mainly driven by price increases.

FINANCIAL REVIEW CONTINUED

In the UK, revenues declined by 18% at £8.0m, primarily due to sector destocking. Sales to the rest of Europe, which represented 22.8% of Group revenue (2022: 24.3%), also declined due to sector destocking, reporting total sales of £33.6m (2022: £34.0m).

The Group continued to focus on growth opportunities in China, and despite the extended Covid-19 restrictions in large parts of China in place until January 2023, reported revenue to the country increased by 21% to £9.5m (2022: £7.9m). We remain optimistic about the opportunities in this market with a large proportion of growth representing new business for Treatt, particularly in local FMCG beverage customers in China.

Sales to the Rest of the World (excluding China) grew by 2% to £22.3m (2022: £21.8m).

Profit

Gross profit increased by 14.7% with gross profit margins increasing from 27.9% to 30.4%. The gross margin increase was driven by operational efficiencies, successful price increases to mitigate the impact of raw material inflation, strategically exiting some lower margin citrus business in the year and the benefit of effective management of FX, resulting in negligible FX losses in the year (2022: £2.3m loss).

Administrative expenses (excluding exceptional items) grew by 13.7% in the year to £26.5m (2022: £23.3m), primarily driven by inflationary pressures, and an increase in depreciation year-on-year. Headcount across the Group decreased by 14% from 425 heads in September 2022 to 365 heads in September 2023, following the closure of the previous UK manufacturing site, and targeted restructuring. During the year depreciation increased by £2.0m due to the full year impact of Skyliner Way depreciation.

The outlook for administration expenses will be to maintain cost disciplines embedded, and foresee increases only due to depreciation, inflation and focused investment in sales and innovation to drive growth.

Adjusted net operating margin[2] increased in the year to 12.4% (2022: 11.3%), benefiting from the increase in gross profit. Net operating margin decreased in the year to 9.9% (2022: 11.9%), mainly due to the one-off exceptional gain in the prior year relating to the sale of the previous UK site. Operating profit excluding exceptional items increased 16% to £18.3m (2022: £15.8m) whilst statutory operating profit decreased 13% to £14.5m (2022: £16.7m), due again to the sale of the previous UK site. Our medium-term target for adjusted net operating margin is 15%.

Adjusted return on average capital employed (ROACE[3]) increased to 12.2% (2022: 11.6%) as a consequence of the increase in operating profits during the year. Statutory return on average capital employed decreased to 9.0% (2022: 11.9%) over the year. As well as growth in adjusted basic earnings per share, ROACE has been included as a performance metric for LTIPs. Our medium-term target range for ROACE is 15–20%.

Exceptional items (see note 8 to the financial statements) included UK restructuring costs of £2.7m (2022: £0.6m) and relocation expenses of £1.1m (2022: £1.5m income).

Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA[1]) for the year increased significantly by 24.6% to £23.0m (2022: £18.5m) whereas statutory EBITDA reports a 1.0% decrease to £19.2m (2022: £19.4m).

Profit before tax and exceptional items from continuing operations grew by 13.7% to £17.3m (2022: £15.3m). Reported profit after tax for the year of £10.9m represents a decrease of 17.8% on the prior year, driven by an increase in exceptional charges during the year (as set out above).

Foreign exchange gains and losses

Whilst the Group's functional currency is the British Pound (Sterling), the majority of the Group's business is transacted in other currencies which creates a foreign exchange exposure, particularly in the US Dollar and, to a lesser extent, the Euro.

During the year Sterling strengthened against the US Dollar, ending the year 9.3% stronger at £1=$1.22 (2022: £1=$1.12); the average Sterling/US Dollar exchange rate for the year was 4.3% stronger as compared with the prior year.

The Group's FX risk management policy can be found on page 137.

The overall impact of foreign exchange gains and losses in 2023 was a total loss of £0.1m (2022: £2.3m loss). This is the result of the new FX controls and processes put in place in the year.

There was a foreign exchange loss of £6.2m (2022: £11.5m gain) in the 'Statement of Comprehensive Income' in relation to the Group's investment in Treatt USA.

Finance costs

The Group's net finance costs increased to £1.0m (2022: £0.5m) due to materially higher interest rates despite strong cash generation of £12m in the year. As well as interest costs there were a number of fixed costs for maintaining facilities for future use which were funded from operating cash flows.

Interest cover for the year before exceptional items decreased to 18.75 times (2022: 30.5 times), this is well above the covenant of 1.5x.

Group tax charge

After providing for deferred tax, the Group tax charge decreased by £0.3m to £2.6m (2022: £2.9m); an effective tax rate (after exceptional items) of 19.2% (2022: 17.7%). The increase in effective tax rate is driven largely by the prior year tax treatment on the disposal of Northern Way premises, on which a gain of £3.3m was considered not taxable.

Earnings per share

Basic earnings per share (as set out in note 11 to the financial statements) decreased by 18.3% to 18.01p (2022: 22.04p). Adjusted basic earnings per share for the year increased by 15.9% to 22.94p (2022: 19.80p). The calculation of earnings per share excludes those shares which are held by the Treatt Employee Benefit Trust (EBT), which are not beneficially owned by employees since they do not rank for dividend and are based upon profit after tax.

Dividends

The proposed final dividend of 5.46p per share (2022: 5.35p) increases the total dividend per share for the year to 8.01p, a 2% increase on the prior year (2022: 7.85p), representing dividend cover of 2.2 times earnings for the year and a rolling three-year cover after exceptional items of 2.8 times. The Board considers this to be appropriate cover at this stage of the Group's development and against our aim to work towards our historical level of dividend cover of three times earnings.

2 Operating profit before exceptional items divided by revenue from continuing operations.

3 Profit before interest, taxation and exceptional items divided by the average of opening, interim and closing net debt. See note 31 in the financial statements.

FINANCIAL REVIEW CONTINUED

BALANCE SHEET

Shareholders' funds grew in the year by £3.3m to £137.2m (2022: £133.9m), with net assets per share increasing by 2.1% to £2.25 (2022: £2.20). Over the last five years net assets per share have grown by 63.5%. The Board has chosen not to avail itself of the option under IFRS to revalue land and buildings annually and, therefore, all the Group's land and buildings are held at historical cost, net of depreciation, on the balance sheet.

Inventory held at the year-end was £62.4m (2022: £68.4m), a decrease of £6.0m. This decrease was driven by a significant reduction in inventory volume, offset with higher raw material costs. One factor in the success of the business is our management of risks, such as geographic, political and climatic, to ensure continuity of supply for our customers. Consequently, the overall level of inventory held by the Group is highly significant in cash terms.

Net debt

At the year-end date the Group's net debt position was £10.4m (2022: £22.4m) including leases of £0.5m (2022: £0.4m), with available unused facilities of £35.6m (2022: £8.4m). This is the result of a focus on cash generation.

In order to support the Group's growth plans for the foreseeable future, the Group has secured new financing arrangements in the UK and US totalling £45.5m (2022: £30.8m) following a refinance of all the Group's main banking arrangements across the UK and US during the year. None of the banking facilities (2022: £13.4m) expire in one year or less.

During the year, the Group replaced its various UK banking arrangements (totalling c.£19.3m), with a single asset-based lending facility with HSBC of £25.0m for a three-year term, with an optional accordion (pre-approved facility) of £10.0m and option to extend the term of facility for two further years. This facility lends against the value and quality of inventory and receivables within the UK business, and strengthens the ability of the Group to borrow in the UK.

The US revolving credit facility with Bank of America was expanded on similar terms, providing a facility of up to $25.0m (2022: $10.0m), with an optional accordion of $10.0m, for a period of three years. Revolving credit facility funds were then used to repay the secured term loan balance (2022: £3.2m) in full.

The Group continues to enjoy positive relationships with its banks and expects all facilities to be renewed or refinanced when they fall due.

Cash flow

Net cash inflow for the year was £4.6m (2022: £4.1m outflow) including a net outflow of £7.1m paying down the existing bank loans and borrowings. Excluding the refinancing, the Group delivered cash generation of £12m largely due to strong cash generation from operations, driven by efforts across the business to exercise greater financial prudence but also through lower capital expenditure and efforts to improve working capital.

During the year the Group invested £5.7m (2022: £12.8m) on capital projects, of which £1.3m (2022: £5.0m) was incurred on the UK relocation project. The level of capital investment was lower than in previous years as the Group's capital investment programme nears completion. Total investments in the Group's US operations were £1.9m and were largely focused on finishing existing value-added projects.

There was an overall improvement in working capital, generating an inflow of £3.5m (2022: outflow £18.5m), £2.5m of which was generated from a reduction of inventory and as a result of a focus on working capital efficiency.

Capital investment programme

UK relocation

The Group acquired a ten-acre greenfield site on the new Suffolk Park in Bury St Edmunds in mid-2017 to relocate our UK business from its previous site in Bury St Edmunds, to a brand-new purpose-built facility to deliver operational efficiencies and advanced capabilities, the aim of the new facility was to bring together all our UK-based employees into a single premises.

Construction of the new facility was completed during 2021. During 2022 the first phase of installation and commissioning of plant and machinery was completed, inventory was physically transferred to be managed by the new warehouse management system and first phase production began from the new facility as equipment was successfully brought online. The new site has state-of-the-art laboratories which support and promote product innovation whilst also providing a truly exceptional customer collaboration environment.

Following the sale of Northern Way premises in February 2022, the Group agreed a leaseback of our main manufacturing building, to maintain the continuity of its manufacturing capability during the transition. In September 2023, we successfully exited the Northern Way premises with all UK-based employees now located at Skyliner Way.

During 2023 we commenced phase two activity which relates to the purchase and installation of value-added manufacturing equipment, with the majority now complete. The remaining project is now viewed as a capital management process instead of a relocation project, we anticipate to be completed during 2024, in line with original expectations. The respective total costs of each phase of the relocation are broken down as follows

£'000	Phase one	Phase two	Total
Capital expenditure	41,277	3,509	44,786
Existing site disposal	(5,592)	–	(5,592)
Exceptional items	4,820	2,299	7,119
Total costs	**40,505**	**5,808**	**46,313**

FINANCIAL REVIEW CONTINUED

The total capital project costs, including proceeds from the sale of the previous site, are expected to be approximately £39.2m with exceptional costs totalling £7.1m expected to be incurred. As the project moves into the final phase, we expect a further net cash outflow of £3.1m over the next year. The cash outflows for the project are expected to result in the rolling Group net debt to adjusted EBITDA ratio remaining below 1.0x during FY2024.

It should be noted that in accordance with IAS 23 'Borrowing Costs', the interest charges incurred on funds utilised on the relocation project prior to its completion can be capitalised. In the year ended 30 September 2023 £307,000 (2022: £187,000) was capitalised and further capitalisation of borrowing costs is expected to be minimal for the year ending 30 September 2024.

Treatt Employee Benefit Trust and Treatt SIP Trust

The Group has an HMRC-approved Share Incentive Plan (SIP) for its UK employees, and as far as practicable, also offers a similar scheme to its US employees. All UK employees with a year's service were awarded £700 (2022: £700) of 'Free Shares' during the year as part of the Group's employee incentive and engagement programme as the Board is firmly of the view that increased employee share ownership is an important tool for driving positive employee engagement in the business.

A similar scheme exists for US employees who were awarded $1,000 (2022: $1,000) of Restricted Stock Units during the year. These shares are forfeited by employees who leave within three years from the date of grant.

Under the SIP, UK employees are offered the opportunity each year to purchase up to £1,800 (or 10.0% of salary, whichever is lower) of Treatt shares out of gross income, which the Group continues to match on a one and a half for one basis. In the year, a total of 30,000 (2022: 24,000) matching shares were granted.

The SIP currently holds 380,000 shares (2022: 438,000) and is administered by Link Asset Services Trustees. All shares are allocated to participants under the SIP. It is anticipated that going forward the obligations under the SIP will continue to be satisfied through the issue of new shares.

In addition, the Group continued its annual programme of offering share option saving schemes to employees in the UK and US. Under US tax legislation, employees at Treatt USA are able to exercise options annually, whilst the UK schemes provide for three-year saving plans.

Under the Long-Term Incentive Plan, which was approved by shareholders at the 2019 Annual General Meeting, Executive Directors and certain key employees were granted 267,000 (2022: 72,000) nil cost share options during the year which will vest after three years on a sliding scale, subject to performance conditions. In total, options were granted over 355,000 (2022: 205,000) shares during the year, whilst 299,000 (2022: 278,000) were exercised from options awarded in prior years which have now vested. During the year 200,000 (2022: 400,000) shares were issued to the Employee Benefit Trust (EBT) at par (2 pence per share). The EBT currently holds 162,000 shares (2022: 270,000) in order to satisfy future option schemes. It is anticipated that going forward, all-employee savings-related share schemes will continue to be satisfied by shares held within the EBT, to which further shares will be issued as necessary.

Final salary pension scheme

The R C Treatt final salary pension scheme (the 'scheme') has not been subject to any further accruals since 31 December 2012 and instead members of the scheme were offered membership of the UK defined contribution pension plan with effect from 1 January 2013. This means that the defined benefit scheme has been de-risked as far as it is practicable and reasonable to do so.

The last three-year actuarial review of the scheme was carried out as at 1 January 2021, the result of which was that the scheme had an actuarial deficit of £4.9m (1 January 2018: surplus £0.5m) and a funding level of 82.0%. Consequently, the Company has agreed with the trustees to make contributions of £0.5m (2022: £0.5m) per annum until the next actuarial review date of 1 January 2024.

Under IAS 19, 'Employee Benefits' a valuation of the scheme is conducted at the year-end date based on updating the valuation calculations from the most recent actuarial valuation. In accordance with this valuation, and having sought legal advice as to the appropriateness of recognising a scheme surplus, there is a pension surplus recognised on the balance sheet, net of tax, of £2.8m (2022: £1.3m asset). The increase in the pension asset is driven by investment returns of £0.8m, and also an actuarial gain on changes to financial assumptions of £0.9m, due to continuing increases in government bond yields which further increased the discount rate used to calculate liabilities.

Foreign exchange risk management

The nature of Treatt's activities is such that the Group could be affected by movements in certain exchange rates, principally between Sterling and the US Dollar, but other currencies such as the Euro can also have a material effect. This risk manifests itself in a number of ways.

Firstly, the value of the foreign currency net assets of Treatt USA (the Group's main overseas subsidiary) can fluctuate with Sterling.

Secondly, with R C Treatt (the Group's main UK subsidiary) exporting throughout the world, fluctuations in the value of Sterling can affect both the gross margin and operating costs. In addition to Sterling, sales are principally made in US Dollar and Euro, with the US Dollar being the most significant, typically accounting for around half of the UK business's sales.

Even if a sale is made in Sterling, its price may be set by reference to its US Dollar denominated raw material price which therefore can have an impact on the Sterling gross margin. Raw materials are also mainly purchased in US Dollars and bank accounts are operated through which US Dollar denominated sales and purchases flow. Hence it is the relative strength or weakness of Sterling against the US Dollar that is of prime importance.

FINANCIAL REVIEW CONTINUED

As well as affecting the cash value of sales, US Dollar exchange movements can also have a significant effect on the replacement cost of stocks, which affects future profitability and competitive advantage.

The Group's FX risk management policy is to minimise its foreign exchange risk at our UK business through managing its US Dollar cash and borrowings and the use of forward currency contracts and options.

Foreign exchange contracts are used to provide a hedge on the Group's margin exposure where purchases and sale are made in the same currency. The value of these contracts is determined through forward-looking forecasts of expected sales and net margins in foreign currencies.

An FX committee was formed in August 2022 in order to monitor foreign exchange risks within the business, work on refinements to the existing FX risk policy and provide a forum to challenge and approve strategic actions such as hedging.

The committee meets monthly and there is an ongoing focus to manage foreign currency debt balances, ensure the ongoing effectiveness of hedges and remove avoidable foreign exchange risk from the business.

The Group now, as part of its FX risk management, actively minimises its foreign currency debt and cash balances where there is no immediate expected offset.

In regard to foreign exchange contracts used for hedging, the Group regularly reforecasts its exposure and amends its positions according to any surpluses or shortfalls.

Ryan Govender
Chief Financial Officer
28 November 2023

WINNING WITH THE 7Cs

GROUP FIVE-YEAR TRADING RECORD

*2019 and 2020 show discontinued operations separately. There were no discontinued operations in 2021, 2022 and 2023	2019* £'000	2020* £'000	2021 £'000	2022 £'000	2023 £'000
Income statement					
Revenue	112,717	109,016	124,326	140,185	**147,397**
Adjusted EBITDA[1,2]	14,871	16,982	23,144	18,464	**22,997**
EBITDA[1]	14,115,	15,922,	21,842,	19,387	**19,197**
Operating profit[2]	13,499	15,092	21,346	15,773	**18,321**
Profit before taxation and exceptional items	13,300	14,801	20,919	15,256	**17,344**
Growth in profit before taxation and exceptional items	5.2%	11.3%	41.3%	(27.1%)	**13.7%**
Exceptional items	(755)	(1,060)	(1,302)	923	**(3,800)**
Profit before taxation	12,545	13,741	19,617	16,179	**13,544**
Taxation	(2,673)	(2,896)	(4,469)	(2,864)	**(2,602)**
Discontinued operations	(1,084)	(1,080)	–	–	**–**
Profit for the year attributable to owners of the Parent Company	8,788	9,765	15,148	13,315	**10,942**
Balance sheet					
Intangible assets	845	1,358	2,424	3,206	**2,752**
Property, plant and equipment	29,485	50,159	61,039	74,281	**71,526**
Right-of-use assets	–	1,173	1,556	375	**538**
Net deferred tax liability	(319)	(924)	(1,383)	(5,369)	**(4,851)**
Current assets	98,158	69,472	83,606	108,537	**96,482**
Current liabilities	(28,905)	(15,989)	(30,556)	(46,329)	**(32,551)**
Non-current borrowings	(4,369)	(3,450)	(2,624)	(2,342)	**–**
Post-employment benefits	(7,788)	(10,051)	(6,806)	1,782	**3,723**
Non-current lease liabilities	–	(628)	(957)	(291)	**(373)**
Total equity	87,107	91,120	106,299	133,850	**137,246**

*2019 and 2020 show discontinued operations separately. There were no discontinued operations in 2021, 2022 and 2023	2019* £'000	2020* £'000	2021 £'000	2022 £'000	2023 £'000
Cash flow					
Cash generated from operations	20,544	15,677	13,892	(1,830)	**23,579**
Taxation paid	(2,208)	(2,191)	(4,874)	443	**(2,174)**
Net interest paid	(199)	(191)	(270)	(382)	**(1,087)**
Dividends paid	(3,080)	(3,378)	(3,704)	(4,834)	**(4,802)**
Additions to non-current assets net of proceeds	(10,570)	(24,814)	(14,373)	(7,177)	**(4,071)**
(Acquisition)/disposal of subsidiaries	1,033	(136)	–	–	**–**
Net sale of own shares by share trust	526	547	630	621	**624**
Proceeds on issue of shares	14	2	3	9	**5**
(Increase)/reduction of lease liabilities	–	(659)	(394)	657	**(153)**
Other cash flows	(161)	(388)	(451)	(812)	**116**
Movement in (debt)/cash	5,899	(15,531)	(9,541)	(13,305)	**12,037**
Total net (debt)/cash	15,958	427	(9,114)	(22,419)	**(10,382)**
Ratios					
Adjusted net operating margin[2,3]	12.0%	13.8%	17.2%	11.3%	**12.4%**
Return on average capital employed[2,4]	18.8%	18.5%	20.9%	11.6%	**12.2%**
Net (cash)/debt to adjusted EBITDA[2,5]	(1.07)	(0.03)	0.39	1.21	**0.45**
Net (cash)/debt to EBITDA[1,2]	(1.13)	(0.03)	0.42	1.16	**0.54**
Adjusted basic earnings per share[2]	17.82p	19.72p	27.05p	19.80p	**22.94p**
Basic earnings per share	16.69p	18.12p	25.29p	22.04p	**18.01p**
Growth in adjusted basic earnings per share[2]	(1.1%)	10.7%	37.2%	(26.8%)	**15.9%**
Dividend per share[6]	5.50p	6.00p	7.50p	7.85p	**8.01p**
Dividend cover (adjusted to exclude exceptionals)[7]	3.22	3.28	3.60	2.51	**2.85**
Net assets per share	144.8p	151.2p	176.0p	219.9p	**224.5p**

1 EBITDA is calculated as profit before interest, tax, depreciation and amortisation from continuing operations. See note 31 in the financial statements.
2 All adjusted measures exclude exceptional items. See note 8 in the financial statements.
3 Operating profit before exceptional items divided by revenue from continuing operations.
4 Profit before interest, taxation and exceptional items divided by the average of opening, interim and closing net debt. See note 31 in the financial statements.
5 Net cash/(debt) at the year-end date divided by adjusted EBITDA[1,2]. See note 31 in the financial statements.
6 The dividend per share shown relates to the interim dividend declared and final dividend proposed for the corresponding financial year.
7 Dividend cover is defined as profit for the year, less exceptional items and their related tax effect, divided by the total of interim dividend paid and final dividend proposed.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

THE BOARD

The Board has overall responsibility for the management of risk at Treatt.

The Board monitors the actions required to mitigate our risks and is responsible for:

Setting and communicating the Group's risk appetite

Aligning the risk mitigation approach with the Group's strategic objectives

Reviewing and challenging the risk register

Embedding effective risk management in the culture of the Group

Empowering people from all areas of the business to engage with risk management and internal control systems

EXECUTIVE DIRECTORS

Responsible for:

Day-to-day risk management

Reviewing and monitoring risk and mitigation strategies across the business

BUSINESS LEADERSHIP TEAM

Responsible for:

Identifying key risks facing the business

Compiling Group risk registers

Determining appropriate and proportionate risk mitigation strategies

COLLEAGUES

Responsible for:

Identifying key risks facing the business

Management of risk through applying appropriate controls, policies and processes

HOW WE MANAGE RISKS

The management of risk is embedded in the management and operational processes of the Group including:

- The quality of our people and culture
- The process of strategy setting
- Processes for identification, review and monitoring of risk
- Established policies, procedures and internal controls
- A dedicated team reviewing adherence to internal procedures and operational controls, requiring action where non-conformances are identified
- Oversight of risk by the Board
- Regular dissemination of financial and non-financial information and key performance indicators (KPIs)
- A clear understanding of market conditions and raw material prices

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

The Board

The Board has overall responsibility for the management of risk at Treatt. This includes establishing an appropriate risk culture, setting the Group's risk appetite and overseeing its risk management and internal control systems. Day-to-day risk management is delegated to the Executive Directors who work closely with the Business Leadership Team in reviewing and monitoring risk and mitigation strategies across the business.

Risk appetite

Risk appetite is an expression of the type and amount of risk we feel willing to accept to achieve our strategic objectives. We operate in a competitive market and recognise that strategic, commercial and investment risks may be incurred in seizing opportunities and delivering results. We are prepared to accept certain risks in pursuit of our strategic objectives provided that the potential benefits and risks are fully understood and appropriate mitigation strategies are in place to minimise the effects of the risks should they materialise.

Our risk appetite has been defined and agreed by the Board and helps frame decision-making in determining how best to manage each of our principal risks. It is communicated across the business in our risk management framework.

Our risk appetite in relation to different categories is summarised below.

Risk identification

Risk identification is an integral part of the day-to-day activities of people in all areas of our business; they are empowered to manage risk through regular communication channels and appropriate controls, policies and processes.

The Business Leadership Team is responsible for compiling Group risk registers to identify key risks facing the business, their potential effects and determining appropriate and proportionate risk mitigation strategies. Responsibility for monitoring and reviewing each risk is taken by a designated senior risk owner to ensure that there is appropriate accountability.

Our risk appetite

- **Strategic** – we will actively seek to maximise shareholder value whilst assessing and managing strategic risks
- **Financial** – we are prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level
- **Operational** – we are prepared for adverse operational performance in the short-term if there is a clear business case with defined benefits in the medium to longer-term
- **Health and safety** – our priority is to ensure that no harm comes to our colleagues, customers and environment
- **Technology** – we have a low appetite for taking risks that may result in significant disruption or downtime in the business
- **People** – we are forward-thinking in organisation and people development and are prepared to make decisions if there is an opportunity to gain a longer-term benefit
- **Regulatory compliance** – we invest heavily to ensure that there is a robust control environment and framework to maintain a high level of compliance
- **Legal compliance** – we are prepared to accept a level of risk when supported by clear legal advice

Risks included in the register are rated on their probability and impact and then re-rated after mitigation. Risk owners will use a variety of tools to monitor their risk at a more granular level, including more detailed sub-registers and pertinent KPIs.

Where significant projects are undertaken, such as the recent site relocation in the UK, specific project risk registers are established to record all risks that could have a significant effect on the success of the project. This ensures that there is accountability for the mitigation strategies in place and enables regular monitoring of risk identification and the effectiveness of mitigating actions throughout the project.

Those risks with a potential impact that remains classified as high or medium post-mitigation form the Board risk register, providing details of those risks that may impact upon the performance of the business and its strategic direction. The Board formally reviews this register twice a year and upon any material change, with any amendments, control issues, accidents or commercial, financial, regulatory or reputational issues being reported to the Board in the meantime.

Employee involvement

During FY2021 the Board engaged KPMG to assist with a review of risk appetite, formalising the risk management framework and undertaking manager and team leader training, in order to improve the embedding of risk management throughout the business.

Board review of risk

As well as reviewing risk registers and discussing risk throughout the year, the Board holds a specific meeting each year dedicated entirely to risk. At this meeting the Board hears from colleagues responsible for the risks being reviewed in greater detail. This enables the Board to understand and challenge the weighting and mitigation to satisfy itself that appropriate action is being taken.

The Board is comfortable that risk mitigation is inherent in the Group's policies and procedures and that those responsible for risk understand their obligations and consider ways to continuously improve our internal systems to ensure that we work within the risk appetite set by the Board.

The Board also conducted a review of the effectiveness of the Group's system of internal controls. The Board reviewed and discussed a paper prepared by management on the Group's internal controls, covering all material controls, including those which are financial, operational and compliance related. The Board has monitored and reviewed the effectiveness of the Group's overall approach to risk management, including any control failures and received a comprehensive report on the review of the Group's financial controls.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Emerging risks

The Business Leadership Team, being closely involved in day-to-day matters, has a breadth of experience across commercial, financial, supply chain, operations and technical matters. Within their fields of specialism, they consider emerging risks that have the potential to adversely impact the business or its stakeholders and take steps to ensure that such risks are appropriately mitigated, as required. One such example is mitigating the impact of inflation on input costs which, if not acted upon by seeking price increases with customers, would have led to reduced profitability. Significant emerging risks are raised and discussed at Board level.

In identifying emerging risks, senior management have regular contact with customers and suppliers to understand their needs and gain insight into their businesses. Other businesses, trade bodies and professional organisations are also consulted to ensure that risk monitoring activities are as broad as possible. Reports are commissioned and briefings arranged on wide-ranging, pertinent topics to understand changes within the industry and wider environment.

Principal risks

We have carried out a robust assessment of the principal risks and uncertainties facing the business, including those that would threaten the business model, future performance, solvency or liquidity. The following list of principal risks and uncertainties are those which individually or collectively might be expected to have the most significant impact on the long-term performance of the business and its strategic priorities. It is not intended to be an exhaustive list and additional risks not presently known to management, or risks currently deemed to be less material, may also have potential to cause an adverse impact on the business.

We have removed the overspend on the UK site relocation and/or business interruption caused by the move as a principal risk following the transfer of all operations to the new UK site and formal closure of the former UK site.

Geopolitical and macroeconomic uncertainties has been introduced as a new principal risk this year as political conflicts and uncertainties have the potential to cause supply chain disruption and further impact inflation.

Taskforce on Climate-related Financial Disclosures (TCFD)

The Group considers ESG-related risks as part of its risk management process. Climate change is captured as a principal risk.

Our TCFD disclosures can be found in the Sustainability section of this report, on pages 36 to 43.

Climate change was introduced as a principal risk in 2021 as the world seeks to reduce longer-term effects of greenhouse gas emissions. Having a significant portfolio of natural products, climate change is likely to impact agriculture and the sourcing of natural raw materials in the longer term, although there are more broader risks associated with climate change than just raw material sourcing. Our mitigation of this risk has increased with the formation of an ESG Advisory Board Panel and ESG Management and Working Groups to enhance our expertise and increase internal engagement and communication channels.

FINANCIAL

1 Climate change

1 2 3 4 5 6

No change

RISK AND IMPACT

- Severe volatility or loss of availability and/or reduction of quality of some natural ingredients as a result of increased heat, water stress, crop disease, wildfires, hurricanes and sudden climatic events
- Operational disruption at production facilities caused by longer-term impacts of climate change (including water stress and wildfires)
- Significant amount of citrus raw materials provided by Central and South American suppliers
- Volatility in market price of raw materials and other effects on supply chain
- Reduced consumer demand over time for certain products
- Increasing demands from customers to reduce emissions across the supply chain and ensure supply chain is resilient to climate change
- Regulatory changes or restrictions on our manufacturing facilities, fines or penalties
- Introduction of carbon taxes or similar levies
- Squeeze on margins

MITIGATION

- Formation of an ESG Board Advisory Panel to provide direction and guidance to reduce environmental impact
- ESG Management Group and working group formed to increase internal engagement and communication channels
- Enhancing relationships with brokers and other supply channels, combined with forward purchasing contracts for medium to longer-term supply
- Ongoing implementation of TCFD to assess, manage and mitigate climate change risks
- Greater geographical spread of suppliers, where possible
- Working with suppliers who recognise the risks of climate change and are actively mitigating them
- Active auditing via SEDEX and ongoing collaboration with suppliers through Treatt's responsible and sustainable sourcing policy
- Visits to existing and new suppliers for key product groups
- Attendance at industry conferences and seminars providing opportunities to meet with potential new suppliers
- Strategic buying of core products
- Considering targets for the reduction of carbon emissions for Scope 1, 2 and 3 to reduce our environmental impact
- Taking action from the results of our energy audit of our UK and US facilities during 2022 and modelling energy saving projects for our net zero pathway
- Continued investment in production efficiency, new technologies and product development

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic impact key:
1 Engaging with our communities 2 Investing in our culture 3 Reducing our environmental impact 4 Investing in our core categories 5 Diversifying into new categories 6 Investing for future growth

2 Pandemic and resulting global issues

4 5 6 — No change

RISK AND IMPACT
- Reduction in demand for certain products, decrease in new product development briefs from customers, and changes in consumer habits
- Difficulties within the supply chain, production, incoming and outgoing logistics
- Adverse effect on the welfare of our employees

MITIGATION
- Continual monitoring of the situation and adopting a flexible approach to ensure appropriate response to support the business
- The health, safety and wellbeing of our employees is paramount and our response has focused on our employees, customers and our local communities
- Flexible work practices to enable everyone who can, to work from home and to arrange our sites with safety in mind to ensure all vital operations and projects remain on track. Adopting a staged approach to the re-opening of facilities
- Working closely with customers to manage their immediate and longer-term needs
- Maintaining regular contact with our supply chain to ensure continuity of supply
- Monitoring the regulatory landscape and market conditions
- Managing cash and headroom to protect the Group's liquidity
- Business Leadership Team to provide regular updates to keep all employees informed and maintain team spirit

3 Geopolitical and macroeconomic uncertainties

4 5 6 — New risk

RISK AND IMPACT
- Political conflicts, uncertainties and events may lead to supply chain disruptions, impacting both the availability and price of our products
- Inflation driving up prices, increasing production costs and potentially reducing customer demand/destocking

MITIGATION
- Continue to identify supply chain vulnerabilities to create contingency plans for disruptions
- Develop alternative sourcing options in regions less prone to geopolitical conflicts
- Monitoring global issues
- Maintaining strong relationships with key suppliers and working closely with them to understand their operations and enable early detection of potential disruptions
- Monitoring the regulatory landscape and market conditions
- Staying close to customers, developing products they need and passing on cost increases appropriately

4 Movements in citrus commodity raw material price

4 5 — No change

RISK AND IMPACT
- Can materially impact revenue, contribution and onerous stock provisions
- Possible stock shortages

MITIGATION
- Detailed inventory control procedures
- Monitoring and communication of market conditions and long-term raw material contracts
- Maintaining close relationships with suppliers
- Continuing to identify new suppliers for key raw materials or those where shortages exist
- Assisting our customers with managing price volatility or raw material shortages as part of the Treatt service
- Citrus category team providing greater management across the Group of other significant raw materials

PEOPLE

5 Loss of critical employees through retention policy and failure to manage succession

1 2 4 5 6 — No change

RISK AND IMPACT
- A lack of experienced and engaged employees will have a detrimental impact on all areas of the business
- Loss of skills may impact our ability to deliver the best service to our customers

MITIGATION
- Ensure we enhance the employee experience and secure an emotional attachment to the business, that remuneration packages are appropriate to the position, that employees are empowered and have opportunities within the business through training to enable upskilling and provide career development opportunities
- Continue to develop succession planning for positions across the Group
- Utilising engagement surveys and other employee voice mechanisms to enable feedback and ideas for improvements
- Timely and effective performance reviews and regular catch-ups to ensure any issues are identified and resolved
- People manager development to ensure that they are equipped with the right skills to manage and motivate their teams

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic impact key:
1 Engaging with our communities 2 Investing in our culture 3 Reducing our environmental impact 4 Investing in our core categories 5 Diversifying into new categories 6 Investing for future growth

OPERATIONAL

6 Pressure on infrastructure for strategic business

1 2 3 4 5 6 — Decrease

RISK AND IMPACT
- Loss of revenue
- Damage to reputation
- Loss of key strategic customer

MITIGATION
- Ensure appropriate infrastructure through new UK Headquarters and US expansion
- Keep close communication between sales and operations to determine likelihood of large order and capacity constraints to manage customer expectations
- Manage sub-contractor relationships

7 Structural damage to production facilities from storm or hurricane damage at Treatt USA, due to its Florida location

1 2 3 4 5 6 — No change

RISK AND IMPACT
- Loss of use of buildings, equipment and product
- Danger to employees
- Major incident due to type of products stored

MITIGATION
- Regularly inspect and maintain building components
- Implement hurricane action plan when necessary
- Sufficient spread of inventory between production facilities in UK and US
- Comprehensive maintenance programmes across the UK and US sites
- Improved capacity to withstand storm damage following expansion of the US facility

8 Inadequate documentation of processes and/or non-adherence to required processes

1 2 3 4 5 6 — No change

RISK AND IMPACT
- Failure of BRC, HACCP or regulatory audits
- Damage to reputation as problem-free supplier
- Investment in rectification of any non-compliances noted

MITIGATION
- Strong Group-wide commitment to disciplined compliance with internal quality programmes
- Commitment to permit third-party auditing by customers and for certification and regulatory purposes
- Internal auditing of systems and processes against standard operating procedures and British Retail Consortium (BRC) requirements
- Cross departmental process reviews

9 IT issues including network, hardware, data and security

1 2 3 4 5 6 — No change

RISK AND IMPACT
- Loss of IT systems and/or data impacting on the ability of the business to function effectively
- Reputational damage and litigation in respect of data protection

MITIGATION
- Well-constructed IT infrastructure with failover capabilities, supported by a comprehensive asset management database and best practice maintenance processes
- Multi-layered security protection system in place including subscription to managed threat response service, which proactively searches for suspicious activity in our network 24/7
- Security team continuously searches for and fixes vulnerabilities, including those reported by third-party security consultants
- Continued investment in infrastructure and particularly software security
- Continued focus on raising employee awareness of cyber security through test scenarios
- Multi-factor authentication enforced on all remote connections
- Board and employee cyber security training
- Ad hoc hacking attempts by third-party security consultants

10 Product failure

1 2 3 4 5 6 — No change

RISK AND IMPACT
- Potential product recall causing financial and reputational loss

MITIGATION
- Strong supplier qualification process, intake testing and analysis
- Regular review of risk matrix for raw materials handled
- Use of barcode scanners on all orders to avoid mispicks
- Range of testing to detect contamination
- Obtain up-to-date information for all suppliers via supplementary application questionnaire documentation
- Supplier risk assessment to determine in-house test schedule
- Continuation of visits to suppliers
- Thorough investigation of errors leading to appropriate action such as retraining or amendment of procedures
- Combination of self-insurance and recall insurance
- Annual desktop testing of product recall procedure

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic impact key:
1 Engaging with our communities 2 Investing in our culture 3 Reducing our environmental impact 4 Investing in our core categories 5 Diversifying into new categories 6 Investing for future growth

LEGAL AND REGULATORY

11 Failure to comply with relevant UK and US environmental, H&S and other applicable legislation

1 2 3 4 5 6 **No change**

RISK AND IMPACT
- HSE and/or EA investigation
- Probable enforcement action involving fines, enforcement notices
- Risk of site closure

MITIGATION
- Detailed understanding of legislative requirements with internal involvement, consultative support and capital investment
- Ensuring the Group's systems and procedures are adapted to ensure compliance
- Working closely with the Environment Agency and relevant authorities in respect of Control of Major Accident Hazards (COMAH)
- Continuation of relevant training and assessment of employee skills across the Group

The Group regularly reviews its commercial insurance programme and maintains an appropriate portfolio of insurance policies in line with the nature, size and complexity of the business, which provides further mitigation in certain areas of risk.

During recent years, a full-scale review of the Group's business continuity plans took place with the assistance of an external consultant, the cost of which was covered by the Group's insurers.

A full business impact analysis was conducted, improving our understanding of the business's resilience and how to minimise the impact and disruption of an incident or crisis to both operations and reputation. A more robust business continuity plan has been designed to incorporate emergency response, crisis management and business recovery and strategic IT disaster recovery, aligned with best principles set out in ISO22301, the international standard for business continuity.

THREE-YEAR REVIEW OF THE GROUP'S VIABILITY

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 7 to 65. Information on the principal risks and uncertainties and how they are managed can also be found on pages 60 to 65.

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the twelve months required by the Code. The Board conducted this review for a period of three years from the current financial year-end. In the view of the Board, a three-year viability period gives a reasonable forecasting timeframe, after which the current global geopolitical and economic environment creates greater levels of uncertainty and makes accurate forecasting challenging.

In determining the longer-term viability of the Group, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also included the financial position of the Group, its cash flows, and available sources of finance.

The process adopted to assess the viability of the Group involved the modelling of a series of theoretical 'stress test' scenarios linked to the Group's principal risks, most significantly severe business interruption like that experienced during the pandemic, or that could arise through the impact of climate change or through global conflict.

In assessing the Group's prospects and resilience, the Directors have done so with reference to its current financial position and prospects, its credit facilities, its recent and historical financial performance, and forecasts. The Board's risk appetite and the principal risks and mitigating factors are described on pages 60 to 65.

The key factors considered by the Directors within the three-year review were:

- the implications of the challenging economic environment, notably the domestic and global uncertainties arising from the current economic and geopolitical environment, the wide-ranging effects of climate change, or the impact of another pandemic event and the potential impact these could have on the Group's revenues and profits;
- the implications of fluctuating prices of the Group's strategic raw materials;
- the impact of the competitive environment within which the Group operates;
- the effects of movement in foreign exchange rates on the business, particularly the US Dollar;
- the Group's cash balances;
- the Group's access to short, medium and long-term borrowing facilities to meet day-to-day working capital requirements, as well as long-term investment requirements;
- the Group's ability to access equity as a source of finance;
- a sensitivity analysis which involves flexing several of the main assumptions underlying the three-year forecast, and considering the implications of a number of risks materialising during a short-term period;
- reverse stress test to determine the scenario and circumstances that would need to prevail to cause a breach in banking covenants during the period; and
- the potential actions that could be taken in the event that revenues are lower than expected, to ensure that operating profit and cash flows are protected.

The Group successfully refinanced all of its banking facilities during the year, agreeing a new £25.0m asset-based lending facility with HSBC in the UK (June 2023) and extending the existing revolving credit facility with Bank of America in the US to $25.0m (May 2023). Both facilities are for a minimum term of three years and contain pre-agreed accordion elements of £10.0m and $10.0m respectively, these accordions are disregarded for the purposes of the going concern and viability assessment. It is assumed that these facilities will be renewed or extended on the same terms when the time comes for renewal.

Banking covenants on the new facilities are assessed against each company's performance individually, the US business must maintain a net debt to EBITDA ratio above 2.5x and an interest cover above 1.5x, whilst the UK business must comply with operational covenants regarding the quality and quantity of the inventory and receivables that are being borrowed against.

The stress tests undertaken were assessed against the Group's current and projected liquidity position, in particular the headroom on existing facilities and compliance with each entity's respective banking covenants.

GOING CONCERN AND VIABILITY STATEMENT CONTINUED

Stress testing and impact on going concern and viability assessment

The current global economic environment is still uncertain in both domestic and international markets. We have continued to see supply-side challenges together with ongoing inflationary pressures on raw material prices as well as de-stocking from many businesses within the flavour and fragrances sector, as they seek to release cash via the reduction of inventories accrued during the last two years, reducing overall demand in the market.

Considering this, the Directors have modelled scenarios representing varying degrees of severity and have considered the impact of changes in working capital, foreign exchange rates, revenues and margins. Using these assumptions, headroom and covenant compliance have been assessed throughout the going concern (twelve-month) and viability (three-year) periods. These assumptions are those that would arise from the aforementioned uncertainties and that would adversely impact cash generation and profitability.

A further 'reverse stress test' scenario was modelled to find a sustained reduction in revenue over the first two years of the viability period that would give rise to a breach of the Group's covenant conditions or headroom in the period. This scenario was then stress-tested further by overlaying the adverse impact of a decline in profit margins.

Outcome of stress testing

At the year-end date, the Group's net debt was £10.4m and the Group's headroom on facilities was £35.6m.

Under all of the scenarios considered, which represent severe but plausible manifestations of the Group's principal risks and uncertainties, Group headroom remained significant throughout the viability period. In the most adverse scenario, whereby working capital, FX, revenue and margin assumptions were all stressed simultaneously by 10% or more, the minimum Group headroom throughout the period was £28.2m. Under this scenario however, the Group's UK subsidiary, R C Treatt & Co Ltd, would breach its facility limit in October 2025, but in that event the Group would act swiftly to activate the mitigations described below, or recapitalise the company using cash elsewhere in the business.

R C Treatt & Co Ltd has operational covenant limits, the most salient of which are maintaining debtor days below 95 and ensuring that stock exceeding 180 days of ageing does not constitute more than 50% of the overall stock holding. Based on historic levels, and current forecasts it is not considered likely that these will be breached over the period, and these measures are reported regularly to management so that mitigations can be put in place when adverse trends start to emerge.

A particularly severe scenario was determined in which banking covenant requirements or facility limits would be breached during the next 24 months, the so-called 'reverse stress testing scenario'. In this test, it was determined that a continuous decline in sales of greater than 36.0% per annum, or 29.0% per annum alongside a 400bps decline in margin for two consecutive years, with no mitigating measures put in place, would result in a breach of the financial covenants in Treatt USA Inc and a breach of R C Treatt & Co Ltd's facility limit by around October 2025, followed by a breach of overall Group facility limits in October 2026. Such a decline in sales would represent a catastrophic failure of the business's strategy, whereby within two years Group revenue returns to levels last seen in 2016 without any mitigations put in place.

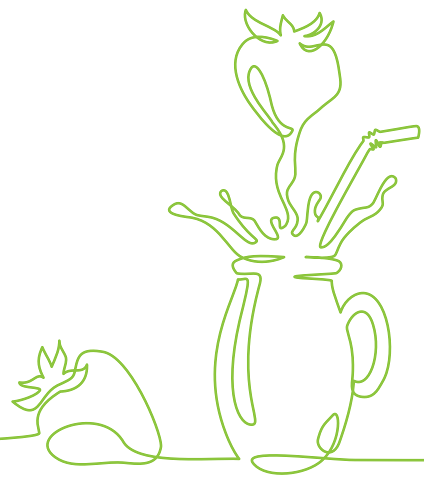
The possibility of these extremely severe scenarios materialising together is considered remote. In addition, it is implausible that the Group would not act swiftly and decisively to activate mitigations such as operating cost savings, reduction in capital expenditure, and delaying or cancelling future dividend payments to avoid a breach of its banking limits or covenants.

Conclusion on going concern and viability

Having considered the current cash and liquidity position of the Group, the range of scenarios discussed above and the Group's proven ability to adapt to and manage adversity, the Directors have not identified any material uncertainties which would affect the Group and Parent Company's ability to continue as a going concern for a period of twelve months from the date this Annual Report is approved. Accordingly, these financial statements have been prepared on a going concern basis. Furthermore, the Directors have a reasonable expectation that the Group has adequate resources available to it to continue in business and meet its liabilities over the three-year period of their viability assessment.

The Strategic report was approved by the Board on 28 November 2023.

Ryan Govender
Chief Financial Officer



Committee key:
Audit Committee
Remuneration Committee
Nomination Committee
Denotes Committee Chair
Independent

BOARD OF DIRECTORS

Vijay Thakrar
Non-executive Chair

Appointed to the Board:
September 2020

Skills and experience:
Vijay has led Treatt's Board since his appointment in January 2023 having joined Treatt's Board as a Non-executive Director in September 2020. Having previously chaired the Audit Committee and acted as Senior Independent Director, Vijay now chairs the Nomination Committee. Vijay is a Chartered Accountant and has extensive strategic, commercial and governance experience in FMCG. He was previously a Partner at Deloitte and EY and has served on various Boards, including Quorn Foods and the Quoted Companies Alliance. Vijay's current external appointments are set out below.

Key external appointments:
- Non-executive Chair of The Alumasc Group plc
- Non-executive Director of Alpha Group International plc (Audit Committee Chair)
- Non-executive Director of RSM UK Holdings Limited (Remuneration Committee Chair and Audit Oversight Board)

Daemmon Reeve
Chief Executive Officer

Appointed to the Board:
May 2012

Skills and experience:
Daemmon joined the Group's UK operating subsidiary in 1991 and gained extensive industry experience and knowledge from his time in technical, operational, sales and purchasing disciplines. He was appointed CEO of Treatt USA in 2010 and became Group CEO in 2012. A key part of his role is to help provide the cultural environment for the success of Treatt and its fantastic team, making Treatt a fun place to work along the way. It is the output of the engaged teams which is driving the success of Treatt. In August 2019, Daemmon's contribution to Treatt and the wider community was recognised by the award of an honorary doctorate by the University of Suffolk.

As announced on 20 October 2023, Daemmon will retire from Treatt on 31 December 2023.

Key external appointments:
- None

Ryan Govender
Chief Financial Officer

Appointed to the Board:
July 2022

Skills and experience:
Ryan is an experienced CFO, having worked for over 20 years in senior finance roles across global FMCG businesses, particularly in the food sector. His diverse experience includes strategy, FP&A, corporate structuring, large capital projects, investor relations and finance transformation.

For the past twelve years he has been working at Associated British Foods, the FTSE 100 international food, ingredient and retail group, most recently as CFO of SPI Pharma, a provider of innovative solutions to global pharmaceutical and nutritional customers. Before that he held finance and management roles within other ABF businesses, including Speedibake, Germains Seed Technology and Illovo Sugar. He qualified as a Chartered Accountant at PwC in South Africa.

As announced on 20 October 2023, Ryan will step into the role of Interim CEO from 1 January 2024.

Key external appointments:
- None

Bronagh Kennedy
Non-executive Director

Appointed to the Board:
January 2023

Skills and experience:
Bronagh is an experienced independent Non-executive Director with a wealth of Executive and Non-executive experience in listed companies across a number of sectors, most recently as Company Secretary and General Counsel and sustainability lead at FTSE 100 listed, Severn Trent plc, a role she retired from in January 2023. She has previously acted as Non-executive Director and member of the Remuneration Committee at the Canal and River Trust, and was previously Remuneration Committee Chair at both Wolseley UK and at British Canoeing, and an advisor to European Metal Recycling.

Bronagh's broad experience spans HR, sustainability, corporate M&A and restructuring, legal and corporate affairs, governance, and risk and regulatory compliance. She brings a passion for the delivery of outstanding customer service through engaged employees, a purpose driven culture and corporate sustainability.

Key external appointments:
- Non-executive Director at Genuit Group plc

BOARD OF DIRECTORS CONTINUED

David Johnston
Non-executive Director

Appointed to the Board:
May 2011

Skills and experience:
David started his career working as a biochemist for the UK Government prior to transferring to Switzerland, where he worked on an international programme to enhance the resistance of plants to pathogens. He then joined one of the leading flavour and fragrance companies, Firmenich SA, in a variety of commercial and technical roles over 13 years. He finished his career at Firmenich SA as global head of flavour innovation. David went on to start his own company, Natural Taste Consulting SARL, which focuses on the development and sale of taste modifying compounds. Since December 2019, David has been an independent member of the Scientific Advisory Committee of Driscolls, a California-based global leader in the production and sales of fresh berries.

Key external appointments:
- Independent Member of Driscolls Scientific Advisory Committee

Christine Sisler
Non-executive Director

Appointed to the Board:
February 2022

Skills and experience:
After driving the continual growth of PepsiCo's iconic brands, Christine launched Merchant's Daughter Ciderworks, a start-up craft beverage company. As CEO of Merchant's Daughter Ciderworks she leverages more than three decades of research and development, commercialisation and innovation expertise.

In the beverage start-up space Christine's strategic and commercial talents have helped entrepreneurs launch exciting new health and wellness and ready-to-drink alcohol products.

As PepsiCo's Vice President of Global Innovation for Product Development & Marketing Equipment, Christine supported global research and development for carbonated and non-carbonated beverage portfolios and spearheaded the creation of the Beverage Culinary Innovation Center.

Key external appointments:
- Treasurer, New York Cider Association Executive Board

Philip O'Connor
Non-executive Director

Appointed to the Board:
February 2022

Skills and experience:
Philip is an experienced business leader in B2C and B2B markets with substantial experience in high-growth businesses, acquisition and post-acquisition integration, transformation and change management and leading diverse multi-functional teams.

Philip started his career with Kerry Group plc and qualified as a Chartered Certified Accountant during the early part of his career. He spent many years at Kerry in senior roles in the USA and UK, including Finance Director of Kerry Foods, the consumer foods division of Kerry Group plc.

He was founder and CEO of two successful start-up consumer foods businesses in the healthy food market, and more recently the President of Kerry Taste and Nutrition for Europe and Russia, meat and plant-based alternative markets.

Key external appointments:
- None

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION FROM THE CHAIR

I am pleased to present the corporate governance report."

Vijay Thakrar
Chair

Board

I felt humbled to be appointed as Non-executive Chair of the Treatt Board at the conclusion of the AGM in January 2023, and I am excited to guide Treatt through the next phase of its growth journey. I took the reins from Tim Jones on his retirement and would like to extend sincere gratitude and thanks to Tim, on behalf of the Group and the Board, for his significant contribution and excellent stewardship during his time as Chair.

Yetunde Hofmann stepped down from the Board at the conclusion of the 2023 AGM and I also express the thanks of the Group and the Board to Yetunde for the contribution she made during her time with Treatt.

During the year the Board was delighted to welcome Bronagh Kennedy as a Non-executive Director. Bronagh brings a wealth of Executive and Non-executive experience in listed companies across a number of sectors, most recently as Company Secretary and General Counsel and sustainability lead at FTSE 100 listed, Severn Trent plc.

Bronagh's broad experience spans HR, sustainability, corporate M&A and restructuring, governance, risk and regulatory compliance and she brings a passion for the delivery of outstanding customer service through engaged employees, a purpose driven culture and corporate sustainability.

Sustainability

As businesses continue to consider the sustainability of their behaviours, their impact on climate change and on wider stakeholders, we have continued to lead from the front. Building on our ESG framework, approved last year, designed to provide a cohesive, effective and streamlined approach to the achievement of our strategic goals, we approved an ESG structure consisting of a Working Group, Management Group and Board Advisory Panel. This structure will enable focused action, decision-making, alignment and sign-off to support our ESG ambitions.

The Board receives progress updates at every meeting and engages directly with the Global Sustainability Manager.

We have continued to work with our sustainability consultants on the implementation of TCFD and the evaluation of environmental risks. Further details can be found on pages 36 to 43.

Strategy

The Board approved a five-year strategy during the year which saw input from a wide range of colleagues from across the Group. All departments delivered their plans which will contribute to the delivery of the ambitious strategy and the Board will receive regular updates on progress.

Annual General Meeting

The Board is looking forward to welcoming shareholders to the 2024 AGM on 25 January 2024, which is to be held at our registered office. We hope that you will be able to attend. Further details are on pages 142 to 153.

Corporate governance

At Treatt our commitment to effective corporate governance is reflected in our principles, policies and practices.

Board meetings in the year

7

Board meeting attendance

100%

Board experience

Operations	2	Management	7
HR	1	Industry	4
Finance	4	ESG	2

Board gender diversity

Female	29%
Male	71%

Board Ethnicity

Ethnic minority	29%
White	71%

Board independence

Independent	57%
Non-independent	43%

Length of service

0–5 years	5
Over 10 years	2

Independence of Non-executive Directors

Independent	20%
Non-independent	80%

CORPORATE GOVERNANCE STATEMENT CONTINUED

Our Board is united in the view that good governance, clear purpose, a values-based culture and focusing on our responsibilities to our stakeholders, ultimately produces a better company with clear accountability and reporting lines, providing greater resilience in challenging times.

The Company is subject to the 2018 UK Corporate Governance Code (the Code), which is issued by the Financial Reporting Council (FRC) and is available at www.frc.org.uk. The Code is a guide to a number of key components of effective board practice and is based on the underlying principles of good governance and focus on the sustainable success of a company over the longer term. Throughout the year the Company has complied with the provisions of the Code.

For further information on how we have complied with the Code please refer to the following table.

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Board leadership and company purpose	
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Alignment of our culture with our purpose, values and strategy	27 to 34
Framework of effective controls	60 to 65
Engagement with our stakeholders	50 to 53
Workforce policies and practices	25
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Leadership and purpose

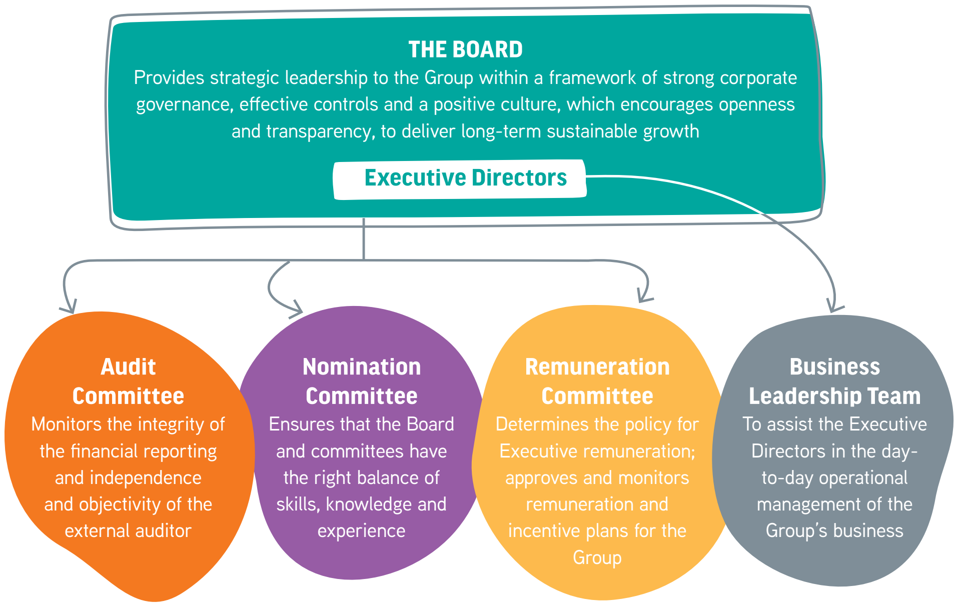
Role of the Board

The Board is accountable to shareholders for the effective and entrepreneurial leadership of the Group in a way which promotes its long-term sustainable success for the benefit of its shareholders, taking into account the interests of the environment and all stakeholders. It sets the Group's strategic objectives and oversees their implementation by the Chief Executive Officer.

Operation of the Board

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. These matters, which are reviewed periodically, include strategy, material capital commitments, commencing or settling major litigation, business acquisitions and disposals, appointments to subsidiary company boards, risk, dividend policy and full and half year results.

Day-to-day management of the Group is delegated to the Executive Directors, who lead a newly formed Business Leadership Team, with members located in the UK and US.



Overview
Strategic Report
Corporate Governance
Financial Statements
Other Information

CORPORATE GOVERNANCE STATEMENT CONTINUED

Attendance at meetings

The attendance of the members of the Board and its committees during the year, against the number of scheduled meetings they were eligible to attend, are shown below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Chair
Daemmon Reeve – Chief Executive Officer	7	N/A	2	N/A	
Ryan Govender – Chief Financial Officer	7	N/A	N/A	N/A	
Vijay Thakrar – Non-executive Director and Chair	7	1	4	4	Board from 27 January 2023 Nomination
Tim Jones – Non-executive Director and Chair (Retired 27 January 2023)	3	N/A	N/A	N/A	Board until 27 January 2023
David Johnston – Non-executive Director	7	N/A	N/A	N/A	
Yetunde Hofmann – Non-executive Director (Stepped down 27 January 2023)	3	N/A	1	1	Remuneration until 27 January 2023
Philip O'Connor – Non-executive Director (Appointed 1 February 2022)	7	4	4	N/A	Audit
Christine Sisler – Non-executive Director (Appointed 1 February 2022)	7	4	N/A	4	
Bronagh Kennedy – Non-executive Director (Appointed 27 January 2023)	4	N/A	3	3	Remuneration from 27 January 2023

Information and support

Contact is maintained by the Board through email, telephone and video calls with written updates provided in respect of ongoing issues, enabling regular input from all Board members. To enable the Board to function effectively and Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters. Board meetings are of sufficient duration to enable debate and discussion, ensuring adequate analysis of issues during the decision-making process. The Board takes the opportunity to interact with employees from across the business on an informal basis when lunching in the shared eating areas.

If necessary, there is an agreed procedure for Directors to take independent professional advice at the Group's expense. This is in addition to the access which every Director has to the Company Secretariat. The Secretariat is charged by the Board with ensuring that Board procedures are followed and that there are good information flows within the Board and its committees and between senior management and Non-executive Directors.

Employee Voice

During the year, Vijay Thakrar and David Johnston, our Chair and Non-executive Director responsible for workforce engagement (Employee Voice NEDs), continued to engage with our people across the Group.

The Board introduced Employee Voice in 2018 in order to provide employees with direct access to the NEDs to demonstrate the importance of the views of our employees to the Board.

David was the Senior Independent Director at the time and was appointed as Non-executive Director employee voice contact as he has significant industry experience and, as the longest serving Non-executive Director, was already known to Group employees.

Role of our Employee Voice NEDs:

Our Employee Voice NEDs seek to ensure that:

- The interests and feedback of employees are considered in Board decision-making
- Feedback is provided to the management team, as a standing agenda item, on all engagement activity and any employee concerns raised
- They provide an open channel of communication with the Board
- Employee Voice reflects the geography and demographics of the workforce
- Management report to the Board on actions they have taken as a result of employee engagement

The sessions, held twice a year in person and via video conference, provide an opportunity for all Group employees to meet with either, or both, Vijay and David. Their direct contact details are also shared with all employees to accommodate those that would prefer to book an individual appointment, rather than attend a drop-in session. The sessions are reasonably well-attended by a mix of people across all functions.

Whilst the sessions are confidential, the Board receives feedback on key themes to enable them to engage with management and address matters as appropriate.

Engagement sessions

Sessions were held with project leads and functional heads during the year to provide the Board with increased visibility of key projects and initiatives. These sessions enabled open discussion and gave those attending the opportunity to gain the Board's view through open dialogue. The sessions included:

- Meeting with members of the sales and customer care teams for updates on customer trends and collaboration opportunities
- Receiving presentations and discussing key projects with project leads
- To discuss areas of focus for the quality team with the functional head
- Attendance of the UK HS&E manager to present on data and planned improvements

CORPORATE GOVERNANCE STATEMENT CONTINUED

Key themes from employee engagement

UK

- Many projects are being undertaken requiring cross-functional collaboration
- Recognition that, following changes in recent years, a period of consolidation and stability is needed
- Support for the organisational restructure which will further enable an inclusive environment
- Operational improvements and leadership perceived as positive
- Clarity on strategy welcomed
- Open dialogue with the Board is viewed positively
- Values are important to employees
- Colleagues are invested in Treatt's successes with much discussion about the share price

US

- A welcome forum; due to the level of engagement additional sessions were arranged
- Global Town Halls, led by Executive Directors, to provide updates and feedback are appreciated and more would be welcomed
- Additional support required to maintain a positive culture during very busy periods
- Changes to structure and direction received positively
- Meeting the newly appointed Directors in person was welcomed
- Board engagement helpful

China

- Local technical capacity and manufacturing capability could be an opportunity for the future
- The team are excited to return to business as usual following lifting of all restrictions due to the pandemic
- Opportunities for product development for the China market
- Citrus and health & wellness products are in demand in China
- Ideas discussed during employee voice sessions now being implemented
- The team are greatly looking forward to the CFO's imminent first visit to China

Speaking up

The Group-wide speak up policy provides employees with a direct means of contacting the Chair of the Board and the Audit Committee Chair in confidence, if they feel unable to discuss a matter with their line manager or a member of senior management. Appropriate arrangements are in place so that employees of the Group may seek advice or raise concerns about possible illegal or unethical practices or matters of integrity.

An individual submitted a letter under the speak up policy during the year in respect of operational matters. The letter was subsequently withdrawn. Notwithstanding this, the matters raised were investigated as the Board takes any such letter seriously and has tasked management with monitoring and updating the Board on some of the issues raised.

Conflicts of interest

The Group has procedures in place for managing conflicts of interest. If a Director becomes aware that they, or a connected party, have a potential conflict of interest, or may be interested in any contract or arrangement to which a Group company is or may be a party, they should notify the Company Secretariat as soon as possible. The Board must consider and, where appropriate, give clearance to such potential conflicts of interest (which would include directorships or other interests in other companies and organisations) following which, an entry is then made in the register of conflicts, which the Company maintains for this purpose. In such cases, unless allowed by the Articles of Association of the Company, any Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement. Directors have a continuing obligation to update any changes to conflicts and the Board formally reviews them annually.

Details of other key directorships held by members of the Board can be found in the Director profiles on pages 68 to 69.

Shareholder relations

The Group places a great deal of importance on communication with shareholders and recognises their role in safeguarding the Company's effective governance. The Board receives updates on the views of our shareholders, expressed during our interactions with them, and from our brokers.

In the event that shareholders have any concerns, which they do not wish to address through the CEO or CFO, the Chair or Senior Independent Director are available to address them. Both make themselves available, as required, for meetings with shareholders on issues relating to the Company's governance and strategy.

Details of how we engaged with shareholders during the year can be found on page 51.

Vijay Thakrar
Chair

CORPORATE GOVERNANCE STATEMENT CONTINUED

Roles and responsibilities

Details of the Directors, the positions they hold, and the committees of which they are members are shown on pages 68 and 69. The Board consists of the Non-executive Chair, Vijay Thakrar and four further Non-executive Directors together with Daemmon Reeve, CEO, and Ryan Govender, CFO. There is a clear and effective division of responsibility between the CEO and the Chair; the roles of the Board team can be generally defined as set out in the table below:

Chair

- Ensures that the Board and its committees are effective and operate under the highest standards of corporate governance
- Ensures appropriate delegation of authority from the Board to executive management and constructive, open relations between them
- Chairs Board meetings and sets the agenda
- Enables adequate time for discussion and circulation of timely and clear information
- Encourages constructive challenge and effective communication between Directors
- Ensures that the Company maintains a dialogue with its principal shareholders about strategy, direction, Directors' and senior managers' remuneration and is aware of shareholders' issues or concerns
- Ensures that employees are able and encouraged to maintain dialogue directly with the Board
- Ensures that the performance of individual Directors, the whole Board and its committees are evaluated at least annually
- Encourages Directors to update their skills, knowledge and familiarity with the Company, its employees and all stakeholders as required to fulfil their role
- Agrees the CEO's personal objectives
- Maintains regular contact with the Non-executive Directors without the presence of the Executive Directors

Chief Executive Officer

- Develops and implements Group strategy
- In conjunction with the CFO, recommends the annual budget
- Ensures strong leadership of the Group
- Sets and promotes the culture of the organisation
- Develops the Business Leadership Team, plans for succession and reviews organisational design
- Manages risk and appropriate mitigation strategies
- Advises and updates the Chair and Board in relation to key matters
- Maintains relationships with investors and advises the Board accordingly
- Day-to-day running of the business
- Manages the operations and resources of the Group

Chief Financial Officer

- Responsible for management of the Group's financial affairs, including treasury and taxation
- In conjunction with the CEO, recommends the annual budget
- Manages financial risk and appropriate mitigation strategies
- Oversees the finance, legal and governance and IT departments
- Promotes the culture of the organisation

Senior Independent Director

- Provides a sounding board for the Chair
- Serves as an intermediary for the other Directors, when necessary
- Chairs meetings in the absence of the Chair
- Is available to shareholders to deal with concerns which cannot otherwise be resolved
- Leads the performance evaluation of the Chair

Non-executive Directors

- Provide independent oversight of the management and governance of the business
- Provide constructive and objective challenge to Executive management
- Assist with the development of strategy
- Provide advice to the Board and management and share knowledge and experience
- Serve on Board committees
- Update and refresh their skills, knowledge and familiarity with the business
- Appoint and remove Executive Directors

Company Secretary

- Is supported by a Deputy Company Secretary, who is responsible for the day-to-day running of the Secretariat and includes an Assistant Company Secretary and governance specialist
- Provides advice and support to the Board on governance, compliance and legal matters
- Responsible for legal and compliance matters relating to the Group
- Provides support for Board meetings and agendas to enable efficient process and compliance with Board procedures
- Ensures good information flows within the Board and its committees and between senior management and Non-executive Directors
- Oversees governance department

CORPORATE GOVERNANCE STATEMENT CONTINUED

Committees

The Board has three sub-committees: the Nomination Committee chaired by Vijay Thakrar, the Audit Committee chaired by Philip O'Connor and the Remuneration Committee chaired by Bronagh Kennedy. During the year the Board reviewed the membership of these committees. Delegation of responsibilities to these committees ensures that sufficient time is spent on matters within their responsibility. The Board has decided that, due to its importance, risk should currently remain as a matter for the full Board and should not be delegated to a committee. The formation of the ESG Board Advisory Panel provides a dedicated panel of Board members to drive the ESG agenda and provides regular updates to the full Board with progress.

Further details of the committees can be found on pages 77 to 93. The terms of reference of all the committees can be found on the Treatt website at www.treatt.com.

Independence

The Board considers that all of the Non-executive Directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement; but since David Johnston has served on the Board for more than nine years he is no longer regarded as independent under the 2018 UK Corporate Governance Code (the Code). Nonetheless, over half of the Board are independent Non-executive Directors, as defined by the Code.

David Johnston reached nine years' service on the Board on 20 May 2020 and as previously reported, having consulted with shareholders during 2019, the Board determined and continue to believe that it is in the best interests of the business and its stakeholders for David Johnston to remain on the Board as a Director given his significant industry knowledge and experience, which benefits the Company, subject to annual re-election.

Commitment

There are typically between six and ten scheduled meetings each year and additional ad hoc meetings where business needs require; generally, one meeting a year is held at Treatt USA. Directors are required to be available for meetings and the Annual General Meeting with attendance in person or if necessary, by video conference, except where prior engagements exist. To facilitate this, meetings are scheduled two years in advance. In addition, regular contact is maintained between meetings to ensure input from all Board members in respect of ongoing matters. It is anticipated that the time commitment required of Non-executive Directors is up to 30 days a year and considerably more for the Chair. The service contracts of Non-executive Directors do not permit them to accept other board appointments without approval from the Chair, who will consider any potential conflicts of interest with the Group or potential constraints on time required to fulfil the commitment to the Company. During the year, Bronagh Kennedy was permitted to accept a position on another board. The Board is satisfied that the other commitments of Board members do not detract from the extent or the quality of the time which they are able to devote to the Group.

Composition, succession and evaluation

Board composition

The Board has been refreshed to ensure that it has an appropriate balance of skills and experience with financial, technical, industry-specific and general business disciplines being represented.

The structure of the Board ensures that no one Director is dominant in the decision-making process and that open debate and discussion is encouraged. There is a suitable balance between the number of Executive and Non-executive Directors.

The Board, with support from the Nomination Committee, is fully committed to enhancing diversity of all types at both Board and senior management level. Our policy is to ensure that our Board reflects the markets we serve and to recruit the best possible candidate for each individual role having regard to qualifications, experience and personality, without prejudice to a candidate's gender, ethnicity, social background, age, sexual orientation, disability and other characteristics. Further details on Board diversity are included in the Nomination Committee report on page 77.

Further details on the Group approach to diversity are given on page 30.

All Non-executive Directors receive a fixed fee for their services. However, in exceptional circumstances, where significant additional time commitment is required, a Non-executive Director may, if approved by the Board or Remuneration Committee, be paid an additional fee in accordance with the remuneration policy.

Appointments to the Board

A formal process is undertaken for the search and selection of appropriate candidates for Board vacancies, details of which are set out in the Nomination Committee Report on pages 77 and 78.

Induction and development

On appointment Directors are provided with access to relevant training and advice in respect of their role and duties as a public company director. All new Directors receive an induction to acquaint them with the Group. This takes the form of site tours, meetings with other Board members and senior management and the provision of a comprehensive induction pack, which contains general information about the Group, its structure and key personnel, together with copies of relevant policies and procedures, financial information and briefings on Directors' responsibilities and corporate governance.

The Chair is responsible for ensuring that all Non-executive Directors receive ongoing training and development and our Directors understand the need to keep themselves properly briefed and informed about current issues. Regular updates on regulatory and legislative developments are provided to the Board by the Company Secretariat.

Re-election

All Directors offer themselves for re-election annually. Following the annual evaluation of the Board and its committees, the Nomination Committee has determined that all Directors standing for re-election at the Annual General Meeting continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Evaluation

The Board is aware of the need to continually monitor and improve performance and recognises that this can be achieved through annual evaluation, which provides a valuable feedback mechanism for improving the Board's effectiveness. During 2022 an external evaluation was undertaken by Bvalco Limited, an advisor with no other connection to the Group.

The evaluator recognised that, whilst the Board was in transition, there was no doubt that it had the individual and collective motivation, commitment and skills to steward Treatt through its next phase of growth. To ensure the effectiveness of the external evaluation, the Board held a further session with the independent evaluator during the year focusing on effective communication and debate. Ways that the Board could be more effective, including in its support and challenge to the Management Team, were discussed, leading to arrangements for the Board to engage more with a wide range of colleagues going forward.

The agreed set of priorities to improve the functioning of the Board, recommended by the independent evaluator, were actioned during the year and included:

- Gaining strategic clarity
- Building the refreshed Board as a high-performance team
- Considering how the Board will oversee the transformation agenda

During the year an evaluation of the Board, its committees and each individual director was carried out internally. The Board and committee reviews are conducted by the appropriate Chair. Additionally, the skills matrix of each of the Directors was reviewed and the skills and experience mix discussed in respect of performance and composition of the Board. The performance of individual Directors was evaluated by the Chair and the Chair was evaluated by the Senior Independent Director. The evaluation process demonstrated that the performance of the Directors, the Board and the committees is effective overall.

What the Board did during the year

The Board met formally seven times this year with meetings scheduled around events in the corporate calendar such as the full and half year results, year-end and the AGM. Standing agenda items include updates from the CEO on performance of the business against strategic objectives, a review of the financial and trading position from the CFO, and updates on health and safety, people, sustainability, commercial, supply chain, manufacturing, innovation, quality and legal matters.

In addition to these regular items, specific areas of focus for the Board during the year included:

Strategy and business development

- Reviewed the progress of the Group's strategy throughout the year with regular updates from the Executive Directors
- Approved the strategic plan for the next five years
- Held sessions with sales, operations and technical to give the Board greater understanding of the business
- Received regular updates on progress of the sustainability strategy and formed the ESG Board Advisory Panel

Financial performance

- Regularly reviewed the trading performance of the business and updated the market as required
- On the recommendation of the Audit Committee, reviewed and approved the FY2022 Annual Report and the FY2023 half year results
- Approved the FY2024 budget and capital investment proposals
- Reviewed the Group forecasts, net debt levels, facility headroom and covenants and working capital
- Approved financing proposals, relocation spend and bank facilities
- Approved the recommendation of the final dividend for FY2022 and payment of the interim dividend for FY2023

Operational performance

- Maintained oversight of the completion of the new UK Headquarters and the move and closure of the previous premises
- Received reports and presentations from management on the performance of each of our product categories and other matters of material importance to the Group
- Reviewed the results of the Sustainability Customer Experience Survey
- Received presentations from UK and US sales on pipeline opportunities and recent wins
- Received updates on opportunities in China

Governance and risk

- Undertook an internal Board and committee evaluation
- Refreshed the Chair position of the Remuneration Committee and appointed a new Senior Independent Director
- Reviewed and approved the annual modern slavery statement and other Board policies
- Six-monthly risk register review
- Held a meeting dedicated to the discussion of risk and undertook a deep dive into several key risk areas and a review of the risk appetite
- Received reports on investor feedback and stakeholder engagement
- Met with large investors to discuss governance

People

- Completed the recruitment process for a new Non-executive Director
- Maintained oversight of the introduction of a new Business Leadership Team and organisational restructure
- Reviewed the actions taken by management in response to Employee Voice feedback
- Reviewed the results of pulse surveys undertaken across the business and other cultural indicators
- Approved the SIP, SAYE and ESPP share awards

This report was approved by the Board on 28 November 2023.

Ryan Govender
Chief Financial Officer and Company Secretary

NOMINATION COMMITTEE REPORT

I am pleased to present our Nomination Committee Report."

Vijay Thakrar
Chair – Nomination Committee

A focus on board composition

Composition of the Board and succession planning for the Board, its committees and senior management are key activities.

Introduction

Our Nomination Committee Report explains the committee's focus and activities during the year. The committee seeks to ensure that the size, composition and structure of the Board is appropriate for the delivery of the Group's strategic objectives and to support our culture and values.

Membership and meetings

As reported in last year's Annual Report, I succeeded Lynne Weedall when she stepped down from the Board in September 2022. Daemmon Reeve stepped down from the committee when his retirement was announced. The committee takes Board composition and succession planning very seriously and as such has met formally four times during the course of the year with additional informal meetings held as required.

Roles and responsibilities

The committee operates under terms of reference, which are reviewed annually and are available on the Group's website. The main responsibilities of the Nomination Committee are:

- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its committees and make recommendations to the Board with regard to any changes that are deemed necessary
- To identify and nominate candidates for the approval of the Board, to fill Board and committee vacancies as and when they arise
- To oversee succession planning for the Board and senior management, considering current and future strategy, the challenges and opportunities facing the Group and the skills and expertise needed on the Board for the future
- To review the results of the Board and committee performance evaluation process that relate to the composition of the Board and committees, and to assess whether the Non-executive Directors are providing appropriate value in fulfilment of their duties

Activities since the last report

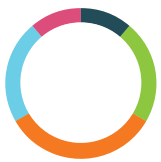
- Appointment of Bronagh Kennedy as Non-executive Director and Remuneration Committee Chair
- Appointment of search firm in October 2023 for the CEO role
- Conducted and reviewed the Board evaluation as it relates to the composition of the Board and their relevant skills and experience
- Arranged Board development training with an external provider
- Reviewed the time commitment required from Non-executive Directors and determined whether appropriate value is being provided to the Company. As a result, it is felt that the NEDs need to devote around 30 days per annum on average to Treatt, with the Non-executive Chair needing to devote considerably more than this
- Board succession planning
- Reviewed the terms of reference of the committee
- Reviewed the diversity of the Board and the Business Leadership Team which leads the business on a day-to-day basis with the Executive Directors

NOMINATION COMMITTEE MEMBERS

Vijay Thakrar (Chair)
Non-executive Director

Philip O'Connor
Non-executive Director

Bronagh Kennedy
Non-executive Director



Nomination Committee experience

HR	1
Finance	2
Management	3
ESG	2
Industry	1

Committee meetings in the year
4

Meeting attendance
90%*

* Daemmon Reeve did not attend 2 Nomination Committee meetings in the year where CEO succession was discussed.

NOMINATION COMMITTEE REPORT CONTINUED

Appointments

Appointments to the Board of both Executive and Non-executive Directors are undertaken by the Nomination Committee, which ensures that a wide range of candidates are considered. The committee reviews the skills mix of the Board to identify potential gaps or areas where increased strength and diversity are required. The skills matrix requires Board members to rate the strength of their experience in a range of skills across areas such as strategy, industry experience, finance, risk management, stakeholder engagement and corporate governance and ethics. The skills matrix is reviewed annually by each Director, the Chair and the Nomination Committee.

During the year, Pure Executive, an independent search and selection agency, which is a division of Pure Resourcing Solutions Limited, were instructed to search for a suitable candidate for the role of Non-executive Director and to provide a list of suitable candidates to the committee.

The time commitment required for the role and existing demands on a candidate's time were considered as part of the selection criteria as were relevant skills and experiences taking into consideration our skills matrix review and our diversity objectives. Members of the committee were involved in the initial interview process, with Board members meeting the final shortlisted candidates.

In light of the announcement regarding the CEO's retirement on 31 December 2023, Pure Executive has been selected to search for a suitable candidate for the role of CEO and to provide a list of suitable candidates to the committee. This followed a tender process involving another search firm.

The recruitment process is underway to ensure the best candidate is selected to lead the business in the next exciting phase of its evolution.

Pure Executive have previously provided recruitment services to Treatt but do not have any other connection with the Company or individual Directors.

Succession planning for the Board and senior management will continue to be a focus of the committee; alignment with Treatt's culture together with the right balance of insight, skills, entrepreneurialism, diversity, approach to risk and sustainability are key considerations in its deliberations.

Diversity

The Board recognises the benefit of having an appropriate level of diversity on the Board and in management positions throughout the Group to support the achievement of its strategic objectives and to encourage diversity of thinking. The committee considers the benefits of all aspects of diversity including race, gender, social background, disability, sexual orientation, religion, belief, age and culture when appointing both Executive and Non-executive Directors; independence and relevant commercial experience are also key considerations for Non-executive Director appointments.

Since 2018 seven directors have been recruited to the Board of which four have been women and two from minority ethnic backgrounds.

As at 30 September 2023, the Board has partially met the diversity targets set by the FCA listing rules with two members being from a minority ethnic background exceeding the target of one. See page 30 for further details on Board ethnic diversity. Owing to the size of our Board, which reflects the size of our Company, our Board female gender proportion is 29% compared to the target of 40%. We intend to progress towards the target of 40% as the Board is refreshed. See page 70 for further details on Board gender diversity. We are committed to enhancing diversity at both Board and senior management levels with our Business Leadership Team responsible for the day to day running of the business, being 70% female (excluding Executive Directors). Details of the members of our Business Leadership Team can be found on page 21. Further details on gender diversity within the Group are set out on page 30.

This year's achievements

- Appointment of a Non-executive Director to chair the Remuneration Committee
- Internal Board evaluation, including a review of the relevant skills and experience needed for the future, and time commitment needed from NEDs
- Board development session led by an external provider

Future plans

- Appointment of a new CEO
- Continuing review and development of Board and committees, including evaluation
- Oversight of senior management resilience and succession plans and development of leadership talent across the Group.
- Enhanced engagement with the Treatt Business Leadership Team and wider workforce

The Board does not currently comply with the target that at least one of the senior Board positions (Chair, CEO, CFO and Senior Independent Director) is held by a woman, owing to the size of the Board. The committee intends to progress on this area as the Board and its roles are refreshed, and it is noted that two of these senior Board positions are held by individuals from a minority ethnic background. In addition, all of the Board members are from humble and diverse social backgrounds and each was the first generation in their family to attend university.

Committee evaluation

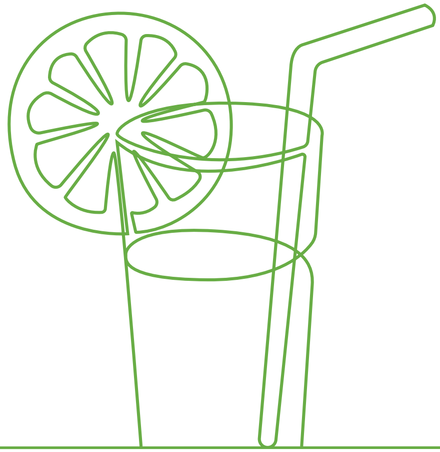
An internal evaluation of the Board and its committees was undertaken as reported on page 76.

Vijay Thakrar
Chair – Nomination Committee

AUDIT COMMITTEE REPORT

I am pleased to present our Audit Committee Report."

Philip O'Connor
Chair – Audit Committee



A focus on governance and reporting

The Audit Committee focuses on effective governance and financial reporting.

Membership, independence and experience

Treatt's Audit Committee of two independent Non-executive Directors reflects the Company's size as a smaller listed company. Having had its membership refreshed in September 2022, the current membership of the Audit Committee is Philip O'Connor (Chair) and Christine Sisler, who is also a member of the Remuneration Committee. Philip joined the Board in February 2022 having spent many years in senior roles, including as Finance Director of Kerry Foods, and is a qualified Chartered Certified Accountant deemed by the Board to have recent and relevant financial experience.

The committee acts independently of management and the Board is satisfied that its members have the appropriate skills, experience, knowledge and professional qualifications, with competence relevant to Treatt's business.

Meetings

The committee met formally four times during the year. The auditor attended three of these meetings other than when their appointment or performance were being reviewed. The Board Chair, CEO, CFO and other senior finance team members attended meetings as appropriate by invitation. The committee has discussions at least twice a year with the auditor without management being present. The committee Chair also meets informally with, and has access to, the CFO to discuss matters considered relevant to the committee's duties and maintains a regular dialogue with the audit partner.

Role and responsibilities

The committee operates under terms of reference, which are reviewed annually and are available on the Group's website. The main responsibilities of the Audit Committee are:

- To review the Group's Annual Report and any formal announcements relating to the Group's financial performance and to report to the Board on significant financial reporting issues and judgements contained therein, having regard to matters communicated to it by the auditor
- To review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy
- To oversee the relationship with the auditor and assess the effectiveness of the external audit process, including making recommendations to the Board on their appointment, remuneration and terms of engagement. The committee also monitors their independence and objectivity
- To make recommendations to the Board on the requirement for an internal audit function. To ensure that procedures are in place whereby employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Group has arrangements in place for the proportionate and independent investigation of such matters and for appropriate follow-up action

AUDIT COMMITTEE MEMBERS

Philip O'Connor (Chair)
Non-executive Director

Christine Sisler
Non-executive Director

Audit Committee experience

Finance	2
Management	2
Industry	2
Operations	1

Committee meetings in the year

4

Meeting attendance

100%

AUDIT COMMITTEE REPORT CONTINUED

Activities since the last report

- Reviewed and reported to the Board on the half year report and trading updates
- Met with the audit partner to approve the audit plan and identification of risks
- Reviewed the auditor's findings, management's responses and ensured robust challenge
- Reviewed the auditor's performance and the audit process to ensure that they remain objective and independent, and to assess the effectiveness of the audit, providing feedback to the auditor in this respect
- Approval of the fees paid to the auditors for the audit
- Reviewed and reported to the Board on the Group's Annual Report for 2023 to ensure that, taken as a whole, it was fair, balanced and understandable. This included consideration of a report from the auditor on their audit and review of the financial statements, significant financial reporting issues and judgements contained therein, and discussions with management
- Reviewed the clarity and completeness of the treatment and disclosure of exceptional items and alternative performance measures
- Received presentations from management on financial reporting matters
- Reviewed the potential requirement for an internal audit function
- Reviewed the appropriateness of having a formal review of the Group's half year results undertaken
- Reviewed the operation of the policy on the provision of non-audit services by the external auditor and approving any such work undertaken
- Reviewed the performance of the Audit Committee
- Reviewed the terms of reference of the Audit Committee
- Received an update on progress of the inventory improvement plan at Treatt USA
- Reviewed and recommended to the Board the foreign exchange and hedging strategy as well as implementation and oversight of monthly FX Committee meetings

Financial reporting

During the year the committee and the Board monitor the integrity of any externally published announcements relating to the Group's financial performance. Reports are requested from management on particular matters, especially where a significant element of judgement is required. Additionally, the committee has regular contact with the audit partner without the presence of the Executive Directors.

In respect of the Annual Report, members of the committee review early drafts to keep appraised of its key themes and to raise any issues early in the process. The 2023 Annual Report was reviewed at a committee meeting in November 2023; after due challenge and debate the committee was content with the appropriateness of the accounting policies adopted, and that the key judgements applied, which where possible, are supported by external advice or other corroborative evidence, are reasonable and therefore agreed with management recommendations.

Significant judgements and issues

The committee receives reports from management on the significant accounting and financial reporting matters and judgements involved in the preparation of the financial statements. Amongst the matters considered by the committee in relation to the Group's 2023 Annual Report were:

Global economic uncertainty and impact on going concern basis of accounting

Despite the Group's resilient financial performance throughout the global pandemic, the committee remains vigilant to the uncertainties arising both domestically and internationally from the current economic and geopolitical environment, as well as the prospect of a future pandemic. The impact of these various challenges is manifesting itself in inflationary price increases, supply-side challenges, de-stocking and changing consumer tastes as well as impacting the rate of economic recovery within our key markets.

Appropriate financial modelling has since been undertaken with this in mind to support the assessment of the business as a going concern and its longer-term viability. The Group's going concern and viability statement is on pages 66 and 67 sets out the approach taken and the conclusions reached.

Inventory valuation

Given the nature of the Group's products and the processes involved in their manufacture, a degree of estimation and judgement is involved in the valuation of inventory, including determining the level of provisions required against obsolete, slow moving and defective inventory, which are likely to result in a loss to the Group.

This involved discussions with management, on the basis of valuation and detailed exercises undertaken to identify the relevant provision levels, and with the auditors, on their findings following their review of the work done on inventory valuation and the controls in place over the processes involved.

Defined benefit pension scheme

The choice of discount rate, inflation rate and life expectancy basis could materially affect the level of surpluses and deficits in the defined benefit pension scheme. The most recent funding update showed that valuation at the year-end date revealed there was a funding surplus within the scheme, the committee considered the choice of assumptions used to calculate the Group's pension surplus in accordance with IAS 19, this included confirming that they are in accordance with advice received from the scheme actuary, Barnett Waddingham, and that these assumptions had been critically reviewed by the auditors.

The committee also reviewed the legal advice obtained in relation to the circumstances in which the Company would have an unconditional right to a surplus at some future date and concluded that the recognition of the pension surplus was therefore appropriate.

Fair, balanced and understandable

In assessing whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, the committee seeks to ensure that:

- An experienced team is responsible for co-ordination of content, which is subject to a detailed cross-functional review

AUDIT COMMITTEE REPORT CONTINUED

- Senior management confirm that the content in respect of their areas of responsibility is considered to be fair, balanced and understandable
- The committee receives an early draft of the Annual Report to enable timely review and comment

These processes, together with its own review, allow the committee to provide assurance to the Board to assist them in making the statement required by the 2018 UK Corporate Governance Code.

The committee also reviewed compliance with the disclosure requirements on Directors' remuneration and the Strategic Report.

Risk management and internal controls

The committee continues to consider the requirements of the 2018 UK Corporate Governance Code and the FRC Guidance on Audit Committees. Following recent reviews, the last of which was in October 2023, responsibility for risk management and monitoring the effectiveness of internal controls remains with the full Board, rather than being delegated to the Audit Committee. Consistent with this approach, the Board also retains responsibility for reviewing the assumptions underlying both the going concern and longer-term viability statements made in the Annual Report as detailed on pages 66 and 67. As the Group continues to grow, the delegation of these matters will remain under review. The principal risks and uncertainties are set out on pages 60 to 65.

The committee annually reviews the requirement for an internal audit function. In recent years work has been undertaken, with the assistance of KPMG, to improve risk management across the Group, as detailed on page 60.

It was agreed during the year that a senior member of the finance team would dedicate a portion of their time to focus on internal controls and will report directly to the Audit Committee.

During the planning phase of the external audit the auditors confirm their understanding of the internal controls relevant to the external audit. Where they plan to place reliance on internal controls, they will test the operation of those controls and if their examination of internal controls leads them to believe there may be significant deficiencies therein, they will report their findings to the Audit Committee.

External audit

The Audit Committee is committed to ensuring the independence, effectiveness and objectivity of the external auditor, and reviews the performance of the external auditor in respect of audit-related services and non-audit services every year.

Appointment and re-appointment of external auditor

The Group undertook a competitive external audit tendering process in 2020 and BDO LLP (BDO) was selected as the Group's external auditor with effect from 29 May 2020. For FY2023, BDO continued to provide external audit services to the Group. Tracey Keeble was the partner for BDO on the audit of Treatt for the year ended 30 September 2023 and for the previous three years.

The level of non-audit fees and their effect on the auditor's independence or objectivity is also considered on a regular basis. The split between audit and non-audit fees for the year under review appears in note 5 to the financial statements. The committee has a policy for the provision of non-audit services by the Company auditor, which is aligned with the requirements of the UK Financial Reporting Council's Ethical Standards (2016 and 2019); it ensures that objectivity and independence are not compromised. Under the policy, all non-audit services to be contracted with the external auditor will require the approval of the committee. Apart from other assurance services, as set out in note 5 to the financial statements, BDO has not provided any non-audit services to the Group and when considering the use of the auditor to undertake such assignments, consideration will be given at all times to the provisions of the FRC Guidance on Audit Committees with regard to the preservation of independence. BDO LLP has indicated its willingness to continue in office. The Audit Committee recommended to the Board that BDO be re-appointed and resolutions are to be proposed at the Annual General Meeting for the re-appointment of BDO LLP as auditors of Treatt plc and its subsidiaries, and to authorise the Board to fix their remuneration. The remuneration of the auditors for the year ended 30 September 2023 is disclosed in note 5 of the financial statements.

External auditor assessment

The committee has oversight of the relationship with the external auditor and is responsible for monitoring their independence, objectivity and compliance with professional and regulatory requirements. An annual assessment of the effectiveness of the external auditor is undertaken to facilitate continued improvement in the audit process which incorporates the views of senior management. This assessment considers:

- The delivery of an efficient, robust audit in compliance with the agreed plan and timescale which is underpinned by a thorough risk identification process
- The provision of robust and perceptive advice on key areas of judgement, and technical issues
- The demonstration of a high level of professionalism and technical expertise
- Continuity within the audit team
- Adherence to independence, policies and other regulatory requirements

The committee was satisfied that these requirements have been met and that BDO demonstrated commitment to perform high-quality work and was committed to strengthen audit quality infrastructure in response to the FRC's Audit Quality Review 2022/2023.

External auditor independence

The committee has undertaken an assessment of the effectiveness of BDO's performance and relationship with Treatt and is satisfied that BDO delivered a robust audit and remain independent of Treatt, having no previous connection with the Company.

Effectiveness of the committee

The effectiveness of the committee was considered as part of the internal Board evaluation and reviewed as part of the committee's own processes. The committee received positive feedback on the way it challenges the business and it was agreed that the committee continued to work effectively.

Philip O'Connor
Chair – Audit Committee

Future plans

- Treatt is committed to developing a business with strong ESG values at its core. As reported elsewhere, Treatt formed an ESG Advisory Board Panel during the year. The Advisory Panel's membership comprises the CFO and three Non-executive Directors.
- Continue to monitor developments to consider whether it is appropriate the Group's half year results to be externally audited.

DIRECTORS' REMUNERATION REPORT

I am pleased to present our Remuneration Committee Report."

Bronagh Kennedy
Chair – Remuneration Committee

A focus on remuneration structure

The policy is to ensure that remuneration structures are transparent and proportionate.

Chair's statement

Following my appointment as Chair of the Remuneration Committee on joining the Board in January 2023, I am pleased to present the Directors' Remuneration Report for Treatt.

The Directors' Remuneration Report for Treatt for 2023, including both this Chair's statement and the Implementation Report, which details the remuneration paid to the Directors during the financial year under review, will be put to an advisory vote at the AGM on 25 January 2024.

Performance and reward outcomes for 2023

As referenced throughout this year's Annual Report, Treatt returned to profit growth during the year with resilient revenue performance. The Committee is satisfied that in light of this performance level, the Company's remuneration outcomes for FY2023 were appropriate.

Key performance highlights included:

- The Group's profit before tax and exceptional items increased to £17.3m, meeting expectations
- Adjusted basic earnings per share (EPS) increase to 22.94p (2022: 19.80p)
- Dividend per share increase to 8.01p (2022: 7.90p)

The Group made good progress on important strategic initiatives which we believe will support the Group well for its positive growth trajectory. These actions included:

- Completion of the relocation to the new UK Headquarters of all employees and UK operations, and the closure of the former site
- Lowering of net debt to £10.4m (FY22: £22.4m) reflecting record cash generation
- Group-wide roll out of the updated five-year strategy

As has been our practice since 2014, we will again be offering free shares to the value of £700/$1,000 respectively to all UK and US qualifying employees.

As we are required to confirm by the UK Directors' Remuneration Report regulations, the committee confirms that it exercised what it regards as normal commercial judgement in respect of Directors' remuneration throughout the year (and in all cases in line with the approved Directors' remuneration policy), including in relation to:

- Setting performance metrics for normal course annual bonuses and LTIPs in the year
- Confirming the outcome of performance metrics for annual bonuses and LTIPs in the year

There were no other exercises of judgement or discretion by the committee save as detailed in below.

Following the year end, the committee did act to moderate downwards the calculated vesting level for 2020 LTIPs (vesting December 2023); the now proposed vesting level at 51.0% is considered to reflect our growth in EPS over the LTIP performance period of three financial years 2021 to 2023 appropriately. The committee determined that a higher vesting outcome would not be aligned to shareholders' overall long-term experience across the LTIP performance period.

REMUNERATION COMMITTEE MEMBERS

Bronagh Kennedy (Chair)
Non-executive Director

Vijay Thakrar
Board Chair

Christine Sisler
Non-executive Director

Remuneration Committee experience

HR	1
Finance	2
Management	3
ESG	2
Operations	1
Industry	1

Committee meetings in the year

4

Meeting attendance

100%

DIRECTORS' REMUNERATION REPORT CONTINUED

The 2023 Executive bonus outcome was 33.5% of the maximum bonus achievable, and included a 12.0% personal objectives element.

Retirement of our Chief Executive Officer

As announced in October, Daemmon Reeve will retire from the business on 31 December 2023. I would like to extend my thanks to Daemmon for his contribution during my first months with Treatt and wish him a long and happy retirement. Appropriate disclosures of the treatments applied to remuneration items for Daemmon as part of this process will be made in next year's Directors' Remuneration Report.

Looking ahead to 2024

Although we face a period of leadership transition in FY2024, the Remuneration Committee's intention is to continue to apply our remuneration policy consistently with how this has operated in past years, and no material changes to the operation of our annual bonus plan and our LTIP are proposed for our financial year to 30 September 2024.

We believe that these incentive plans have served the Company and its shareholders well over the long-term. However, following last year's AGM the committee agreed that there will be no pay out under the annual bonus scheme in respect of non-financial measures unless minimum financial targets have been achieved.

One change has been approved for FY2024 relating to the salary of our Chief Financial Officer, Ryan Govender. When Ryan was appointed to his role in July 2022 his salary was set at the same level as our prior CFO at £230,000. In the period since his appointment Ryan has demonstrated excellent performance and progression in the role and it is now proposed to reposition Ryan's salary, over a period of two financial years. His salary in FY2024 is proposed as £270,000, with a potential second phased increase to £300,000 in FY2025.

This potential second increase will only be made after a Remuneration Committee review in the summer of 2024 which will consider the continuing appropriateness of the proposal in the context of individual and Company performance.

As part of our review process we consulted appropriate market comparators for CFO pay levels and, consistent with our long-established outlook on fixed pay, the proposed new CFO salary level at Treatt maintains a positioning that we regard as competitive but which is still below 'market suggested' salary levels in comparable FTSE SmallCap companies. As a committee we approach the use of market data for pay comparisons cautiously and ensure that we look only at companies which are similar to Treatt in both company market values (by market capitalisation) and turnover. This ensures that scale of operations is also captured in our considerations appropriately.

As we disclosed in October 2023, until a new CEO is appointed, Ryan will act as Interim CEO from 1 January 2024. Any implications for Ryan's remuneration in FY2024 will be appropriately disclosed in our Directors' Remuneration Report for 2024.

Matters to be approved at our 2024 AGM

At the 2024 AGM, shareholders will be asked to approve the Directors' Remuneration Report; this will be the normal annual advisory vote on the report.

We will also propose resolutions which renew our authority to operate our existing SIP and LTIP. This is a business as usual matter and no material changes are being made to the existing SIP and LTIP rules, which were last approved by our shareholders at our 2014 and 2019 AGMs respectively. A full summary of the SIP and LTIP rules will be set out in the notice of meeting for the 2024 AGM.

We are happy to receive feedback from shareholders at any time in relation to our remuneration policy and hope to receive your support for the resolution to approve the Directors' Remuneration Report and to renew our authority to operate the SIP and LTIP at the forthcoming AGM. I will be available at the AGM to answer any questions you may have and look forward to meeting those attending.

Bronagh Kennedy
Chair – Remuneration Committee

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy for executive and non-executive directors for the three-year period expiring at the Company's 2025 AGM, and which was approved by shareholders at the 2022 AGM, can be found within the Company's Annual Report and Accounts for 2021 which is available on the Company's website at www.treatt.com/investor-relations/financial-results-presentations/reports.

Remuneration principles

The committee's policy is to ensure that remuneration structures align with those of the wider workforce, are simple, transparent and proportionate to the size and complexity of the business, whilst ensuring that we pay people fairly, and recognise and reward good performance. The main principles of the remuneration policy are:

- We will always aim to compete on salary and other benefits, but executives should not be overpaid when compared with external pay relativity and wider workforce remuneration and conditions
- We will recognise strong contribution from performance, experience and industry expertise as well as demonstrating our culture and values
- All colleagues participate in a good pension plan, with the same pension contribution rates applying to all employees in a country
- Remuneration packages should align with Treatt's strategic objectives and the interests of shareholders by using stretching performance metrics that provide a strong link to the creation of shareholder value
- Variable pay should incentivise delivery against performance in accordance with our culture where employees are accountable and rewarded for their performance
- All employees can participate in a bonus scheme, and we have high alignment of business-based targets for bonuses across all employees
- We aspire to give all employees the opportunity to participate in share plans and we believe it is right that colleagues can share in value created for our shareholders
- Our Executive Directors retain shares from share plans and stay invested in our business journey

IMPLEMENTATION REPORT

Membership and meetings

Yetunde Hofmann stepped down from the Board and as Chair of the committee during the year. Current membership is Bronagh Kennedy (Chair), Vijay Thakrar and Christine Sisler. All members of the Remuneration Committee are considered to be independent.

The committee met four times during the course of the year.

Role and responsibilities

The committee operates under terms of reference, which are reviewed annually and are available on the Group's website. The main responsibilities of the Remuneration Committee are to:

- Set the remuneration policy for all Executive Directors, the Chair and Non-executive Directors including, where appropriate, bonuses, share-based incentive schemes and post-retirement benefits
- Determine the remuneration packages for the Executive Directors, the Chair and senior management, which includes the Company Secretary
- Approve the design of, and determine targets for, any performance-related incentive schemes operated by the Group and approve the total annual payments made under such schemes
- Review the design of all share incentive plans requiring approval by the Board and shareholders. For any such plans, the committee shall determine each year, taking into account the recommendations of the CEO as appropriate, whether awards will be made and, if so, the amount of such awards to the Executive Directors, senior management and other key employees, and any performance targets to be used

DIRECTORS' REMUNERATION REPORT CONTINUED

Activities since the last report

- Approval of the 2023 Directors' Remuneration Report
- Agreement of the bonuses payable for the 2023 financial year
- Grant of options to Executive Directors, senior management and other business critical employees under the Treatt LTIP and the setting of performance conditions
- Reviewing salary and fee levels for the Executive Directors and Chair respectively, and agreement of salary and fee increases for the 2024 financial year
- Determination of the salary increases of members of the Business Leadership Team for the 2024 financial year
- Consideration of the award of free and matching shares to UK employees under the Share Incentive Plan and equivalent awards of restricted stock units to US employees under the Long-Term Incentive Plan
- Reviewing the quality of the advice received from FIT Remuneration Consultants and whether it was objective and independent
- Reviewing Executive Directors' shareholdings against the requirements of the Share Retention Policy
- Reviewing the terms of reference of the Remuneration Committee
- Reviewing the performance of the Remuneration Committee

In addition, the committee has ensured that the policy and the company's remuneration practices are consistent with the six factors set out in Provision 40 of the Code:

Clarity – Our policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies.

Simplicity – The committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and LTIPs, (ii) the significant role played by shares in our incentive plans (together with LTIP holding periods and in-employment and post-cessation shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The weighting towards use of shares within our incentive plans means that actual pay outcomes are highly aligned to the experience of our shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to Treatt's culture through the application of our developed remuneration principles which were widely reviewed by our Board before being settled.

External advisors

During the year the committee continued to engage the services of FIT Remuneration Consultants LLP, who were appointed in the latter stages of 2017 following a selection process led by the Chair of the Remuneration Committee at that time. FIT Remuneration Consultants are a founder member of the Remuneration Consultants' Group and adhere to its code of conduct and do not provide any other services to Treatt. Fees totalling £22,452 (2022: £12,293) have been paid for their services during the year for the provision of advice to the committee on various aspects of remuneration within the FTSE SmallCap sector. The committee has reviewed the quality of the advice provided and whether it properly addressed the issues under consideration and is satisfied that the advice received during the year was objective and independent.

Effectiveness of the committee

The effectiveness of the committee was considered as part of the Board evaluation detailed on page 76 and reviewed as part of the committee's own processes. The committee is regarded as effective, and receives good quality, timely information in respect of regulatory changes and best practice and communicates well with the rest of the Board.

IMPLEMENTATION OF POLICY IN 2024

Element of remuneration policy	Implementation of policy for 2024
Base salaries	Daemmon Reeve – £435,000 (FY2023: £435,000) Ryan Govender – £270,000 (FY2023: £234,600)
Benefits	Unchanged from FY2023. Private healthcare (including family cover for Daemmon Reeve); life assurance; permanent health insurance; car allowance; all-employee share schemes
Pensions	Daemmon Reeve – 9% of salary (contributions are paid as cash and reduced for the impact of Employers' NICs, giving an actual contribution rate of 7.9% of salary) Ryan Govender – 9% of salary
Annual bonus	Maximum is 125% of base salary for Executive Directors for FY2024 targets, which are based on: • Group profit before tax and exceptionals* calibrated by reference to the performance of the Group in FY2023 (80% weighting) • Non-financial targets and objectives set by the Remuneration Committee (20% weighting) The bonus outcomes for FY2024 will be paid: • 75% in cash after finalisation of the Group's results for FY2024 • 25% subject to deferral in shares for two years (subject to £10,000 minimum value of deferral) The committee considers that the forward-looking targets for the annual bonus are commercially sensitive and has, therefore, chosen not to disclose them in advance Details of the targets will be set out retrospectively in next year's Remuneration Report * We use PBTE as it is considered the most appropriate measure of the underlying performance of the Group

Element of remuneration policy	Implementation of policy for 2024
Long-Term Incentive Plan (LTIP)	Annual LTIP award to Ryan Govender of shares worth 150% of base salary (calculated using share prices at the time of award) FY2024 awards will be subject to performance conditions measured over three financial years to FY2026 The performance condition will be: • Based on average compound annual growth in adjusted basic earnings per share ('EPS') (80% weighting) measured from FY2023 as the base point and with a performance range as follows: Threshold of 5.0% p.a. (below which there is 0% vesting) through to maximum vesting at 17.0% p.a. • Based on average return on average capital employed ('ROACE') (20% weighting) with a performance range as follows: Threshold of 13.0% (below which there is 0% vesting) through to maximum vesting at 17.0% After performance vesting at three years, LTIP awards are subject to a further two-year holding period
Share retention policy	Daemmon Reeve – 200% of basic salary Ryan Govender – 200% of basic salary At 30 September 2023 Daemmon Reeve held shares worth 645% of basic salary and Ryan Govender held shares worth 2% of basic salary
Malus and clawback	Applies to all performance-related elements of Executive Directors' remuneration
Chair and Non-executive Directors' fees	The base fees for the Chair and Non-executive Directors for FY2024 are as follows: • Chair – £124,000* (FY2023: £124,000) For all other Non-executive Directors: • Base fee – £51,000 (FY2023: £51,000) • Audit Committee Chair – £10,000 (FY2023: £10,000) • Remuneration Committee Chair – £10,000 (FY2023: £10,000) • Senior Independent Director – £10,000 (FY2023: £10,000) • ESG Board Advisory Panel Chair – £5,000 • Treatt USA Advisor - £5,000

* On a review of the Chair's fees in FY2023, which considered fee levels at selected comparator companies, a revised fee level for the Chair of £150,000 p.a. was proposed. However, the Chair declined to accept the revised fee and the fee level for the Chair shown will continue to apply for FY2024

The following section of this report provides details of the implementation of the policy for the year ended 30 September 2023

Directors' remuneration (audited)

The tables below report a single figure for total remuneration, and the proportion of fixed and variable pay is shown below for the Executive Directors and for each individual Executive and Non-executive Director respectively.

	Daemmon Reeve		Ryan Govender[1]	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed pay:				
Salary	**435**	390	**235**	83
Taxable benefits[2]	**16**	16	**15**	4
Pension[3]	**34**	31	**21**	7
Total fixed pay	**485**	437	**271**	94
Variable pay:				
Annual bonus	**182**	40	**98**	–
Share options vesting in the financial year[4]	**359**	989	**–**	–
Total variable pay	**541**	1,029	**98**	–
Total single figure of remuneration	**1,026**	1,466	**369**	94

1 Ryan Govender was appointed as an Executive Director on 1 July 2022.

2 Taxable benefits provided to Executive Directors relate to private medical insurance and car allowances.

3 Pension contributions for Daemmon Reeve relate to pay in lieu of pension after deduction of employers' NI.

4 Details of share options which vested in the year are shown on page 86. The percentage of the value which vested during the year which related to share price growth was 28.7%.

Details relating to the annual bonus for Executive Directors

The total annual bonus award for Executive Directors is calculated based on the annual growth in profit before tax, adjusted for exceptional items (PBTE) with 80% weighting, and on the achievement of non-financial measures set by the Remuneration Committee with 20% weighting.

Bonus payments linked to financial measures range from 2.5% of salary at threshold level, rising incrementally to a maximum of 100%. The ranges are set out below in comparison to the actual achieved growth in the year. The Remuneration Committee determined that 26.9% of the bonus relating to the achievement of financial objectives should be paid.

	Percentage bonus attainable	2023 PBTE £'000
Threshold	0%	16,000
Maximum	100%	21,000
Actual achieved	**26.9%**	**17,344**

The amounts payable in respect of non-financial objectives were determined with reference to key objectives included in the table below, and the Remuneration Committee determined that 60% of the bonus relating to the achievement of non-financial objectives should be paid.

Objective	Target %	Achieved %	Actions completed
Performance culture	3.0%	2.0%	People restructure fully executed Cost base reduction
Corporate strategy	12.0%	7.5%	Increase of coffee capacity Implemented price increase programme FX risk successfully mitigated Improvement in working capital
Equality, inclusion and diversity (ED&I)	5.0%	2.5%	Progressed ED&I programme Formation of ED&I Allies Network
Sustainability	5.0%	3.0%	Formation of ESG Board Advisory Panel and ESG Management Team Clear sustainability roadmap to net zero
Total	**25.0%**	15.0%	

DIRECTORS' REMUNERATION REPORT CONTINUED

Percentage bonus awarded

The annual bonus, as a percentage of the maximum bonus achievable (125% of salary), was as follows:

	2023	2022
Daemmon Reeve	**33.5%**	8.2%
Ryan Govender[1]	**33.5%**	0.0%

1 Ryan Govender was appointed as an Executive Director on 1 July 2022.

Share option schemes (audited)

The following share options were granted to Executive Directors during the financial year:

	Scheme	Basis	Date of grant	Share price at date of grant	Face value £'000[1]	Minimum performance award	Performance end date
Daemmon Reeve	LTIP 2023[2]	Executive	14 Dec 2022	£6.60	544	25%	30 Sept 2025
Ryan Govender	LTIP 2023[2]	Executive	14 Dec 2022	£6.60	293	25%	30 Sept 2025
	SAYE 2023[3]	All-Emp	14 July 2023	£5.92	22	N/A	N/A

1 Face value is calculated based upon share price at date of grant as shown above.

2 Executive LTIPs are granted at nil cost, subject to performance conditions.

3 SAYE (Save As You Earn) share options are offered to UK employees (subject to tax exempt limits) at a discount of 20% of the average share price for the three days preceding the date of grant and are exercisable after three years.

Performance conditions for Executive LTIP options

The 2023 LTIP awards had performance conditions linked to adjusted basic earnings per share (EPS) and return on average capital employed (ROACE) as follows:

- 80% on average annual EPS growth; range between 5.0% p.a. (nil vesting) to 14.0% (full vesting)
- 20% on average annual ROACE; range between 15.0% (nil vesting) to 25.0% (full vesting)

Directors share options during the year

The share options of the Directors in office during the year are as set out below:

	Exercise dates	Exercise price	At 1 Oct 2022	Granted during the year	Exercised during the year	Forfeited during the year	At 30 Sept 2023
Daemmon Reeve	Sept 2025 – Feb 2026	610.0p	2,950	–	–	–	**2,950**
	Dec 2022 – Dec 2029	Nil	73,978	–	(56,223)	(17,755)	**–**
	Dec 2023 – Dec 2030	Nil	45,571	–	–	–	**45,571**
	Feb 2025 – Feb 2032	Nil	52,232	–	–	–	**52,232**
	Dec 2025 – Dec 2032	Nil	–	82,386	–	–	**82,386**
			174,731	82,386	(56,223)	(17,755)	**183,139**
Ryan Govender	Sept 2026 – Feb 2027	566.0p	–	1,272	–	–	**1,272**
	Dec 2025 – Dec 2032	Nil	–	44,431	–	–	**44,431**
			–	45,703	–	–	**45,703**

The aggregate amount of gains made by the Directors on the exercise of share options in the year was £358,703 (2022: £1,638,000).

There have been no further changes in the interests of the Directors to subscribe for or acquire shares between 1 October 2023 and 21 November 2023, the latest date practicable to obtain the information prior to publication of this document.

The market price of the shares at 30 September 2023 was £5.07 and the range during the financial year was £4.93 to £7.24. All market price figures are derived from the Daily Official List of the London Stock Exchange.

Former director's share options during the year

Richard Hope retired on 30 June 2022 and the Board exercised its discretion to permit a proportion of shares under existing LTIP awards to be retained, and for these to be capable of vesting at originally specified vesting times per the scheme rules. During the year, 8,943 shares were exercised. A total of 30,381 share options remain unvested.

DIRECTORS' REMUNERATION REPORT CONTINUED

Non-executive Directors (audited)

	Fees (fixed pay) 2023 £'000	Fees (fixed pay) 2022 £'000
Vijay Thakrar[1]	**104**	52
Tim Jones[2]	**41**	113
David Johnston	**51**	47
Philip O'Connor[3]	**68**	31
Christine Sisler[3]	**52**	32
Bronagh Kennedy[4]	**42**	–
Yetunde Hofmann[5]	**20**	55
Lynne Weedall[6]	**–**	52
Jeff Iliffe[6]	**–**	23
Richard Illek[6]	**–**	12
	378	417

1 Vijay Thakrar was appointed as Chair on 27 January 2023.
2 Tim Jones stepped down from his position as Chair and as a Non-executive Director on 27 January 2023.
3 Philip O'Connor and Christine Sisler were both appointed on 1 February 2022.
4 Bronagh Kennedy was appointed on 27 January 2023.
5 Yetunde Hofmann stepped down on 27 January 2023.
6 Richard Illek, Jeff Iliffe and Lynne Weedall resigned on 31 December 2021, 25 February 2022 and 17 September 2022 respectively.

Pensions (audited)

The Chief Executive Officer is a deferred member of the R C Treatt & Co Limited Pension & Assurance Scheme following its closure to future accruals on 31 December 2012. The plan was a non-contributory, HM Revenue & Customs approved, defined benefit occupational pension scheme.

The annual pension entitlement accrued is as follows:

	Normal retirement date	Accrued total pension p.a. 2023 £	Accrued total pension p.a. 2022 £
Daemmon Reeve	24 Sept 2036	**15,865**	14,855

The transfer values have been calculated on the basis of actuarial advice in accordance with Statutory Instrument 2013 No 1981 – The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Further details of the scheme are included in note 27.

Contributions to defined money purchase pension plans were made as follows:

	2023 £'000	2022 £'000
Daemmon Reeve	**34**	31
Ryan Govender[1]	**21**	7

1 Ryan Govender was appointed as an Executive Director on 1 July 2022.

Pension contributions for Daemmon Reeve include pay in lieu of pension after deduction of employers' NI in order to be cost neutral to the Group.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' interests (audited)

The Directors who held office at 30 September 2023 had the following interests in the shares of the Parent Company:

	Shares held outright or vested		Unvested share options with performance conditions		Unvested all-employee share options	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Executive Directors						
Daemmon Reeve	**553,780**	549,161	**180,139**	171,781	**2,950**	2,950
Ryan Govender	**976**	–	**44,431**	–	**1,272**	–
Non-executive Directors						
Vijay Thakrar	**7,006**	6,144	**–**	–	**–**	–
Philip O'Connor	**6,550**	–	**–**	–	**–**	–
Bronagh Kennedy	**522**	–	**–**	–	**–**	–

Between 1 October 2023 and 21 November 2023, the latest date practicable to obtain the information prior to publication of this document, there were no changes in the Directors' interests.

The table below shows the value of Executive Directors' interests in shares as at 30 September 2023 as a percentage of their base salary:

	Value of shares held[1] outright or vested		Base salary[2]		Value of interest as % of base salary		
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	Target % of base salary
Daemmon Reeve	**2,808**	3,240	**435**	390	**645%**	831%	200%
Ryan Govender[3]	**5**	–	**235**	235	**2%**	–	200%

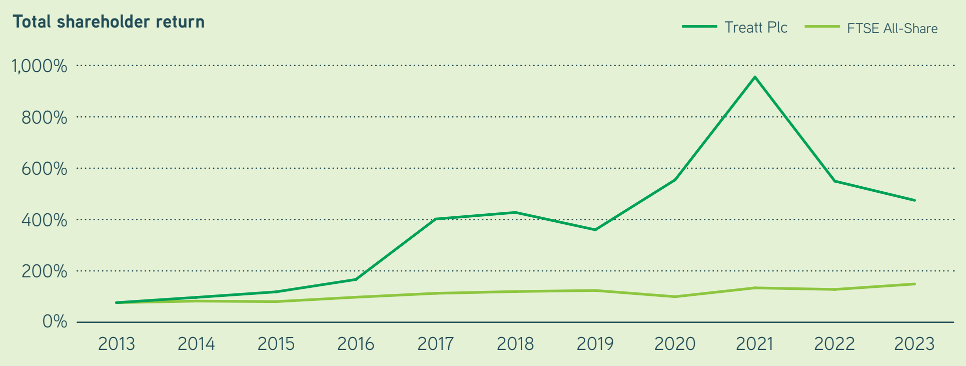
1 Based upon a share price of £5.07 as at 30 September 2023.

2 Base salary is the basic gross pay for the corresponding year.

3 Ryan Govender was appointed on 1 July 2022.

Ten-year performance graph

The performance graph shows Treatt plc's performance, measured by total shareholder return, compared with that of the FTSE All-Share index, selected by the Board as being the most appropriate measure against which to benchmark its performance.



Treatt TSR performance over the last 10 years to 30 September 2023, compared with the FTSE All-Share index.

CEO remuneration

The following table provides historical data on remuneration in respect of the Director performing the role of Chief Executive Officer for each of the years covered by the performance graph.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total remuneration (£'000)	**1,026**	1,466	741	1,219	1,501	1,757	603	580	470	436
Annual bonus as % of maximum	**33.5%**	8.2%	100%	100%	62.5%	92.5%	100%	88%	92%	95%
Share options vesting as % of maximum	**76.0%**	100%	N/A[1]	100%	100%	100%	N/A[1]	N/A[1]	100%[2]	100%[2]

1 There were no options which vested during the year.

2 All share options vested in full as they were all-employee share options which were not subject to performance conditions.

Relative importance of spend on pay

Wages and salaries are the most significant overhead cost in the Group. The following table sets out, in a manner prescribed by the regulations, the relative importance of employee remuneration, as compared to distributions to shareholders and other uses of profit, the most significant of which, taxation, has therefore been selected:

	2023 £'000	2022 £'000	Movement
Total remuneration[1]	**21,542**	20,939	2.9%
Dividends[2]	**4,802**	4,834	(0.7%)
Current tax[3]	**3,139**	1,939	61.9%

1 Total remuneration includes wages, salaries and pension costs as disclosed in note 6.
2 Dividends paid in the financial year as disclosed in note 10.
3 Current tax charge in respect of the financial year as disclosed in note 9.

Chief Executive pay ratio reporting

Set out below is the ratio of the Chief Executive's single figure of total remuneration expressed as a multiple of total remuneration for UK employees. The CEO pay ratio for years prior to the year ended 30 September 2022 are not in scope, as the number of UK employees came within scope of the requirements for the first time during FY2022.

The three ratios below are calculated by reference to the colleagues at the 25th, 50th and 75th percentile. The total remuneration of these employees is also disclosed below.

Year	Method used	25th percentile	50th percentile	75th percentile
2023	**Option B**	**35:1**	**32:1**	**24:1**
2022	Option B	48:1	44:1	31:1

Of the three options set out in legislation for calculating Chief Executive pay ratios, we have chosen option B. This option utilises existing gender pay gap data from April 2023 to establish the data set used to calculate the ratio, and was chosen as it is the most accurate and comprehensive data currently available. This data had not significantly changed by the year-end date, so we consider this to be a reliable data set.

Comparison group	Total remuneration	Base salary
Employee A – 25th percentile	**29,538**	**27,300**
Employee B – 50th percentile	**32,211**	**32,005**
Employee C – 75th percentile	**43,441**	**42,000**

Year-to-year movements in the pay ratio will largely be down to the Chief Executive's variable pay outcome which will significantly outweigh any other changes to pay within the Group. Regardless of what the pay ratio is, we will always continue to invest in competitive pay for all employees. The Group currently offer participation in all-employee share schemes as well as share incentive plans in the UK, and similar schemes for US colleagues. The Group is satisfied that the median pay ratio for this financial year is consistent with the Group's wider pay, reward and progression policies affecting our employees.

We apply the same reward principles for all employees, that is overall remuneration should be competitive when compared to other similar roles from where we recruit. The Chief Executive's remuneration is benchmarked against other similar sized listed companies, taking into account their size, business complexity, scope and relative performance. Based on this information we are satisfied that the Chief Executive's pay is weighted at the correct level.

We expect the pay ratio to fluctuate year-on-year and it may not always coincide with the underlying performance of the business in a single year.

DIRECTORS' REMUNERATION REPORT CONTINUED

Change in remuneration of employees and Directors

The table below shows the percentage change in remuneration of the Directors and employees of the business between the years ended 30 September 2020 and 30 September 2023.

	% change from 2022 to 2023			% change from 2021 to 2022			% change from 2020 to 2021			% change from 2019 to 2020		
	Salary or fees	Bonus	Taxable benefits	Salary or fees	Bonus	Taxable benefits	Salary or fees	Bonus	Taxable benefits	Salary or fees	Bonus	Taxable benefits
Employees[1,2]	**10.3%**	**64.1%**	**(1.0%)**	9.0%	(58.6%)	31.6%	4.2%	56.5%	10.3%	4.9%	22.9%	6.5%
Exec Directors:												
Daemmon Reeve	**11.5%**	**355.0%**	**0.5%**	14.7%	(88.2%)	0.2%	1.0%	1.0%	0.1%	2.1%	63.6%	0.2%
Ryan Govender[3]	**2.0%**	**N/A**	**39.4%**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Richard Hope[4]	**N/A**	**N/A**	**N/A**	2.5%	(79.5%)	0.2%	1.0%	1.0%	0.1%	1.8%	62.3%	0.1%
Non-exec Directors:												
Vijay Thakrar[5]	**101.8%**	**N/A**	**N/A**	8.0%	N/A	N/A	1.0%	N/A	N/A	N/A	N/A	N/A
Tim Jones[6]	**8.8%**	**N/A**	**N/A**	9.7%	N/A	N/A	1.0%	N/A	N/A	2.0%	N/A	N/A
David Johnston	**9.2%**	**N/A**	**N/A**	10.1%	N/A	N/A	(9.0%)	N/A	N/A	(4.7%)	N/A	N/A
Philip O'Connor[7]	**45.9%**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Christine Sisler[7]	**7.8%**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yetunde Hofmann[8]	**11.5%**	**N/A**	**N/A**	28.9%	N/A	N/A	1.0%	N/A	N/A	2.0%	N/A	N/A
Lynne Weedall[9]	**N/A**	**N/A**	**N/A**	10.1%	N/A	N/A	5.4%	N/A	N/A	10.0%	N/A	N/A
Jeff Iliffe[9]	**N/A**	**N/A**	**N/A**	10.1%	N/A	N/A	1.0%	N/A	N/A	2.0%	N/A	N/A
Richard Illek[9]	**N/A**	**N/A**	**N/A**	10.1%	N/A	N/A	1.0%	N/A	N/A	2.0%	N/A	N/A

1 The employees used for comparison are those UK and US employees who, for the salary comparison, were employed for the whole of the 2023 financial year.

2 Employee bonuses are based on a combination of Group performance and the performance of the entity they are employed by. US all-employee bonuses were 12.5% of salary (2022: 0.0%) and UK all-employee bonuses were 0.0% of salary (2022: 1.6%).

3 Ryan Govender was appointed on 1 July 2022, the percentage change from 2022 to 2023 is shown pro-rated.

4 Richard Hope retired on 30 June 2022, the percentage change from 2021 to 2022 is shown pro-rated.

5 Vijay Thakrar was appointed as Chair on 27 January 2023.

6 Tim Jones stepped down as Chair and resigned as a Non-executive Director on 27 January 2023, the percentage change from 2022 to 2023 is shown pro-rated.

7 Philip O'Connor and Christine Sisler were both appointed on 1 February 2022, the percentage change from 2022 to 2023 is shown pro-rated.

8 Yetunde Hofmann resigned on 27 January 2023, the percentage change from 2022 to 2023 is shown pro-rated.

9 Richard Illek, Jeff Iliffe and Lynne Weedall resigned on 31 December 2021, 25 February 2022 and 17 September 2022 respectively, the percentage change from 2022 to 2023 is shown pro-rated.

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of voting

At the Annual General Meeting held on 27 January 2023, the votes cast in respect of the resolution to approve the Directors' Remuneration Report, was as follows:

Directors' Remuneration Report	For 86.16%	Against 13.84%	Votes withheld 7,662

The remuneration policy was approved at the Annual General Meeting held on 28 January 2022, and the votes cast in respect of the resolution to approve the remuneration policy, was as follows:

Remuneration policy	For 96.81%	Against 3.19%	Votes withheld 1,258,243

Audit notes

In accordance with Section 421 of the Companies Act 2006 and the Regulations, where indicated, certain information contained within the Implementation Section of this report has been audited. The remaining sections are not subject to audit.

This report was approved by the Board on 28 November 2023.

Ryan Govender
Chief Financial Officer and Company Secretary

OTHER STATUTORY INFORMATION

The Directors present their report and the audited financial statements for the Group for the year ended 30 September 2023.

This report is required to be produced by law. The Disclosure, Guidance and Transparency Rules and the Listing Rules also require us to make certain disclosures.

The Corporate Governance Statement on pages 70 to 76, including the Audit Committee report, forms part of this Directors' Report and is incorporated by reference. Disclosures elsewhere in the Annual Report and Accounts are cross-referenced where appropriate.

Operations and performance

Results and dividends

The results of the Group for the year are set out on page 104. Reported profit before tax for the year was £13.5m (2022: £16.2m). Profit before tax and exceptional items was £17.3m (2022: £15.3m).

The Directors recommend a final dividend of 5.46p (2022: 5.35p) per ordinary share. This, when taken with the interim dividend of 2.55p (2022: 2.50p) per share paid on 10 August 2023, gives a total dividend of 8.01p (2022: 7.85p) per share for the year ended 30 September 2023.

Events since balance sheet date

No important events affecting the Group have occurred since the year end date.

Research and development

Product innovation and research and development are a critical part of the Group's strategy and business model.

The Group utilises its strong technical capabilities to develop innovative products that provide solutions for customers, particularly in the food and beverage sectors. In this way, it seeks to make itself indispensable to a key group of major global multi-national companies. In the opinion of the Directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

Shares and shareholders

Structure of share capital

The Parent Company's share capital comprises 61,129,589 ordinary shares with a nominal value of 2 pence each. All the Parent Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attached to them, in addition to those conferred on their holders by law, are set out in the Articles, a copy of which can be found on the Treatt website or obtained on request from the Company Secretariat.

Details of the issued ordinary share capital of the Parent Company and movements during the year are set out in note 24 of the financial statements.

Restrictions on transfer of securities

There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, except (i) where the Company has exercised its right to suspend their voting rights or to prohibit their transfer following the omission of their holder or any person interested in them to provide the Company with information requested by it in accordance with Part 22 of the Companies Act 2006 or (ii) where their holder is precluded from exercising voting rights by the Financial Conduct Authority's Listing Rules or the City Code on Takeovers and Mergers.

Rights and obligations of ordinary shares

On a show of hands at a general meeting, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. Subject to the relevant statutory provisions and the Articles, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes.

Treatt employee benefit trust (EBT)

The EBT holds ordinary shares in the Company in order to meet obligations under the Group's employee share option schemes. At 30 September 2023 the trustees, Apex Financial Services (Trust Company) Limited held 162,539 shares (2022: 270,140). No shares (2022: nil) were purchased by the EBT during the year ended 30 September 2023. During the year 200,000 (2022: 400,000) shares were issued to the EBT under a block listing application. The trustees have waived their voting rights and their right to receive dividends in respect of the ordinary shares held by the EBT.

Treatt share incentive plan (SIP)

The Company outsources the administration of the UK Share Incentive Plan to Link Asset Services Trustees (the SIP Trust), who, at 30 September 2023, held 379,822 shares (2022: 437,711), all of which are allocated to participants under the rules of the SIP. Voting rights are waived on all shares held in the SIP Trust. Dividends received by the SIP Trust on behalf of participants are reinvested in shares at market value on the date of reinvestment.

Substantial shareholders

In accordance with Rule 5 of the Disclosure and Transparency Rules of the Financial Conduct Authority, the Company has been notified of the following holdings of 3% or more of the voting rights at 21 November 2023 (the latest practicable reporting date prior to publication of this document).

Group	Number	Issued %	Voting %
abrdn plc	7,240,693	11.84	11.94
Blackrock Inc	3,249,416	5.32	5.36
Canaccord Genuity Group Inc	2,966,903	4.85	4.89
Hargreaves Lansdown Plc	2,959,475	4.84	4.88
Liontrust Asset Management	2,506,426	4.1	4.13
Ameriprise Financial	2,450,071	4.01	4.04
Invesco	2,043,263	3.34	3.37
James Sharp & Co	2,036,382	3.33	3.36

DIRECTORS' REPORT CONTINUED

Governance

Articles of Association

The powers of the Directors are conferred on them by UK legislation and the Articles of Association. Changes to the Articles must be approved by shareholders passing a special resolution at a general meeting.

Directors

The Directors of the Company are shown on pages 68 to 69.

Powers of Directors and purchase of own shares

At the forthcoming Annual General Meeting in 2024 the Company will be seeking a renewal of the shareholder authority for the Directors to purchase up to 10% of the Company's ordinary shares, although at present the Directors have no plans to buy back any shares. It is, however, considered prudent to have the authority in place so that the Company is able to act at short notice if circumstances warrant.

A resolution will also be proposed at the 2024 Annual General Meeting to renew the power given to the Directors to issue new shares up to an aggregate nominal value, in line with the latest Investment Association guidelines, of up to 10% of the existing issued share capital by disapplying pre-emption rights, of which 5% can only be issued for the purposes of financing an acquisition or other capital investment.

It is the Directors' intention to seek renewal of these general authorities annually. Further information is set out in the notice of Annual General Meeting on pages 142 to 153.

Appointment and replacement of Directors

The appointment and replacement of Directors is informed and governed by the Company's Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. Directors can be appointed by the Company by ordinary resolution at a general meeting or by the Board. If a Director is appointed by the Board, such Director will hold office until the next Annual General Meeting and shall then be eligible, subject to Board recommendation, for election at that meeting. All Directors will offer themselves for re-election annually; further details are provided in the Corporate Governance Statement on pages 70 to 76.

The Executive Directors' contracts are terminable by the Group giving the required notice period of twelve months. The appointments of the Non-executive Directors can be terminated by the Company giving three months notice at any time. The Company can remove a Director from office, either by passing an ordinary resolution of which special notice has been given or by notice being given by all the other Directors.

Conflicts of interest

No Director had an interest in any contract of significance during the year. The Group has procedures in place for managing conflicts of interest, which are set out on page 73.

Directors' and officers' liability insurance

The Group maintains Directors' and officers' liability insurance which is reviewed annually. The insurance covers the Directors and officers of the Company and its subsidiaries against the costs of defending themselves in civil proceedings taken against them in their capacity as a Director or officer of a Group company and in respect of damages or civil fines or penalties resulting from the unsuccessful defence of any proceedings.

Going concern and viability

The going concern and viability statement is set out on pages 66 and 67.

Political donations

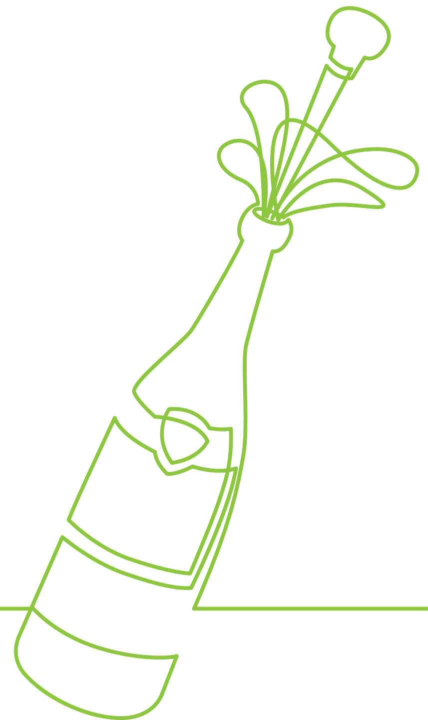
The Group made no political donations in 2023 (2022: £nil).

Significant agreements

The Group's main banking facilities contain provisions that allow the lenders to require immediate repayment of the facilities and cancel commitments under the agreements where there is a change of control of the Company's subsidiaries. Certain other commercial agreements, entered into in the normal course of business, include change of control provisions.

Annual General Meeting

The Annual General Meeting will be held at Treatt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR on 25 January 2024. The Notice of Meeting and explanatory notes are given on pages 142 to 153. The notice of any general meeting will specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at a general meeting. The number of proxy votes for, against or withheld in respect of each resolution are announced and published on the Treatt website after the meeting (www.treatt.com).



DIRECTORS' REPORT CONTINUED

Financial and internal control

The Board confirms that a process for the ongoing identification, evaluation and management of significant risks faced by the Group has been in place throughout the year and to the date of approval of this report, which complies with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014.

The Board has overall responsibility for ensuring that the Group maintains a system of internal controls and for reviewing its effectiveness. This covers financial, operational and compliance controls including those in relation to financial reporting processes (including the preparation of consolidated accounts). In addition to monitoring reports received via the Executive Directors, the Board considers whether the control systems are appropriate and consults with those responsible for environmental, insurance, legal and health and safety compliance as appropriate. There were no significant internal control issues identified during the year.

Such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures that the Directors have established to provide effective internal controls are as follows:

Financial reporting

A detailed formal budgeting process for all Group businesses culminates in an annual Group budget and a three-year forecast which is approved by the Board. Results for the Group and its main constituent businesses are reported monthly against the budget to the Board and revised forecasts for the year are prepared quarterly.

The Group uses a standardised consolidation system for the preparation of its monthly management accounts, half year and annual consolidated financial statements, which is subject to review by senior management throughout the consolidation process.

The Board monitors the integrity of all financial announcements released by the Group, ensuring that, among other things, appropriate accounting standards and policies are applied consistently, that all material information is presented and that appropriate disclosures are made.

Financial and accounting principles

Financial controls and accounting policies are set by the Board so as to meet appropriate levels of effective financial control. Compliance with accounting policies is reviewed where necessary as part of the external audit.

Information technology

The Group operates on a common centrally-managed computer platform. This provides common reporting and control systems and the ability to manage and interrogate businesses remotely. However, there are associated risks with having the entire Group IT systems on a common platform, such as IT security, access rights and business continuity. These risks are mitigated by an ongoing focus on IT security through a process of continuous investment in IT facilities.

Capital investment

The Group has clearly defined guidelines for capital expenditure. These include annual budgets, appraisal and review procedures, and levels of authority. Post-investment appraisals are performed for major investments.

Risk management

Details of the risk management system and the principal risks associated with the Group's activities are given in the Strategic Report on pages 60 to 65.

Additional disclosures

Future business developments

Further details on these are set out in the Strategic Report on pages 7 to 67.

Financial instruments

Information on the Group's financial risk management objectives and policies and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 29 of the financial statements.

Health and safety

The Group's disclosures on health and safety have been included within the Sustainability section on pages 24 to 53.

Employees

The Group's disclosures on employees have been included within the Sustainability section on pages 24 to 53. Group's policies on equal opportunities recruitment can be found on page 30.

Employee engagement

The Group's disclosures on how the Board has engaged with employees and how it has had regard to employee interests have been included within the Section 172 statement on pages 50 to 53.

Business relationships

The Group's disclosures on how the Board has had regard to the need to foster the Company's business relationships with suppliers, customers and others have been included within the Section 172 statement on pages 50 to 53.

Streamlined energy and carbon reporting

In compliance with the SECR requirements, our greenhouse gas emissions, energy consumption and energy reduction initiatives are reported within the sustainability section on pages 35 to 46.

Taskforce on Climate-related Financial Disclosures (TCFD)

The Group's first report in line with recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) report can be found on pages 36 to 43.

Directors' interests in shares

The interests of Directors in shares of the Company are shown in the Directors' Remuneration Report on page 82.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, the Strategic Report, the Directors' Remuneration Report, the Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. The Directors are required under company law and the listing rules of the Financial Conduct Authority to prepare Group financial statements and have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards.

The Group financial statements are required by law, and UK-adopted international accounting standards, to present fairly the financial position of the Group and the Parent Company and the financial performance of the Group. The Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit of the Group for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

a. select suitable accounting policies and apply them consistently;
b. make judgements and estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to material departures disclosed and explained in the financial statements;
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business; and
e. prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Treatt plc website.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

a. the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company and the undertakings included in the consolidation taken as a whole;
b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
c. consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

This report was approved by the Board on 28 November 2023.

Ryan Govender
Chief Financial Officer and Company Secretary

INDEPENDENT AUDITOR'S REPORT

to the members of Treatt Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Treatt Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023 which comprise Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Group and Parent Company Balance Sheets, Group and Parent Company statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 29 June 2020 to audit the financial statements for the year ended 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 30 September 2020 to 30 September 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

We obtained the Directors' cash flow forecasts and evaluated the key assumptions in respect of revenue growth, gross profit margins, cash generation and the potential impact of key provisions with reference to our knowledge of the business, its historical performance and results:

- We checked the mathematical accuracy of forecasts and critically assessed the integrity of the forecast model and its consistency with approved forecasts;
- Evaluated sensitivity analysis and reverse stress tests prepared by the Directors in relation to the Group's cashflow forecasts with reference to the covenants in place over the existing financing facilities. The reasonableness of such scenarios modelled was considered with reference to our knowledge and experience of the entity;
- We assessed compliance with covenants during the year, at the year end and through the going concern period of 12 months from the date of which the financial statements are approved, to check the Group's ability to comply with the covenant requirements going forward; and
- We considered the adequacy of disclosures in the financial statements in respect of going concern against the applicable financial reporting framework.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	98.6% (2022: 98.5%) of Group profit before tax 98.6% (2022: 99.5%) of Group revenue 99.6% (2022: 99.8%) of Group total assets
Key audit matters	Valuation of inventory which is consistent with prior years
Materiality	Group financial statements as a whole £677,000 (2022: £808,000) based on 5% (2022: 5%) of profit before tax

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Treatt Plc

The Group operates through a number of legal entities, which form reporting components, consistent with those included in Note 15. Treatt Plc, R C Treatt & Co Limited and Treatt USA Inc are significant components and are subject to full scope audits. Treatt Trading (Shanghai) Company Limited was considered to be a non-significant component, where we performed desktop review procedures. All audits and desktop review procedures were completed by BDO LLP.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management, as well as review of minutes of Board and Audit Committee meetings to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as Statutory Other Information on pages 36 to 43 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of Inventory The accounting policy, key judgements and estimates applied are disclosed in note 3 and the Group inventory note can be found in note 17	The Group has significant inventory balances, and as a result of the nature of the products, include an element of estimation and judgement in respect of the allocation of overheads in the valuation process, as well as provisions against inventory for slow moving, obsolete items or in respect of commodity price fluctuations. As a result, this was determined to be a key audit matter.	Our audit work included but was not limited to; • Checked that direct costs and overheads relevant to the manufacturing process, based on knowledge and experience of the industry, were included in management's overhead absorption calculations as required by accounting standards; • Challenged management's judgement applied when setting overhead recovery rates, including the appropriateness of the nature of categories of overheads absorbed and reviewing the underlying assumptions applied in the calculations based on our understanding and knowledge of the business. • Considered the variance between budgeted overhead and actual overhead recovery to check that the proportion of overheads absorbed was accurate; • In order to check the allocations of costs through the production process, we selected a sample of overheads absorbed that were recalculated and verified back to works orders and budgeted utilisation; • Verified for a sample of completed works orders that the corresponding overhead recovery charge was recorded accurately; • We considered the accuracy of management's policy in respect of the recognition of inventory provisions based on our knowledge and understanding of the business. We compared amounts written off in the current year in comparison to the prior year provision, as well as checking the policy has been applied consistently • Challenged management's judgement in relation to inventory provisions, including the percentage applied, by reviewing the utilisation of prior year provisions to assess the accuracy of management's estimation to supporting evidence • Held discussions with management to determine that where a provision was required, it had been appropriately recognised in accordance with the specific criteria outlined in management's policy. • We performed a review of sales in October, checking inventory items have been sold above the cost they were held at year end. For those that were not, checked they were included in provision at year end, or would not have a material impact of year-end inventory **Key observations:** We found management's judgements and estimates used in the allocation of overheads and provisions to be appropriate and in line with the requirements of applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Treatt Plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 66% and 67% (2022: 54% and 66%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £445,000 to £454,000 (2022: £436,000 to £536,000). In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £23,500 (2022: £28,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

	Group financial statements		Parent company financial statements	
	2023 £	**2022 £**	**2023 £**	**2022 £**
Materiality	677,000	808,000	445,000	436,000
Basis for determining materiality	5% profits before tax	5% profits before tax	1% of total assets	1% of total assets
Rationale for the benchmark applied	We consider the use of profit before tax to be a key statutory performance measure for stakeholders based on market practice and investor expectations and is reflective of the changing market sentiment in respect of alternative performance measures.	We consider the use of profit before tax to be a key statutory performance measure for stakeholders based on market practice and investor expectations and is reflective of the changing market sentiment in respect of alternative performance measures.	The parent company is a non-trading holding company and the most significant balance in its financial statements is total assets.	The parent company is a non-trading holding company and the most significant balance in its financial statements is total assets.
Performance materiality	474,000	566,000	311,500	305,000
Basis for determining performance materiality	70% of financial statement materiality.			
Rationale for the percentage applied for performance materiality	The level of performance materiality was set after considering a number of factors including significant transactions in the year, the expected value of known and likely misstatements, and management's attitude towards proposed misstatements.			

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Treatt Plc

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 66; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 66.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 97; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 62; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 60 to 65; and • The section describing the work of the audit committee set out on pages 79 to 81

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have 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 (UK) 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Treatt Plc

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Non-compliance with laws and regulations:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the components within the Group, as well as the industry in which they operate, through discussion with management and the Audit Committee and out knowledge of the industry; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK adopted International accounting standards, Companies Act 2006, the UK Listing Rules, the applicable accounting standards, the Bribery Act 2010 and local tax and employment legislation for significant components.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Enquired as to whether there was any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Reperformed tax calculations in respect of corporation tax, employment tax and sales tax in each significant jurisdiction;
- Review of whistleblowing allegations, together with challenging management's response and conclusions;
- Review of employee settlement agreements;
- Review of legal advice obtained;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud
- Reviewing management's response to instances of identified and alleged fraud in the period, including understanding improvements made to the internal control environment;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Assessing the susceptibility of the Group's financial statements to material misstatement as an engagement team, including how fraud might occur throughout the group including the parent company and components, by considering industry, legal and external factors relevant to the Group;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related impacted financial statement areas.

Based on our risk assessment, we considered the areas most susceptible to fraud in relation to the group to be judgements and estimates applied by management in the financial statements in respect of inventory valuation, timing of revenue recognised around the year-end and management override of controls.

Our procedures in respect of the above included:

- With regard to the fraud risk in management override in controls, our procedures included a review of recurring bank transactions to consider if these indicated fraud, review of payroll data to identify any possible duplicate employees or inappropriate payments to employees who have joined or left the business, and targeting journal transactions with specific criteria, with a focus on large or unusual transactions based on our knowledge of the business and agreeing these to supporting documentation;
- With regard to fraud in revenue recognition, we tested the recording of revenue transactions near the year end to supporting documentation to check recognition of the corresponding revenue in the appropriate period. In addition we obtained management's assessment of the revenue exposure of varying International Commercial Terms for items that were in transit at year end and checked the impact would not be material to the amount of revenue recognised in the year; and
- Assessing significant estimates made in the inventory valuation process by management for bias. Please refer to the key audit matter section of our report for more detail.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Treatt Plc

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tracey Keeble (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Ipswich, UK

28 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP INCOME STATEMENT

for the year ended 30 September 2023

	Notes	2023 Before exceptional items £'000	2023 Exceptional items £'000	2023 Total £'000	2022 Before exceptional items £'000	2022 Exceptional items £'000	2022 Total £'000
Revenue	4	**147,397**	**–**	**147,397**	140,185	–	140,185
Cost of sales		**(102,573)**	**–**	**(102,573)**	(101,101)	–	(101,101)
Gross profit		**44,824**	**–**	**44,824**	39,084	–	39,084
Administrative expenses	8	**(26,503)**	**(2,655)**	**(29,158)**	(23,311)	(601)	(23,912)
Gain on disposal of land and buildings	8	**–**	**–**	**–**	–	3,324	3,324
Relocation expenses	8	**–**	**(1,145)**	**(1,145)**	–	(1,800)	(1,800)
Operating profit/(loss)[1]	5	**18,321**	**(3,800)**	**14,521**	15,773	923	16,696
Finance income	7	**112**	**–**	**112**	8	–	8
Finance costs	7	**(1,089)**	**–**	**(1,089)**	(525)	–	(525)
Profit/(loss) before taxation		**17,344**	**(3,800)**	**13,544**	15,256	923	16,179
Taxation	9	**(3,405)**	**803**	**(2,602)**	(3,295)	431	(2,864)
Profit/(loss) for the year attributable to owners of the Parent Company		**13,939**	**(2,997)**	**10,942**	11,961	1,354	13,315
		Adjusted[2]		Statutory	Adjusted[2]		Statutory
Earnings per share							
Basic	11	**22.94p**		**18.01p**	19.80p		22.04p
Diluted	11	**22.81p**		**17.91p**	19.60p		21.82p

1 Operating profit/(loss) is calculated as profit/(loss) before net finance costs and taxation.

2 All adjusted earnings per share measures exclude exceptional items and the related tax effect, details of which are given in note 8.

All financial information presented relates to continuing operations.

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2023

	Notes	2023 £'000	2022 £'000
Profit for the year attributable to owners of the Parent Company		**10,942**	13,315
Items that will or may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		**(6,188)**	11,461
Current tax on foreign currency translation differences	9	**(33)**	102
Deferred tax on foreign currency translation differences	9	**301**	–
Fair value movement on cash flow hedges	23	**269**	(23)
Deferred tax on fair value movement	9	**–**	4
		(5,651)	11,544
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension scheme	27	**1,381**	8,273
Deferred tax on actuarial gain	9	**(345)**	(2,068)
		1,036	6,205
Other comprehensive (expense)/income for the year		**(4,615)**	17,749
Total comprehensive income for the year attributable to owners of the Parent Company		**6,327**	31,064

All financial information presented relates to continuing operations.

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

Group	Notes	Share capital £'000	Share premium account £'000	Own shares in share trusts £'000	Hedging reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
1 October 2021		1,208	23,484	(4)	(292)	1,820	80,083	106,299
Profit for the year		–	–	–	–	–	13,315	13,315
Other comprehensive income:								
Exchange differences		–	–	–	–	11,461	–	11,461
Fair value movement on cash flow hedges	23, 29	–	–	–	(23)	–	–	(23)
Actuarial gain on defined benefit pension scheme	27	–	–	–	–	–	8,273	8,273
Taxation relating to items above	9	–	–	–	4	102	(2,068)	(1,962)
Total comprehensive income		–	–	–	(19)	11,563	19,520	31,064
Transactions with owners:								
Dividends	10	–	–	–	–	–	(4,834)	(4,834)
Share-based payments	26	–	–	–	–	–	1,115	1,115
Movement in own shares in share trusts		–	–	8	–	–	–	8
Gain on release of shares in share trusts		–	–	–	–	–	622	622
Issue of share capital	24	9	–	(9)	–	–	–	–
Taxation relating to items recognised directly in equity	9	–	–	–	–	–	(424)	(424)
Total transactions with owners		9	–	(1)	–	–	(3,521)	(3,513)
30 September 2022		**1,217**	**23,484**	**(5)**	**(311)**	**13,383**	**96,082**	**133,850**

Group	Notes	Share capital £'000	Share premium account £'000	Own shares in share trusts £'000	Hedging reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
1 October 2022		1,217	23,484	(5)	(311)	13,383	96,082	**133,850**
Profit for the year		–	–	–	–	–	10,942	**10,942**
Other comprehensive income:								
Exchange differences		–	–	–	–	(6,188)	–	**(6,188)**
Fair value movement on cash flow hedges	23, 29	–	–	–	269	–	–	**269**
Actuarial gain on defined benefit pension scheme	27	–	–	–	–	–	1,381	**1,381**
Taxation relating to items above	9	–	–	–	–	268	(345)	**(77)**
Total comprehensive income		–	–	–	269	(5,920)	11,978	**6,327**
Transactions with owners:								
Dividends	10	–	–	–	–	–	(4,802)	**(4,802)**
Share-based payments	26	–	–	–	–	–	1,189	**1,189**
Movement in own shares in share trusts		–	–	9	–	–	–	**9**
Gain on release of shares in share trusts		–	–	–	–	–	620	**620**
Issue of share capital	24	6	–	(6)	–	–	–	**–**
Taxation relating to items recognised directly in equity	9	–	–	–	–	–	53	**53**
Total transactions with owners		6	–	3	–	–	(2,940)	**(2,931)**
30 September 2023		**1,223**	**23,484**	**(2)**	**(42)**	**7,463**	**105,120**	**137,246**

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

Parent Company	Notes	Share capital £'000	Share premium account £'000	Own shares in share trusts £'000	Retained earnings £'000	Total equity £'000
1 October 2021		1,208	23,484	(4)	17,456	42,144
Profit for the year		–	–	–	4,101	4,101
Total comprehensive income		–	–	–	4,101	4,101
Transactions with owners:						
Dividends	10	–	–	–	(4,834)	(4,834)
Movement in own shares in share trusts		–	–	8	–	8
Share-based payments	15, 26	–	–	–	1,115	1,115
Gain on release of shares in share trusts		–	–	–	622	622
Issue of share capital	24	9	–	(9)	–	–
Total transactions with owners		9	–	(1)	(3,097)	(3,089)
30 September 2022		1,217	23,484	(5)	18,460	43,156
Profit for the year		–	–	–	3,850	**3,850**
Total comprehensive income		–	–	–	3,850	**3,850**
Transactions with owners:						
Dividends	10	–	–	–	(4,802)	**(4,802)**
Movement in own shares in share trusts		–	–	9	–	**9**
Share-based payments	15, 26	–	–	–	1,189	**1,189**
Gain on release of shares in share trusts		–	–	–	620	**620**
Issue of share capital	24	6	–	(6)	–	**–**
Total transactions with owners		6	–	3	(2,993)	**(2,984)**
30 September 2023		**1,223**	**23,484**	**(2)**	**19,317**	**44,022**

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

GROUP AND PARENT COMPANY BALANCE SHEETS

as at 30 September 2023

Registered number: 01568937

		Group		Parent Company	
	Notes	2023 £'000	2022 £'000	2023 £'000	2022 £'000
ASSETS					
Non-current assets					
Intangible assets	12	**2,752**	3,206	**–**	–
Property, plant and equipment	13	**71,526**	74,281	**–**	–
Right-of-use assets	14	**538**	375	**–**	–
Investment in subsidiaries	15	**–**	–	**38,574**	37,385
Post-employment benefits	27	**3,723**	1,782	**–**	–
		78,539	79,644	**38,574**	37,385
Current assets					
Inventories	17	**62,396**	68,351	**–**	–
Trade and other receivables	18	**32,969**	37,113	**5,580**	4,141
Current tax assets		**300**	719	**–**	–
Derivative financial instruments	23	**8**	–	**–**	–
Cash and bank balances	19	**809**	2,354	**359**	2,085
		96,482	108,537	**5,939**	6,226
Total assets		**175,021**	188,181	**44,513**	43,611
LIABILITIES					
Current liabilities					
Bank overdrafts	20	**–**	(6,174)	**–**	–
Borrowings	20	**(10,642)**	(15,861)	**–**	–
Provisions	21	**(102)**	(397)	**–**	–
Trade and other payables	22	**(20,700)**	(22,903)	**(491)**	(455)
Lease liabilities	14	**(176)**	(105)	**–**	–
Derivative financial instruments	23	**(176)**	(666)	**–**	–
Current tax liabilities		**(755)**	(223)	**–**	–
		(32,551)	(46,329)	**(491)**	(455)
Net current assets		**63,931**	62,208	**5,448**	5,771

GROUP AND PARENT COMPANY BALANCE SHEETS

as at 30 September 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Parent Company 2023 £'000	Parent Company 2022 £'000
Non-current liabilities					
Borrowings	20	**–**	(2,342)	**–**	–
Lease liabilities	14	**(373)**	(291)	**–**	–
Deferred tax liabilities	16	**(4,851)**	(5,369)	**–**	–
		(5,224)	(8,002)	**–**	–
Total liabilities		**(37,775)**	(54,331)	**(491)**	(455)
Net assets		**137,246**	133,850	**44,022**	43,156
EQUITY					
Share capital	24	**1,223**	1,217	**1,223**	1,217
Share premium account	25	**23,484**	23,484	**23,484**	23,484
Own shares in share trusts		**(2)**	(5)	**(2)**	(5)
Hedging reserve		**(42)**	(311)	**–**	–
Foreign exchange reserve		**7,463**	13,383	**–**	–
Retained earnings		**105,120**	96,082	**19,317**	18,460
Total equity attributable to owners of the Parent Company		**137,246**	**133,850**	**44,022**	**43,156**

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

The Parent Company reported a profit for the year of £3,850,000 (2022: £4,101,000).

The financial statements were approved by the Board of Directors and authorised for issue on 28 November 2023 and were signed on its behalf by:

Vijay Thakrar
Chair

Ryan Govender
Chief Financial Officer

GROUP AND PARENT COMPANY STATEMENTS OF CASH FLOWS

for the year ended 30 September 2023

		Group		Parent Company	
	Notes	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash flow from operating activities					
Profit before taxation		**13,544**	16,179	**3,850**	4,102
Adjusted for:					
Depreciation of property, plant and equipment and right-of-use assets	13, 14	**4,277**	2,476	**–**	–
Amortisation of intangible assets	12	**399**	215	**–**	–
Impairment charge on intangible assets	12	**228**	–	**–**	–
Loss/(gain) on disposal of property, plant and equipment	13	**241**	(3,324)	**–**	–
Net finance costs/(income) excluding post-employment benefit expense	7	**1,087**	382	**–**	(16)
Share-based payments	26	**1,222**	1,039	**–**	–
(Increase)/decrease in fair value of derivatives		**(230)**	61	**–**	–
Employer contributions to defined benefit pension scheme	27	**(450)**	(450)	**–**	–
Dividend income settled via intercompany account		**–**	–	**(1,541)**	–
Post-employment benefit (income)/expense	27	**(110)**	135	**–**	–
Operating cash flow before movements in working capital		**20,208**	16,713	**2,309**	4,086
Movements in working capital:					
Decrease/(increase) in inventories		**2,507**	(14,396)	**–**	–
Decrease/(increase) in receivables		**3,004**	(8,502)	**(21)**	–
(Decrease)/increase in payables		**(2,054)**	4,355	**35**	3
Cash generated from/(used in) operations		**23,665**	(1,830)	**2,323**	4,089
Taxation (paid)/received		**(2,174)**	443	**–**	–
Net cash generated from/(used in) operating activities		**21,491**	(1,387)	**2,323**	4,089

GROUP AND PARENT COMPANY STATEMENTS OF CASH FLOWS CONTINUED

for the year ended 30 September 2023

		Group		Parent Company	
	Notes	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash flow from investing activities					
Proceeds on disposal of property, plant and equipment		**1,557**	5,597	**–**	–
Decrease/(increase) in intercompany loan balance		**–**	–	**124**	(2,925)
Acquisition of shares in subsidiaries	15	**–**	–	**–**	(81)
Purchase of property, plant and equipment		**(5,507)**	(11,849)	**–**	–
Purchase of intangible assets	12	**(207)**	(925)	**–**	–
Interest received	7	**2**	8	**–**	–
Net cash (used in)/generated from investing activities		**(4,155)**	(7,169)	**124**	(3,006)
Cash flow from financing activities					
Repayment of borrowings and loans		**(17,737)**	(360)	**–**	–
Proceeds from bank borrowings		**10,642**	9,412	**–**	–
Repayment of lease liabilities		**(161)**	(80)	**–**	–
Interest paid	7	**(1,080)**	(390)	**–**	–
Dividends paid	10	**(4,802)**	(4,834)	**(4,802)**	(4,834)
Proceeds on issue of shares	24	**6**	9	**6**	9
Net sale of own shares by share trusts		**623**	621	**623**	621
Net cash (used in)/generated from financing activities		**(12,509)**	4,378	**(4,173)**	(4,204)
Net increase/(decrease) in cash and cash equivalents		**4,827**	(4,178)	**(1,726)**	(3,121)
Effect of foreign exchange rates		**(198)**	111	**–**	–
Movement in cash and cash equivalents in the year		**4,629**	(4,067)	**(1,726)**	(3,121)
Cash and cash equivalents/(overdrafts) at beginning of year		**(3,820)**	247	**2,085**	5,206
Cash and cash equivalents/(overdrafts) at end of year		**809**	(3,820)	**359**	2,085
Cash and cash equivalents/(overdrafts) comprise:					
Cash and bank balances	19	**809**	2,354	**359**	2,085
Bank overdrafts	20	**–**	(6,174)	**–**	–
		809	(3,820)	**359**	2,085

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

for the year ended 30 September 2023

The statement of reconciliation of net cash flow to movement in net debt does not form part of the primary statements.

	2023 £'000	2022 £'000
Movement in cash and cash equivalents in the year	**4,629**	(4,067)
Repayment of borrowings and loans	**17,737**	360
Proceeds from bank borrowings	**(10,642)**	(9,412)
(Increase)/reduction in lease liabilities	**(153)**	657
Cash inflow/(outflow) from changes in net debt in the year	**11,571**	(12,462)
Effect of foreign exchange rates	**466**	(843)
Movement in net debt in the year	**12,037**	(13,305)
Net debt at beginning of year	**(22,419)**	(9,114)
Net debt at end of year	**(10,382)**	(22,419)

Analysis of movement in net debt during the year:

	At 1 October 2022 £'000	Cash flow £'000	Non-cash movements £'000	Foreign exchange movements £'000	At 30 September 2023 £'000
Cash and bank balances	2,354	(1,347)	–	(198)	**809**
Bank overdrafts	(6,174)	6,174	–	–	**–**
Cash and cash equivalents/(overdrafts)	(3,820)	4,827	–	(198)	**809**
Bank borrowings and term loan	(18,203)	7,095	–	466	**(10,642)**
Lease liabilities	(396)	161	(317)	3	**(549)**
Net debt	(22,419)	12,083	(317)	271	**(10,382)**

	At 1 October 2021 £'000	Cash flow £'000	Foreign exchange movements £'000	At 30 September 2022 £'000
Cash and bank balances	7,260	(5,017)	111	2,354
Bank overdrafts	(7,013)	839	–	(6,174)
Cash and cash equivalents/(overdrafts)	247	(4,178)	111	(3,820)
Bank borrowings and term loan	(8,308)	(9,052)	(843)	(18,203)
Lease liabilities	(1,053)	666	(9)	(396)
Net debt	(9,114)	(12,564)	(741)	(22,419)

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2023

1. GENERAL INFORMATION

Treatt plc (the Parent Company) is a public limited company incorporated in the United Kingdom and is domiciled in England and Wales. The Parent Company's shares are traded on the London Stock Exchange. The address of the registered office is included within the Parent Company Information section on page 154.

2. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

New and amended accounting standards

The consolidated entity has adopted all of the new or amended accounting standards and interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period. No accounting standards which became mandatorily effective for the current reporting period have had any material effect on the financial statements of the Group.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

Accounting standards in issue but not yet effective

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group or Parent Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been used in the preparation of these financial statements are set out below.

Accounting convention

The Group is required to prepare its annual consolidated financial statements in accordance with UK-adopted international accounting standards. The Parent Company has also prepared its own financial statements in accordance with UK-adopted international accounting standards. The financial statements have also been prepared under the historical cost convention (unless a fair value basis is required by IFRS) and are in accordance with the Companies Act 2006 applicable for companies reporting under IFRS.

The Parent Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

The financial statements are prepared in Sterling which is the functional currency of the Parent Company and Group and figures are presented to the nearest thousand, unless stated otherwise.

Basis of consolidation

The Group accounts consolidate the accounts of Treatt plc and all of its subsidiaries (entities controlled by the Parent Company) made up to 30 September each year. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

The Directors have concluded that it is reasonable to adopt the going concern basis in preparing these financial statements based on the expectation that the Group has adequate resources to continue as a going concern for a period of twelve months from the date these financial statements are approved.

The process adopted to assess the viability of the Group involved the modelling of a series of theoretical 'stress test' scenarios linked to the Group's principal risks as set out on pages 60 to 65, most significantly severe business interruption like that which was experienced during the pandemic, or that could arise through the impact of climate change or through global conflict.

The Group successfully refinanced all of its banking facilities during the year, agreeing a new £25.0m asset-based lending facility with HSBC in the UK and extending the existing revolving credit facility with Bank of America in the US to $25.0m. Both facilities are for a minimum term of three years and contain pre-agreed accordion elements of £10.0m and $10.0m respectively, these accordions are disregarded for the purposes of the going concern and viability assessment. At the year-end date, the Group had net debt of £10.4m and headroom on facilities of £35.6m.

In assessing the Group's prospects and resilience, the Directors have done so with reference to its current financial position and prospects, its credit facilities, its recent and historical financial performance, and forecasts.

The Directors have modelled scenarios representing varying degrees of severity and have considered the impact of changes in working capital, foreign exchange rates, revenues and margins both separately and simultaneously. These assumptions are those that would arise from the aforementioned uncertainties and that would adversely impact cash generation and profitability. Using these assumptions, Group headroom and covenant compliance have been assessed throughout the going concern (twelve-month) and viability (three-year) periods.

The modelling indicated that the Group would retain sufficient headroom on total facilities and comply with its banking covenants throughout the tested periods. In the most adverse scenario, where all risks are stressed simultaneously by 10% or more, the Group's subsidiary, R C Treatt & Co Ltd, would breach its banking facility limit in October 2025, but in that event the Group would act swiftly to activate the mitigations described overleaf, or recapitalise the company using cash elsewhere in the business.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Going concern continued

A further 'reverse stress test' scenario was modelled to find a sustained reduction in revenue that would give rise to a breach of the Group's covenant conditions and the Group's headroom on facilities within the viability period. This scenario was then stress-tested further by overlaying the adverse impact of a decline in profit margins.

Under the reverse-engineered scenario, it was determined that a continuous decline in sales of greater than 36.0% per annum, or 29.0% per annum alongside a 400bps decline in margin for two consecutive years, with no mitigating measures put in place, would result in a breach of the financial covenants in Treatt USA Inc and a breach of R C Treatt's facility limit by around October 2025, followed by a breach of overall Group facility limits in October 2026. The possibility of these severe scenarios materialising is considered remote. In addition, it is implausible that the Group would not act swiftly and decisively to activate mitigations such as operating cost savings, reduction in capital expenditure, and delaying or cancelling future dividend payments to avoid a breach of its banking limits or covenants.

Having considered the range of stress-test scenarios and the Group's proven ability to adapt to and manage adversity, the Directors have not identified any material uncertainties which would affect the Group's ability to continue as a going concern for a period of at least twelve months from the date this report is approved. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Presentation of financial statements

The primary statements within the financial information contained in this document have been presented in accordance with IAS 1, 'Presentation of Financial Statements'.

Investments in subsidiaries

Investments in subsidiaries in the Parent Company balance sheet are stated at cost, less any provision for impairment.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, 'Business Combinations' are recognised at their fair value at the acquisition date.

Revenue recognition

Revenue represents amounts receivable net of trade discounts, VAT and other sales-related taxes. Revenue is recognised in these financial statements when goods are physically dispatched from the Group and/or Parent Company's premises or other storage depots, irrespective of the terms of trade. Where goods are sold to a customer, but retained physically on a bill and hold arrangement, revenue is recognised at the point that the goods are assigned to the customer. At the point of physical dispatch or assignment, the goods are derecognised by the Group and are no longer available for sale, therefore the Directors believe that this is the point at which control transfers to the customer in accordance with IFRS 15, 'Revenue from Contracts with Customers'.

Effect of changes in foreign exchange rates

Transactions in currencies other than Sterling are recorded at the rate of exchange at the date of transaction. Assets and liabilities in foreign currencies are translated into Sterling in the balance sheet at the year-end rate.

Income and expense items of the Group's overseas subsidiaries are translated into Sterling at the average rate for the year. Their balance sheets are translated at the rate ruling at the balance sheet date.

Exchange differences which arise from the translation of the opening net assets and results of foreign subsidiaries and from translating the income statement at an average rate are taken to reserves. Under IAS 21, 'The Effects of Changes in Foreign Exchange Rates', these cumulative translation differences which are recognised in the Statement of Comprehensive Income are separately accounted for within reserves and are transferred from equity to the income statement in the event of the disposal of a foreign operation. All other exchange differences are taken to the income statement.

Research and development expenditure

Expenditure on research activities is recognised as an expense and charged to the income statement in the period in which it is incurred.

Expenditure arising from any specific development is recognised as an asset only if all of the following conditions are met:

- An asset is created that can be identified.
- It is probable that the asset created will generate future economic benefits.
- The development cost of the asset can be measured reliably.

Development expenditure meeting these conditions is amortised on a straight-line basis over its useful life. Where these conditions for capitalising development expenditure have not been met, the related expenditure is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Leases

When the Group becomes party to a lease arrangement it applies IFRS 16, 'Leases' and recognises a right-of-use asset and a lease liability upon commencement, except for leases of low value (less than £3,000) or for leases with a duration of less than twelve months. The lease liability and right-of-use asset is initially measured at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate for that lease. Right-of-use assets are depreciated over the expected life of the lease. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the interest cost on the lease liability.

Rentals receivable under lease arrangements continue to be recognised in the income statement as and when they fall due.

Taxation

The tax expense comprises current and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date. Where the Group and/or Parent Company have a net current tax asset in one legal jurisdiction, a liability in another, and consequently have no legal right of set off, then these assets and liabilities will be shown separately on the balance sheet as required by IAS 12, 'Income Taxes'.

Current tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the current tax is also dealt with in equity.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where the Group and/or Parent Company have a net deferred tax asset in one legal jurisdiction, a liability in another, and consequently have no legal right of set off, then these assets and liabilities will be shown separately on the balance sheet as required by IAS 12, 'Income Taxes'.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case deferred tax is also dealt with in equity.

Exceptional items

The Group has elected to classify certain items as exceptional and present them separately on the face of the income statement. Exceptional items are classified as those which are separately identified by virtue of their size, nature or expected frequency, to allow a better understanding of the underlying performance in the year.

Post-balance sheet events and dividends

IAS 10, 'Events after the Balance Sheet Date' requires that final dividends proposed after the balance sheet date should not be recognised as a liability at that balance sheet date, as the liability does not represent a present obligation as defined by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. Consequently, final dividends are only recognised as a liability once formally approved at the Annual General Meeting and interim dividends are not recognised until paid.

Cash flow

The Statement of Cash Flows explains the movement in cash and cash equivalents and short-term borrowings. Short-term borrowings comprise of amounts drawn on overdrafts.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the assets. Assets are recognised only when it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be measured reliably.

Depreciation is provided on all property, plant and equipment and right-of-use assets, except freehold and long leasehold land, using the straight-line basis to write off the cost of the asset, less estimated residual value. Property, plant and equipment residual values and useful lives are reviewed annually, and are as follows:

- Buildings: 50 years
- Plant and machinery: 4–15 years
- Fixtures, fittings and equipment: 4–15 years
- Laboratory equipment: 5 years

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued

Property, plant and equipment is derecognised on disposal or where no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within administration expenses.

Intangible assets

Intangible assets comprise of licences for software, internally generated software and development costs that meet the criteria for capitalisation as set out in the research and development expenditure accounting policy note. Amortisation (which is included within administrative expenses) is provided on all intangible assets, using the straight-line basis to write off the cost of the asset, less estimated residual value, as follows:

- Software: 4–12 years
- Development costs: 10 years

Impairment of property, plant and equipment and intangible assets

Provision will be made should any impairment in the value of properties or other non-current assets, excluding deferred tax assets, occur.

The carrying amounts of the Group's non-current assets, excluding deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the need for an impairment is assessed by comparison of the carrying value of the asset against the higher of fair value less costs of disposal and value in use. The value in use is estimated using a discounted cash flow model.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on raw material costs plus attributable overheads.

Net realisable value is based on estimated selling price less further costs expected to be incurred through to disposal. Provision is made for obsolete, slow-moving and defective items.

Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the contract's obligations. This arises when fixed-price contracts become loss-making as a result of raw material price increases or market pressure on selling prices.

Financial instruments

Financial assets and financial liabilities are recognised on the Group and/or Parent Company's balance sheet when the Group and/or Parent Company have become a party to the contractual provisions of the instrument.

Financial assets

Financial assets held by the Group are classified in accordance with IFRS 9, 'Financial Instruments'. Financial assets at the reporting date comprise trade receivables, loans, other receivables and cash and cash equivalents. The classification depends on both the nature of contractual cash flows due from the instrument, and the business model in which it is expected the cash flows will be realised.

Trade receivables

The Group generally holds trade receivables with the objective to collect the contractual cash flows, and so it measures them initially at fair value then subsequently at amortised cost using the effective interest method, less an allowance for expected credit losses (ECLs). The Group may sell trade receivables from some customers before the due date; these sales are true sales of debt that result in derecognition.

Any receivables from such customers not sold at the reporting date are classified as 'held to collect and sell' and held at fair value with changes recognised in other comprehensive income. The Group has adopted the simplified approach to impairment as permitted under IFRS 9 and recognises the lifetime ECLs for trade receivables at initial recognition. ECLs have been estimated using the Group's historical credit loss experience and the current and anticipated future market conditions at the reporting date.

Loans receivable

All loans receivable are intercompany balances held by the Parent Company and are initially recognised at fair value. After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method, less an allowance for ECLs. Impairment provisions for receivables from related parties and loans to related parties are recognised based on the forward-looking ECL model. For those receivables where the credit risk has not increased significantly since initial recognition, twelve-month ECLs are recognised. ECLs measured over the lifetime of the financial asset are only recognised where it is determined that the credit risk has increased significantly.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into, and in accordance with IAS 32, 'Financial Instruments: Presentation'. An equity instrument is any contract that evidences a residual interest in the assets of the Group or Parent Company after deducting all of its liabilities.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. All borrowing costs are recognised in the income statement in the year in which they are incurred unless they meet the criteria for capitalisation under IAS 23, 'Borrowing Costs'.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group's activities expose it to both the financial risks of changes in foreign currency exchange rates and interest rates. From time to time the Group uses foreign exchange forward and option contracts and interest rate swap contracts to hedge some of these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board. Further information on currency and interest rate management is provided in note 29.

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the Group's risk management objectives and strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group prospectively documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. If a hedging transaction is no longer expected to occur, the net cumulative gain or loss that was recognised in equity is reclassified to profit and loss as a reclassification adjustment through reserves. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated as effective as cash flow hedging instruments are initially recognised directly in equity. Where the hedged item is cash flows that are to be recognised in the income statement, amounts deferred in equity are recognised in the income statement at the same time in which the hedged items affect net profit or loss. Any ineffective portion is recognised immediately in the income statement as other gains and losses. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had been previously recognised in equity are included in the initial measurement of the asset or liability.

Pension costs

One of the Group's UK subsidiaries, R C Treatt & Co Limited, operates a defined benefit scheme through an independently administered pension scheme.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with full actuarial valuations being carried out every three years and updated at each balance sheet date. The post-employment benefits obligation or surplus recognised in the balance sheet represents the present value of the defined benefit pension obligations as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

In accordance with IAS 19, 'Employee Benefits', the asset or liability in the defined benefit pension scheme is recognised as an asset or liability of the Group under non-current assets or liabilities under the heading 'post-employment benefits'. The deferred tax in respect of 'post-employment benefits' is netted against other deferred tax assets and liabilities relating to the same jurisdiction (see taxation accounting policy) and included in the deferred taxation asset or liability shown under non-current assets or liabilities.

The service cost and net interest on assets, net of interest on scheme liabilities, are reflected in the income statement for the period, in place of the actual cash contribution made. All experience gains or losses on the assets and liabilities of the scheme, together with the effect of changes in assumptions are reflected as a gain or loss in the Statement of Comprehensive Income.

The Group also operates a number of defined contribution pension schemes. The contributions for these schemes are charged to the income statement in the year in which they become payable.

Share options, the employee benefit trust and share incentive plan trust

Shares held by the Treatt Employee Benefit Trust (EBT) for the purpose of fulfilling obligations in respect of various employee share plans are deducted from equity in the Group and Parent Company balance sheets. The treatment in the Parent Company balance sheet reflects the substance of the entity's control of the trust.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Share options, the employee benefit trust and share incentive plan trust continued

The Group has an HMRC-approved share incentive plan (SIP) which is administered by Link Asset Services Trustees, to whom shares are issued at nominal value for the purpose of fulfilling obligations under the SIP. The treatment of the SIP in the Group and Parent financial statements is consistent with that of the EBT as explained above.

Share-based payments

IFRS 2, 'Share-based Payments', requires that an expense for equity instruments granted be recognised in the financial statements based on their fair value at the date of grant. The Group has adopted the Black-Scholes model for the purposes of computing the fair value of options under IFRS. The fair value excludes the effect of non-market-based vesting conditions. This expense, which is in relation to share option schemes for staff in the UK and US, is recognised on a straight-line basis over the vesting period of the scheme, based on the Group's estimate of the number of equity instruments that will eventually vest.

At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the retained earnings reserve.

Savings-related share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled.

The Group has an HMRC-approved SIP for its UK-based employees under which employees can be awarded 'Free' and 'Matching' shares. The fair value of shares awarded under the SIP is the market value of those shares at the date of grant, which is then adjusted for leavers and recognised on a straight-line basis over the vesting period.

Where the Parent Company grants options over its shares to employees in subsidiaries, it recognises this as a capital contribution equivalent to the share-based payment charge recognised in the Group income statement. In the financial statements of the Parent Company, this capital contribution is recognised as an increase in the cost of investment in subsidiaries, with the corresponding credit being recognised directly in equity.

Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Group has evaluated the estimates and assumptions that have been made in relation to the carrying amounts of assets and liabilities in these financial statements.

Key sources of estimation uncertainty

The key sources of estimation uncertainty with a significant risk of causing a material adjustment to assets and liabilities in the next financial year include the following:

Pensions

The choice of discount rate, inflation rate and life expectancy basis could materially affect the level of surpluses and deficits in the defined benefit pension scheme. Under IAS 19, a discount rate should be based upon a yield of high quality corporate bonds of appropriate term and currency, hence a degree of estimation exists in the choice of applicable bond universe on which the yield curve is constructed, the method used to produce the yield curve as well as the expected average duration of the scheme's liabilities.

The methodology behind the inflation assumptions is based on similar assumptions regarding duration of the scheme and choice of yield curves, as well as the application of a risk-premium deduction. The estimated life expectancy of scheme members is determined through the choice of mortality model and allowances for future mortality improvements.

The key assumptions listed above, and how a change in those would impact the defined benefit pension liability or asset are set out in note 27.

Inventory provisions

Estimates are made of the level of provision against inventory at the year-end date. The Group has an inventory provisioning policy which is applied consistently year-on-year, however, because of the volatility of citrus commodity pricing as well as the fast-moving nature of trends and customer requirements there is a chance that judgements made at the balance sheet date could lead to a material adjustment in the following year.

Share-based payments

In accordance with IFRS 2, 'Share-based Payments', share options and other share awards are measured at fair value at the date of grant. The fair value determined is then expensed in the income statement on a straight-line basis over the vesting period, with a corresponding increase in equity. The fair value of the options is measured using the Black-Scholes option pricing model. The valuation of these share-based payments requires several estimates to be made in respect of the number of options that are expected to vest. Details of the assumptions made in respect of each of the share-based payment schemes are disclosed in note 26. Changes in these assumptions could lead to changes in the income statement expense in future periods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

3. SIGNIFICANT ACCOUNTING POLICIES continued

Critical judgements

In the course of preparing these financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations as discussed above, that have had a material effect on the amounts recognised in the financial statements.

Description of the nature and purpose of each reserve within equity

Share capital

Share capital represents the value of all called up, allotted and fully paid shares of the Parent Company.

Share premium account

The share premium account represents amounts received in excess of the nominal value of shares on the issue of new shares.

Own shares in share trusts

Own shares in share trusts relate to shares held in the Treatt Employee Benefit Trust (the EBT) and the SIP Trust, which is administered by Link Asset Services Trustees. The shares held in the EBT and SIP Trust are all held to meet options to be exercised by employees, and share awards and tax-approved purchases by employees under the SIP. Dividends on those shares not beneficially held on behalf of employees have been waived.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign exchange reserve

The foreign exchange reserve records the cumulative exchange differences arising from the translation of the financial statements of overseas subsidiaries.

Retained earnings

Retained earnings comprises the Group's cumulative annual profits and losses, actuarial gains and losses on the defined benefit pension scheme and dividend payments, combined with the employee share option reserve which represents the equity component of share-based payment arrangements.

4. SEGMENTAL INFORMATION

Group

Business segments

IFRS 8 requires operating segments to be identified on the basis of internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM has been identified as the Board of Directors who are primarily responsible for the allocation of resources to the segments and for assessing their performance. The disclosure in the Group accounts of segmental information is consistent with the information used by the CODM in order to assess profit performance from the Group's operations.

The Group operates one global business segment engaging in the manufacture and supply of innovative ingredient solutions for the beverage, flavour, fragrance and consumer product industries with manufacturing sites in the UK and the US. Many of the Group's activities, including sales, manufacturing, supply chain, technical, IT and finance, are managed globally on a Group basis.

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

Revenue by destination		2023 £'000	2022 £'000
United Kingdom		**8,039**	9,777
Rest of Europe	– Germany	**5,937**	7,907
	– Ireland	**14,653**	11,527
	– Other	**13,006**	14,596
The Americas	– USA	**61,407**	53,731
	– Other	**12,549**	12,919
Rest of the World	– China	**9,525**	7,901
	– Other	**22,281**	21,827
		147,397	140,185

All Group revenue is in respect of the sale of goods, other than property rental income of £nil (2022: £1,000). No country included within 'Other' contributes more than 5% of the Group's total revenue. The Group revenue from the largest customer was £15,472,000 (2022: £15,226,000).

Non-current assets by geographical location, excluding post-employment benefit surplus, were as follows:

Non-current assets by destination	2023 £'000	2022 £'000
United Kingdom	**44,800**	44,914
United States	**29,908**	32,910
China	**108**	38
	74,816	77,862

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

5. OPERATING PROFIT FOR THE YEAR

Operating profit[1] for the year is stated after charging/(crediting):

Group	2023 £'000	2022 £'000
Depreciation of property, plant and equipment and right-of-use assets	**4,277**	2,476
Amortisation of intangible assets[2]	**399**	215
Impairment of intangible assets	**228**	–
Loss on disposal of property, plant and equipment	**137**	–
Research and development costs	**1,742**	2,338
Research and development tax credits	**–**	(208)
Net foreign exchange loss/(gain)[3]	**341**	(1)
Cost of inventories recognised as an expense[4]	**87,411**	84,469
Write down of inventories recognised as an expense	**2,230**	2,295
Shipping costs	**2,503**	3,362
IT and telephony costs	**1,110**	1,174
Insurance costs	**1,450**	1,061
Energy and utility costs	**1,416**	1,217

1 Figures refer to operating profit excluding exceptional items, which is calculated as profit before exceptional items, net finance costs and taxation.

2 Included in administrative expenses.

3 Excludes foreign exchange gains or losses on financial instruments disclosed in note 23.

4 Included in cost of sales.

The analysis of auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the Parent Company's auditors and their associates for the audit of:		
– the Parent Company and Group accounts	**85**	73
– the Group's subsidiaries pursuant to legislation	**198**	164
Total audit fees	**283**	237
Fees payable to the Parent Company's auditors and their associates for other services to the Group:		
– other assurance services	**16**	14
Total non-audit fees	**16**	14

6. EMPLOYEES

Number of employees

During the year the average number of staff employed by the Group, including Directors, was as follows:

Group	2023 Number	2022 Number
Technical and production	**184**	208
Administration and sales	**217**	233
	401	441

The total number of staff employed by the Group at the year-end date is 365 (2022: 425), no staff were employed by the Parent Company in the current or prior year. During the year, the Directors shown on pages 68 to 69 were employed by R C Treatt & Co Limited.

Employment costs

The following costs were incurred in respect of the above:

Group	2023 £'000	2022 £'000
Wages and salaries	**20,305**	19,733
Social security costs	**1,850**	1,683
Pension costs (see note 27)	**1,237**	1,206
Share-based payments (see note 26)	**1,222**	1,039
	24,614	23,661

The value of other short-term non-monetary benefits was £1,498,000 (2022: £1,545,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

6. EMPLOYEES continued

Directors

During the year, the aggregate emoluments in respect of the Executive and Non-executive Directors was as follows:

Group	2023 £'000	2022 £'000
Directors in aggregate		
Emoluments in respect of qualifying services	**950**	722
Fees paid to Non-executive Directors in respect of qualifying services	**378**	417
Taxable benefits in respect of qualifying services	**31**	32
Share-based payment expense in respect of qualifying services	**252**	351
Pension contributions to money purchase schemes	**55**	52
	1,666	1,574

The share based payments expense in respect of qualifying services differs to the gains made on the vesting of share options as disclosed in the Directors' Remuneration Report.

Further information on Directors' emoluments and share options are set out on pages 82 to 93.

7. FINANCE INCOME AND COSTS

Group	2023 £'000	2022 £'000
Finance income		
Other interest received	**2**	8
Post-employment benefit income (see note 27)	**110**	–
	112	8
Finance costs		
Bank interest paid	**757**	189
Other bank finance costs	**323**	187
Post-employment benefit expense (see note 27)	**–**	135
Lease liabilities finance expense (see note 14)	**9**	14
	1,089	525

8. EXCEPTIONAL ITEMS

The exceptional items referred to in the income statement can be categorised as follows:

Group	2023 £'000	2022 £'000
UK relocation project:		
Relocation expenses	**(1,145)**	(1,800)
Less: tax effect of relocation expenses	**205**	317
Restructuring costs:		
Restructuring costs	**(2,655)**	(601)
Less: tax effect of restructuring costs	**598**	114
Disposal of Northern Way premises:		
Gain on disposal of land and buildings	**–**	3,324
Less: tax effect of disposal	**–**	–
	(2,997)	1,354

The exceptional items all relate to non-recurring costs which are considered material and discrete in nature; therefore the Group considers them exceptional in order to provide a more meaningful view of the Group's underlying business performance.

Relocation expenses relate to one-off costs incurred in connection with the relocation of the Group's UK operations that do not fall to be capitalised. These costs arose in relation to the decommissioning of equipment and site preparation ahead of the UK business formally exiting the Northern Way premises in August 2023, together with costs associated with the final stages of manufacturing fit-out at Skyliner Way premises. Included within this line is a loss on the disposal of property, plant and equipment of £104,000 that did not transition to Skyliner Way.

Restructuring costs principally comprise redundancy and consulting costs relating to the closure of distillation operations at the Northern Way premises and the creation of an enhanced global leadership structure, which was communicated to the business in August 2023. These costs consist of contractual employment and termination payments for those employees impacted. Amounts which are contractually due under employees' existing terms and conditions are considered to be fully allowable for tax purposes.

During the financial year, payments totalling £887,000 had been made in respect of the restructuring costs, with the cash flow impact of the remaining costs expected to be settled in the following financial year.

On 28 February 2022, the Group successfully disposed of its former UK premises at Northern Way, Bury St Edmunds. The proceeds of the sale, net of selling costs were £5,597,000 and the associated gain on disposal was £3,324,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

9. TAXATION

Analysis of tax charge in income statement

Group	2023 £'000	2022 £'000
Current tax:		
UK corporation tax on profits for the year	**(32)**	153
Adjustments to UK tax in respect of previous periods	**(41)**	(231)
Overseas corporation tax on profits for the year	**3,577**	2,069
Adjustments to overseas tax in respect of previous periods	**(365)**	(52)
Total current tax	**3,139**	1,939
Deferred tax:		
Origination and reversal of temporary differences	**(141)**	726
Effect of change of tax rate on opening deferred tax	**(29)**	(45)
Adjustments in respect of previous periods	**(367)**	244
Total deferred tax (see note 16)	**(537)**	925
Tax on profit on ordinary activities	**2,602**	2,864

Analysis of tax charge in other comprehensive income

Group	2023 £'000	2022 £'000
Current tax:		
Foreign currency translation differences	**33**	(102)
Total current tax	**33**	(102)
Deferred tax:		
Cash flow hedges	**–**	(4)
Foreign currency translation differences	**(301)**	–
Defined benefit pension scheme	**345**	2,068
Total deferred tax	**44**	2,064
Total tax expense recognised in other comprehensive income	**77**	1,962

Analysis of tax (credit)/charge in equity

Group	2023 £'000	2022 £'000
Current tax:		
Share-based payments	**(28)**	(20)
Deferred tax:		
Share-based payments	**(25)**	444
Total tax (credit)/charge recognised in equity	**(53)**	424

Factors affecting tax charge for the year

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK applicable to the Group of 22.0% (2022: 19.0%). The differences are explained below:

Group	2023 £'000	2022 £'000
Profit before tax multiplied by standard rate of UK corporation tax at 22.0% (2022: 19.0%)	**2,980**	3,074
Effects of:		
Expenses not deductible in determining taxable profit	**335**	268
Income not taxable in determining taxable profit	**–**	(694)
Research and development tax credits	**(20)**	(243)
Difference in tax rates on overseas earnings	**49**	678
Adjustments to tax charge in respect of prior years	**(732)**	(39)
Effect of change of tax rate on opening deferred tax	**(47)**	(38)
Deferred tax not recognised	**37**	(142)
Total tax charge for the year	**2,602**	2,864

From 1 April 2023, the main rate of corporation tax increased from 19% to 25%. The blended rate applicable to the Group's UK operations is 22.0%. The Group's effective UK corporation tax rate for the year was 13.2% (2022: 17.7%). The effective tax rate of US-based earnings is 19.4% (2022: 21.5%). The adjustments in respect of prior years relate to the finalisation of previous year's tax computations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

10. DIVIDENDS

Equity dividends on ordinary shares

Parent Company and Group	2023 Pence	2022 Pence	2021 Pence	2023 £'000	2022 £'000
	Dividend per share for years ended 30 September				
Interim dividend	**2.55p[3]**	2.50p[2]	2.00p[1]	**1,552**	1,512
Final dividend	**5.46p[4]**	5.35p[3]	5.50p[2]	**3,250**	3,322
	8.01p	7.85p	7.50p	**4,802**	4,834

1 Accounted for in the year ended 30 September 2021.
2 Accounted for in the year ended 30 September 2022.
3 Accounted for in the year ended 30 September 2023.
4 The proposed final dividend for the year ended 30 September 2023 of 5.46p will be voted on at the Annual General Meeting on 25 January 2024 and will therefore be accounted for in the financial statements for the year ending 30 September 2024.

11. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is based on the weighted average number of ordinary shares in issue and ranking for dividend during the year. The weighted average number of shares excludes shares held by the Treatt Employee Benefit Trust (EBT) as these do not rank for dividend.

Group	2023	2022
Profit after taxation attributable to owners of the Parent Company (£'000)	**10,942**	13,315
Weighted average number of ordinary shares in issue (No: '000)	**60,762**	60,400
Basic earnings per share (pence)	**18.01p**	22.04p

Diluted earnings per share

Diluted earnings per share is based on the weighted average number of ordinary shares in issue and ranking for dividend during the year, adjusted for the effect of all dilutive potential ordinary shares.

The number of shares used to calculate earnings per share (EPS) have been derived as follows:

Group	2023 No ('000)	2022 No ('000)
Weighted average number of shares	**60,916**	60,578
Weighted average number of shares held in the EBT	**(154)**	(178)
Weighted average number of shares used for calculating basic EPS	**60,762**	60,400
Executive share option schemes	**301**	487
All-employee share options	**45**	148
Weighted average number of shares used for calculating diluted EPS	**61,108**	61,035
Diluted earnings per share (pence)	**17.91p**	21.82p

Adjusted earnings per share

Adjusted earnings per share measures are calculated based on profits for the year attributable to owners of the Parent Company before exceptional items as follows:

Group	2023 £'000	2022 £'000
Profit after taxation attributable to owners of the Parent Company	**10,942**	13,315
Adjusted for:		
Exceptional items – restructuring costs (see note 8)	**2,655**	601
Exceptional items – relocation expenses (see note 8)	**1,145**	1,800
Exceptional items – gain on disposal of land and buildings (see note 8)	**–**	(3,324)
Taxation thereon	**(803)**	(431)
Adjusted earnings	**13,939**	11,961
Adjusted basic earnings per share (pence)	**22.94p**	19.80p
Adjusted diluted earnings per share (pence)	**22.81p**	19.60p

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

12. INTANGIBLE ASSETS

Group	Development costs £'000	Software licences £'000	Total £'000
Cost	625	2,067	2,692
1 October 2021	86	3	89
Additions	278	647	925
Disposals	–	(43)	(43)
30 September 2022	989	2,674	3,663
Exchange adjustment	(43)	(1)	**(44)**
Additions	69	138	**207**
Disposals	–	(26)	**(26)**
30 September 2023	**1,015**	**2,785**	**3,800**
Amortisation and impairment			
1 October 2021	42	226	268
Exchange adjustment	15	2	17
Charge for year	44	171	215
Disposals	–	(43)	(43)
30 September 2022	101	356	457
Exchange adjustment	(8)	(2)	**(10)**
Charge for year	46	353	**399**
Disposals	–	(26)	**(26)**
Impairment charge	228	–	**228**
30 September 2023	**367**	**681**	**1,048**
Net book value			
30 September 2023	**648**	**2,104**	**2,752**
30 September 2022	888	2,318	3,206

Included in intangible assets are software licences in the course of construction totalling £nil (2022: £53,000) and included within development costs are ongoing projects totalling £329,000 (2022: £488,000) which are not yet subject to amortisation. Included within software additions is £nil (2022: £8,000) of interest payments capitalised in accordance with IAS 23, 'Borrowing Costs'.

Impairment charges

The Group reviews development assets under construction for impairment indicators annually, and when testing is required, the recoverable amount of the assets are assessed. During the year, the Group recognised a £228,000 impairment charge against a product development asset on the basis that any future return was uncertain due to a re-evaluation of the business strategy.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Laboratory equipment £'000	Total £'000
Cost					
1 October 2021	37,464	27,689	4,987	1,711	71,851
Exchange adjustment	2,798	3,666	436	126	7,026
Additions	28	10,486	1,005	491	12,010
Disposals	(2,611)	(922)	(606)	(104)	(4,243)
30 September 2022	37,679	40,919	5,822	2,224	86,644
Exchange adjustment	(1,384)	(1,925)	(225)	(66)	**(3,600)**
Additions	279	3,562	1,853	249	**5,943**
Disposals	–	(2,889)	(284)	(94)	**(3,267)**
30 September 2023	**36,574**	**39,667**	**7,166**	**2,313**	**85,720**
Depreciation					
1 October 2021	2,334	6,609	1,540	329	10,812
Exchange adjustment	347	1,140	129	34	1,650
Charge for year	334	1,266	560	213	2,373
Disposals	(840)	(922)	(606))	(104)	(2,472)
30 September 2022	2,175	8,093	1,623	472	12,363
Exchange adjustment	(176)	(575)	(67)	(19)	**(837)**
Charge for year	582	2,447	862	247	**4,138**
Disposals	–	(1,103)	(273)	(94)	**(1,470)**
30 September 2023	**2,581**	**8,862**	**2,145**	**606**	**14,194**
Net book value					
30 September 2023	**33,993**	**30,805**	**5,021**	**1,707**	**71,526**
30 September 2022	35,504	32,826	4,199	1,752	74,281

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

13. PROPERTY, PLANT AND EQUIPMENT continued

Included within freehold land and buildings is £6,361,000 (2022: £6,597,000) of land which is not depreciated.

Included in property, plant and equipment are land and buildings assets in the course of construction totalling £nil (2022: £7,363,000), plant and machinery assets in the course of construction of £5,449,000 (2022: £21,422,000), fixtures, fittings and equipment in the course of construction totalling £215,000 (2022: £827,000) and laboratory equipment in the course of construction totalling £145,000 (2022: £225,000) which are not yet being depreciated.

Included within land and buildings additions is £nil (2022: £1,000), within plant and machinery additions is £277,000 (2022: £273,000), within fixtures and fittings is £26,000 (2022: £5,000) and laboratory equipment £4,000 (2022: £1,000) of interest payments capitalised in accordance with IAS 23, 'Borrowing Costs'.

Capital commitments	2023 £'000	2022 £'000
Contracted but not provided for	**802**	4,398

14. LEASES

Group as lessee

The Group reports right-of-use assets and lease liabilities for all lease arrangements it is party to, excluding those with less than a twelve-month duration or those of low value.

Right-of-use assets

Group	Land & buildings £'000	Plant & machinery £'000	Total £'000
Net carrying value			
1 October 2021	1,129	427	1,556
Exchange adjustment	–	10	10
Additions	–	37	37
Depreciation charge	(3)	(99)	(102)
Disposals	(1,126)	–	(1,126)
30 September 2022	–	375	375
Exchange adjustment	**–**	(6)	**(6)**
Additions	**–**	308	**308**
Depreciation charge	**–**	(139)	**(139)**
30 September 2023	**–**	**538**	**538**

Lease liabilities

Group	2023 £'000	2022 £'000
Lease liabilities		
At start of year	**396**	1,053
Exchange adjustment	**(3)**	9
Additions	**308**	36
Lease liabilities finance expense	**9**	14
Disposals	**–**	(622)
Repayments of lease liabilities	**(161)**	(94)
Balance at end of year	**549**	396
Of which:		
Current lease liabilities	**176**	105
Non-current lease liabilities	**373**	291

The lease liability is determined by discounting the lease payments over the life of the leases using an incremental borrowing rate applicable to the respective lease. The weighted average incremental borrowing rate associated with the lease liabilities is 3.4% (2022: 3.0%).

Following the disposal of the Group's former UK Headquarters at Northern Way and its associated leases in February 2022, the Group's leasing activities now primarily comprise equipment hire agreements. There are no residual value guarantees, variable lease payments or extension options in any of the lease arrangements.

The maturity analysis of the undiscounted contractual lease commitments is shown below:

Group	2023 £'000	2022 £'000
Maturity analysis – undiscounted lease payments		
Within one year	**176**	105
In one to two years	**171**	91
In two to five years	**225**	213
In more than five years	**9**	–

As part of the sale agreement for the sale of premises at Northern Way, the Group leased back a building until August 2023 at which point the lease was terminated. The short-term exemption, as permitted by IFRS 16, 'Leases' was applied from the outset. The income statement expense in respect of this short-term lease was £95,000 (2022: £35,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

15. INVESTMENTS IN SUBSIDIARIES

Parent Company	£'000
Cost	
1 October 2021	36,189
Capital contribution to subsidiaries	1,115
Acquisition of share capital in subsidiaries	81
30 September 2022	37,385
Capital contribution to subsidiaries	**1,189**
30 September 2023	**38,574**

Parent Company	2023 £'000	2022 £'000
Subsidiary:		
R C Treatt & Co Limited – 100% (2022: 100%)	**28,761**	27,790
Treatt USA Inc – 100% (2022: 100%)	**9,372**	9,154
Treatt Trading (Shanghai) Company Limited 100% – (2022: 100%)	**441**	441
	38,574	37,385

Subsidiary	Country of incorporation	Holding	Principal activity
Wholly-owned by Treatt plc:			
R C Treatt & Co Limited	England[1]	100%	Supply of flavour and fragrance ingredients
Treatt USA Inc	USA[2]	100%	Supply of flavour and fragrance ingredients
Treatt Trading (Shanghai) Company Limited	China[3]	100%	Supply of flavour and fragrance ingredients

Registered office addresses:

1 Skyliner Way, Bury St Edmunds, IP32 7FR, UK.

2 The Prentice-Hall Corporation System Inc., 1201 Hays Street, Suite 105, Tallahassee, FL 32301, USA.

3 Room 906, Hongmei International Plaza, 105 Tianlin Road, Xuhui District, Shanghai 200233, China.

16. DEFERRED TAXATION

Group	2023 £'000	2022 £'000
UK deferred tax liability	**(1,647)**	(1,707)
Overseas deferred tax liability	**(3,204)**	(3,662)
Deferred tax liabilities	**(4,851)**	(5,369)

Deferred tax assets and liabilities are presented net within the same legal jurisdictions where it is expected that such assets and liabilities may be set-off in the future.

At the balance sheet date, R C Treatt & Co Limited had a deferred tax liability in relation to its pension surplus.

Legislation was substantively enacted that set out the main rate of UK corporation tax as 25.0% from 1 April 2023. The deferred tax rate applicable to the Group's US subsidiary was 21.3% (2022: 21.5%).

A reconciliation of the net deferred tax liability is shown below:

	UK deferred tax					Overseas deferred tax		
Group	Post-employment benefits £'000	Fixed assets £'000	Cash flow hedge £'000	Other and share-based payments £'000	Losses £'000	Fixed assets £'000	Other temporary differences £'000	Total £'000
1 October 2021	1,702	(1,797)	69	818	–	(2,768)	593	(1,383)
Exchange differences	–	–	–	–	–	(661)	108	(553)
Credit/(charge) to income statement:								
For the year	(80)	(1,277)	–	(142)	1,609	(627)	(209)	(726)
In respect of prior period	–	(231)	–	(30)	17	–	–	(244)
For change in tax rate	–	–	–	–	–	47	(2)	45
Credit/(charge) to other comprehensive income:								
For the year	(2,068)	–	4	–	–	–	–	(2,064)
Credit to equity:								
For the year	–	–	–	(301)	–	–	(143)	(444)
1 October 2022	(446)	(3,305)	73	345	1,626	(4,009)	347	(5,369)
Credit/(charge) to income statement:								
For the year	(140)	(434)	(46)	(352)	1,122	(411)	402	**141**
In respect of prior period	–	74	–	200	(58)	151	–	**367**
For change in tax rate	–	–	–	–	–	29	–	**29**
Credit/(charge) to other comprehensive income:								
For the year	(345)	–	–	–	–	339	(38)	**(44)**
Charge to equity:								
For the year	–	–	–	39	–	–	(14)	**25**
30 September 2023	**(931)**	**(3,665)**	**27**	**232**	**2,690**	**(3,901)**	**697**	**(4,851)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

17. INVENTORIES

Group	2023 £'000	2022 £'000
Raw materials	**24,119**	30,784
Work in progress and intermediate products	**25,130**	22,347
Finished goods	**13,146**	15,220
	62,396	68,351

Inventories are stated net of provisions for impairment of £2,855,250 (2022: £3,602,000).

Gross inventory with a carrying value of £38,772,000 (2022: £40,810,000) has been pledged as security in relation to all US borrowings, and gross inventory with a carrying value of £24,075,000 has been pledged as security in relation to all UK borrowings under the new asset-based lending structure, as detailed in note 20.

18. TRADE AND OTHER RECEIVABLES

	Group		Parent Company	
Current	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables[1]	**31,114**	34,727	**–**	–
Amounts owed by subsidiaries	**–**	–	**5,503**	4,086
Other receivables	**306**	478	**77**	55
Prepayments	**1,549**	1,908	**–**	–
	32,969	37,113	**5,580**	4,141

1 This includes £1,624,000 (2022: £9,000) of trade receivables which are classified under the business model of 'held to collect and sell' and are measured at fair value with changes through other comprehensive income.

The Group's credit risk is primarily attributable to its trade receivables. Before accepting any new customer, the Group uses a range of information, including credit reports, industry data and other publicly or privately available information in order to assess the prospective customer's credit quality and determine credit limits by customer, and where appropriate will only accept orders on the basis of cash in advance, or if secured through a bank letter of credit. Processes are in place to manage trade receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of any specific changes in circumstances.

The average credit period taken for trade receivables is as follows:

Group	2023	2022
Average debtor days	**82**	76

The Group recognises the lifetime expected credit losses (ECLs) based on the difference between the contractual cash flows due and the cash flows the Group expects to receive over the life of the receivable. An ECL loss rate has been calculated based on the historical credit losses of the past five accounting years and adjusted to reflect current and forward-looking information. The carrying amount of receivables is reduced by the value of the provision, as determined by applying the ECL loss rate and providing for any specific provisions. A specific provision for impairment is made when there is objective evidence of impairment which is usually indicated by a significant delay in the expected cash flows or non-payment from customers.

An impairment review has been undertaken at the balance sheet date to assess whether the carrying amount of financial assets is deemed recoverable.

The amounts presented in the balance sheet are net of amounts that are individually determined to be impaired as follows:

Group	2023 £'000	2022 £'000
Impairment provision		
At start of year	**816**	788
Released in year	**(728)**	(628)
Provided in year	**134**	624
Foreign exchange	**(6)**	32
Balance at end of year	**216**	816

The ECL model is also applied to amounts owed by subsidiaries of the Parent Company. Application of the model did not result in the recognition of an impairment in the Parent Company accounts against amounts owed by subsidiaries.

The Group's top five customers represent 30.7% (2022: 33.4%) of the Group's turnover. These customers have favourable credit ratings and consequently reduce the credit risk of the Group's overall trade receivables. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group holds no collateral against these receivables at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

18. TRADE AND OTHER RECEIVABLES continued

The ageing profile of impaired trade receivables is as follows:

Group	2023 £'000	2022 £'000
Number of days past the due date:		
1–30	–	127
31–60	–	–
Over 60	216	689

The currency risk in respect of trade receivables is managed in conjunction with the other currency risks faced by the Group as part of its overall hedging strategy. For further details see note 29 and the Financial Review on pages 54 to 58. The currency exposure within trade receivables of the principal foreign currencies, was as follows:

Group	2023 £'000	2022 £'000
US Dollar	23,326	23,691
Euro	2,848	3,314
Chinese Yuan	317	–

Trade receivables with a carrying value of £14,214,000 (2022: £12,462,000) have been pledged as security in relation to all US borrowings, and trade receivables with a carrying value of £16,569,000 have been pledged as security in relation to all UK borrowings under the new asset-based lending structure, as detailed in note 20.

19. CASH AND BANK BALANCES

Group and Parent Company

Cash and bank balances of £809,000 (2022: £2,354,000) comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The Parent Company held cash and bank balances of £359,000 (2022: £2,085,000). The carrying amount of these assets approximates to their fair value.

A detailed analysis of net cash balances by currency is shown in note 29. All material cash balances are held with the Group's main banks, being HSBC and Bank of America. The credit ratings of these banks are considered to be satisfactory.

20. BORROWINGS

Current

Group	2023 £'000	2022 £'000
UK bank overdrafts	–	6,174
UK asset-based lending facility	10,305	–
UK revolving credit facilities	–	13,000
US line of credit	337	2,034
US term loan	–	827
	10,642	22,035

Non-current

Group	2023 £'000	2022 £'000
US term loan	–	2,342

Loans and borrowings

The term loan comprises the following:

Group	2023 £'000	2022 £'000
Treatt USA $6.5m term loan – US	–	3,169

In the UK, the Group refinanced all its prior banking arrangements and now has access to a £25.0m, three-year asset-based lending facility with HSBC, this arrangement allows the UK business to borrow against the quality and quantity of its inventory and receivables. UK borrowings are secured by a legal charge over the land and buildings at the UK Headquarters of Skyliner Way, and fixed and floating charges over all other current and non-current assets of R C Treatt & Co Ltd.

In the US, the Group now has access to a $25.0m (2022: $10.0m) three-year line of credit with Bank of America, funds from which were used to pay off the remaining balance of the seven-year $6.5m term loan, which was secured by legal charge over US-based fixed assets. US borrowings are now secured by fixed and floating charges over all current and non-current assets of Treatt USA Inc.

The net book value of property, plant and equipment secured by legal charge in respect of UK borrowings is £21,285,000 (2022: £21,325,000), and the net book value of US assets specifically secured by legal charge in respect of US borrowings is £nil (£32,850,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

20. BORROWINGS continued

Borrowings are repayable as follows:

Group	2023 £'000	2022 £'000
– in one year or less	**10,642**	22,035
– in more than one year but not more than two years	**–**	827
– in more than two years but not more than five years	**–**	1,515
– in more than five years	**–**	–
	10,642	24,377

Further information on Group borrowing facilities is given in note 29, including a detailed analysis of cash balances by currency.

Borrowing facilities

At 30 September 2023, the Group had total borrowing facilities of £45,490,000 (2022: £30,773,000) of which £nil (2022: £13,437,000) expires in one year or less at the balance sheet date. At 30 September 2023 the Group had access to £35,658,000 (2022: £8,355,000) of financing facilities including its own cash balances at that date.

21. PROVISIONS

Group	2023 £'000	2022 £'000
Onerous contract provision:		
At start of year	**397**	143
Utilised in year	**(342)**	(138)
Additional provision in year	**75**	348
Foreign exchange	**(28)**	44
Balance at end of year	**102**	397

Onerous contract provisions relate to losses which are or were expected to materialise in the future on fixed price contracts as a result of raw material price increases or market pressure on selling prices. The onerous contract provision expense is included in cost of sales within the income statement and is expected to be utilised in the following financial year.

22. TRADE AND OTHER PAYABLES

	Group		Parent Company	
Current	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	**13,131**	17,565	**172**	27
Other taxes and social security costs	**404**	411	**–**	(1)
Accruals and other creditors	**7,165**	4,927	**319**	429
	20,700	22,903	**491**	455

Trade payables principally comprise amounts for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair values.

The currency risk in respect of trade payables is managed in conjunction with the other currency risks faced by the Group as part of its overall hedging strategy. For further details see note 29 and the Financial Review on pages 54 to 58. The currency exposure within trade payables of the principal foreign currencies, was as follows:

Group	2023 £'000	2022 £'000
US Dollar	**10,134**	12,236
Euro	**687**	464
Chinese Yuan	**227**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

23. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2023 £'000	2022 £'000
Current – derivative financial assets	**8**	–
Derivative financial assets	**8**	–
Current – derivative financial liabilities	**(176)**	(666)
Derivative financial liabilities	**(176)**	(666)

The gains/(losses) on derivative financial instruments were as follows:

Group	2023 £'000	2022 £'000
Income statement:		
Foreign exchange contracts	**386**	(2,336)
Other comprehensive income:		
Foreign exchange contracts	**269**	(23)

Further details on the Group's hedging policies and derivative financial instruments are disclosed in note 29.

24. SHARE CAPITAL

Parent Company and Group – called up, allotted and fully paid	2023		2022	
	£'000	Number	£'000	Number
At start of year	**1,217**	**60,864,564**	1,208	60,411,933
Issued in year	**6**	**265,025**	9	452,631
At end of year	**1,223**	**61,129,589**	1,217	60,864,564

The Parent Company has one class of ordinary shares with a nominal value of 2p each, which carry no right to fixed income.

During the year the Parent Company issued 200,000 (2022: 400,000) ordinary shares to the Employee Benefit Trust (EBT), and 65,025 (2022: 52,631) ordinary shares to the SIP Trust (SIP), at nominal value of 2p per share, for the purpose of meeting obligations under employee share option schemes.

The number of shares held in the EBT at 30 September 2023 is 162,000 (2022: 270,000) and the number of shares held in the SIP is 380,000 (2022: 437,000).

25. SHARE PREMIUM ACCOUNT

Parent Company and Group	2023 £'000
Balance at 1 October 2022 and 30 September 2023	**23,484**

26. SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2, 'Share-based Payments'.

The Group operates executive share option schemes for Directors, senior management and other key employees within the Group in addition to issuing UK and US approved savings-related share options for employees of certain subsidiaries. Options are granted with a fixed exercise price and will lapse when an employee leaves the Group subject to certain 'good leaver' provisions.

The Group also operates an HMRC-approved share incentive plan (SIP) in the UK, and operates an equivalent scheme for its US employees.

The share-based payments charge was as follows:

Group	2023 £'000	2022 £'000
Share option schemes – see (a) below	**816**	735
Share incentive plans – see (b) below	**373**	380
	1,189	1,115
Effect of movement in foreign exchange rates	**33**	(76)
	1,222	1,039

(a) Share option schemes

Under the schemes listed below, options have been granted to subscribe for the following number of existing ordinary shares of 2p each in the capital of the Parent Company. These share options are expected to be settled via the transfer of shares out of the Treatt Employee Benefit Trust.

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26. SHARE-BASED PAYMENTS continued

(a) Share option schemes continued

The equity-settled options which existed during the year were as follows:

	Number of share options outstanding at 30 September 2023	Number exercised in year	Exercise price per share	Date option exercisable
UK SAYE[1] Scheme 2019	–	14,301	361.0p	Sep 2022 – Feb 2023
UK SAYE[1] Scheme 2020	10,565	91,219	409.0p	Sep 2023 – Feb 2024
UK SAYE[1] Scheme 2021	42,067	1,544	932.0p	Sep 2024 – Feb 2025
UK SAYE[1] Scheme 2022	101,679	–	610.0p	Sep 2025 – Feb 2026
UK SAYE[1] Scheme 2023	78,638	–	566.0p	Sep 2026 – Feb 2027
US ESPP[2] Scheme 2022	–	4,303	634.0p	July 2023
US ESPP[2] Scheme 2023	9,412	–	521.0p	July 2024
UK LTIP[3] Scheme 2014	–	12,565	Nil	Jun 2017 – Jun 2024
UK LTIP[3] Scheme 2015	–	14,045	Nil	Jun 2018 – Jun 2025
UK LTIP[3] Scheme 2016	–	13,249	Nil	Jun 2019 – Jun 2026
UK LTIP[3] Scheme 2017	2,137	–	Nil	Jun 2020 – Jun 2027
UK LTIP[3] Scheme 2019	8,740	5.362	Nil	Jun 2022 – Jun 2029
US LTIP[3] Scheme 2019	–	7,295	Nil	Jun 2022 – Feb 2023
UK LTIP[3] Scheme 2020	6,893	25,536	Nil	Jun 2023 – Jun 2030
US LTIP[3] Scheme 2020	–	45,267	Nil	Jun 2023 – Feb 2024
UK LTIP[3] Scheme 2021	23,341	8,559	Nil	Jun 2024 – Jun 2031
US LTIP[3] Scheme 2021	22,945	–	Nil	Jun 2024 – Feb 2025
UK LTIP[3] Scheme 2022	65,018	–	Nil	Dec 2025 – Dec 2032
US LTIP[3] Scheme 2022	73,206	–	Nil	Jun 2025 – Feb 2026
UK Executive[4] Options 2019	49,212	56,223	Nil	Dec 2022 – Dec 2029
UK Executive[4] Options 2020	75,952	–	Nil	Dec 2023 – Dec 2030
UK Executive[4] Options 2021	52,232	–	Nil	Feb 2025 – Feb 2032
UK Executive[4] Options 2022	126,817	–	Nil	Dec 2025 – Dec 2032

1 The SAYE schemes are HMRC-approved Save As You Earn share option plans which vest after three years. Options are forfeited where employees choose to leave the Group before the end of the three-year period.

2 The ESPP schemes are IRS-approved Employee Stock Purchase Plans which vest after one year. Options are forfeited where employees choose to leave the Group before the end of the vesting period.

3 Options are awarded to certain key employees in the UK and US under a Long-Term Incentive Plan. All awards are nil-cost options which vest, subject to achievement of the relevant performance conditions, after three years and can be exercised over the following seven years in the UK, or upon vesting in the US. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Group.

4 Details of the Executive options are provided in the Directors' Remuneration Report.

The fair value per option granted using the 'Black-Scholes' model, and the assumptions used in the share-based payments calculations, are as follows:

All-employee share schemes:	2022 SAYE	2023 SAYE	US ESPP 2022	US ESPP 2023
Share price at date of grant	762.5p	594.0p	758.0p	594.0p
Contractual life	3.5 years	3.5 years	1.0 years	1.0 years
Expected life	3.1 years	3.1 years	1.0 years	1.0 years
Expected volatility	46.8%	47.9%	42.7%	56.5%
Risk-free interest rate	1.9%	4.9%	1.9%	4.9%
Dividend yield	1.1%	1.1%	1.1%	1.1%
Expected cancellations	10.0%	10.0%	10.0%	10.0%
Expected forfeitures	25.0%	25.0%	14.4%[1]	18.0%
Fair value per option at date of grant	269.8p	191.7p	171.5p	191.7p

Key-employee share schemes:	UK Exec 2021	UK Exec 2022	UK LTIP 2021[2]	UK LTIP 2022	US LTIP 2022
Share price at date of grant	1,120.0p	660.0p	1,205.0p	660.0p	660.0p
Contractual life	10.0 years	10.0 years	10.0 years	10.0 years	3.2 years
Expected life	3.0 years	3.2 years	3.2 years	3.2 years	3.2 years
Expected volatility	44.2%	48.0%	52.4%	48.0%	48.0%
Risk-free interest rate	1.1%	3.4%	0.7%	3.4%	3.4%
Dividend yield	0.7%	1.2%	0.6%	1.2%	1.2%
Expected cancellations	0.0%	0.0%	0.0%	0.0%	0.0%
Expected forfeitures	100.0%	76.0%	67.0%	48.6%	55.5%
Fair value per option at date of grant	1,096.2p	635.0p	1,179.0p	635.0p	635.0p

1 Actual forfeiture experienced.

2 Additional UK LTIP grants made to specific employees.

Expected volatility was determined by calculating the historical volatility of the Group's share price over a period equivalent to the expected life of the respective options prior to their date of grant.

The risk-free interest rate was based on the simple average of the historical daily gilt yields quoted for five year benchmark gilts during the month in which a grant of options is made.

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26. SHARE-BASED PAYMENTS continued

Details of movements in share options during the year were as follows:

Group	2023 Number of options	2023 Weighted average exercise price	2022 Number of options	2022 Weighted average exercise price
Outstanding at start of year	**780,841**	**£2.28**	982,449	£1.68
Granted during the year	**360,017**	**£1.38**	207,436	£3.92
Forfeited during the year	**(38,611)**	**£0.87**	(45,791)	£1.27
Exercised during the year	**(299,312)**	**£1.56**	(326,542)	£1.22
Lapsed during the year	**(32,328)**	**£2.17**	(8,787)	£10.63
Cancelled during the year	**(18,862)**	**£7.90**	(27,924)	£4.59
Outstanding at end of year	**751,745**	**£2.06**	780,841	£2.28
Exercisable at end of year	**89,850**	**£1.03**	80,429	£0.64

Forfeiture arises when the employee is no longer entitled to participate in the savings-related share option scheme as a consequence of leaving the Group whereas cancellation arises when a participant voluntarily chooses to cease their membership of a scheme within the vesting period.

The options outstanding had a weighted average remaining contractual period of 5.5 years (2022: 4.4 years). The weighted average actual market share price on the date of exercise for share options exercised during the year was 626.7 pence (2022: 841.0 pence) and the weighted average fair value of options granted during the year was 542.4 pence (2022: 392.0 pence).

(b) Share incentive plans

All UK-based employees are eligible to participate in an HMRC-approved SIP once they have been with the Group for a qualifying period of up to twelve months. US employees participate in a similar scheme through the use of nil cost Restricted Stock Units (RSUs). During the year UK employees were awarded £750 (2022: £700) of 'Free Shares', and US employees $1,000 (2022: $1,000) of RSUs, in Treatt plc. There are no vesting conditions attached to the Free Shares or RSUs, other than being continuously employed by the Group for three years from the date of grant. UK employees can also buy shares in Treatt plc out of pre-tax income, subject to an annual HMRC limit, currently £1,800. These shares are called 'Partnership Shares' and are held in trust on behalf of the employee. The employees must take their shares out of the plan on leaving the Group. For every Partnership Share acquired during the year, one and a half (2022: one and a half) 'Matching Shares' were awarded under the rules of the SIP. Matching Shares are subject to the same forfeiture rules as Free Shares.

Details of the movements in the SIP were as follows:

Group	Number of free and matching shares 2023	Number of free and matching shares 2022	Number of nil cost RSUs 2023	Number of nil cost RSUs 2022
Outstanding at start of year	**142,290**	167,463	**25,556**	33,152
Granted during the year	**51,859**	35,875	**15,128**	7,440
Vested during the year	**(67,954)**	(52,638)	**(10,766)**	(10,962)
Forfeited during the year	**(4,335)**	(7,832)	**(5,326)**	(4,074)
Released during the year	**(16,110)**	(578)	**(94)**	–
Outstanding at end of year	**105,750**	142,290	**24,498**	25,556

In accordance with IFRS 2, no valuation model is required to calculate the fair value of awards under the SIPs. The fair value of an equity-based payment under the SIPs is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

27. POST-EMPLOYMENT BENEFITS

The Group operates a wholly-funded defined benefit pension scheme for certain current and former UK employees. The scheme's assets are held separately from the assets of the Group and are administered by trustees and managed professionally. From 1 October 2001 this scheme was closed to new entrants and from 1 January 2013 was not subject to any further accruals. Instead, members of the final salary pension scheme became eligible for membership of a defined contribution pension plan with effect from 1 January 2013.

Defined contribution schemes are operated on behalf of eligible employees throughout the Group, the assets of which are held separately from those of the Group in independently administered funds.

The pension charge for the year was made up as follows:

Group	2023 £'000	2022 £'000
Defined contribution schemes	**1,233**	1,181
Other pension costs	**4**	25
	1,237	1,206

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27. POST-EMPLOYMENT BENEFITS continued

Defined benefit pension scheme

The Group accounts for pensions in accordance with IAS 19, 'Employee Benefits'.

The valuation used for IAS 19 disclosures in respect of the defined benefit pension scheme (the scheme) for the current year has been calculated by updating the valuation calculations used in the actuarial valuation as at 1 January 2021. The liabilities in last year's disclosures were calculated by updating the valuation calculations used in the initial results of the same actuarial valuation.

The actuarial valuation as at 1 January 2021 was carried out by Barnett Waddingham, and the updates made to them to take account of the requirements of IAS 19 in order to assess the assets and liabilities of the scheme at 30 September 2023, are carried out by Mrs L Lawson, a Fellow of the Institute and Faculty of Actuaries. Scheme assets are stated at their market value as at that date.

The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the trustees of the scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the scheme in these financial statements.

The scheme is managed by a board of trustees appointed in part by the Group and part from elections by members of the scheme. The trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the scheme's assets. The trustees delegate some of these functions to their professional advisors where appropriate.

The scheme exposes the Group to a number of risks:

- **Investment risk:** The scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk:** The scheme's liabilities are assessed using market yields on high-quality corporate bonds to discount the liabilities. As the scheme holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk:** A proportion of the benefits under the scheme are linked to inflation. Although the scheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.
- **Mortality risk:** In the event that members live longer than assumed a greater deficit will emerge in the scheme.
- **Member options:** Certain benefit options may be exercised by members without requiring the consent of the trustees or the Company, for example exchanging pension for cash at retirement. In this example, if fewer members than expected exchange pension for cash at retirement then a funding strain will emerge. The assets do not include any investment in shares of the Group and there were no plan amendments, curtailments or settlements during the period. The disclosed liability makes no allowance for discretionary benefits.

The financial assumptions used to calculate scheme liabilities and assets under IAS 19 are:

Group	2023	2022
Discount rate	**5.75%**	5.50%
Rate of inflation (RPI)	**3.40%**	3.75%
Rate of inflation (CPI)	**3.00%**	3.35%
Rate of increase in pensions in payment – CPI max 5%	**2.90%**	3.20%
Rate of increase in pensions in payment – CPI max 3%	**2.40%**	2.60%
Rate of increase in pensions in payment – CPI max 2.5%	**2.15%**	2.25%
Mortality table	S3PA tables with CMI 2019 projections using a long-term improvement rate of 1.25% pa & initial addition parameter of 0.25% pa	S3PA tables with CMI 2019 projections using a long-term improvement rate of 1.25% pa & initial addition parameter of 0.25% pa
Commutation allowance	**20%**	20%
Proportion married (at retirement or earlier death)	**75%**	75%
GMP equalisation allowance	**0.5% of liability value**	0.5% of liability value
Rate of increase in salaries	**N/A**	N/A
Life expectancy for male aged 65 in 20 years' time	**23.7**	23.6
Life expectancy for female aged 65 in 20 years' time	**26.1**	26.0
Life expectancy for male aged 65 now	**22.3**	22.3
Life expectancy for female aged 65 now	**24.7**	24.6

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27. POST-EMPLOYMENT BENEFITS continued

Effect of the scheme on future cash flows

The Group is required to agree a schedule of contributions with the trustees of the scheme following a full valuation which must be carried out at least once every three years. The latest valuation of the scheme took place as at 1 January 2021. The valuation revealed that there was a funding deficit in the scheme as at that date of £4,924,000, being a funding level of 82%. The Group has agreed with the Trustees to continue to make deficit funding contributions of £450,000 (2022: £450,000). The weighted average duration of the defined benefit obligation is approximately 13 years.

Recognition of pension surplus

The Group obtained legal advice over the recognition of a pension surplus, and determined that per the scheme rules the Group has an unconditional right to a refund of any surplus that may arise on cessation of the scheme in context of IFRIC 14 paragraph 11b. The full net pension surplus has been recognised on the Group balance sheet.

Group	2023 £'000	2022 £'000
Scheme assets		
Equities	**9,616**	11,073
Target return funds	**–**	3,776
Gilts	**3,683**	–
Bonds	**4,501**	6,300
Multi-asset credit	**2,659**	–
Other	**–**	63
Fair value of scheme assets	**20,459**	21,212
Present value of funded obligations (scheme liabilities)	**(16,736)**	(19,430)
Surplus in the scheme recognised in the balance sheet	**3,723**	1,782
Related deferred tax	**(931)**	(446)
Net pension surplus	**2,792**	1,336
Changes in scheme liabilities		
Balance at start of year	**(19,430)**	(30,618)
Interest cost	**(1,007)**	(621)
Benefits paid	**3,111**	704
Remeasurement losses:		
– Experience loss on liabilities	**(325)**	(548)
– Actuarial gain arising from changes in financial assumptions	**915**	11,653
Balance at end of year	**(16,736)**	(19,430)

Group	2023 £'000	2022 £'000
Changes in scheme assets		
Balance at start of period	**21,212**	23,812
Interest on scheme assets	**1,117**	486
Employer contributions	**450**	450
Benefits paid	**(3,111)**	(704)
Remeasurement gains:		
– Return/(loss) on plan assets (excluding amounts included in interest expense)	**791**	(2,832)
Balance at end of year	**20,459**	21,212

Group	2023 £'000	2022 £'000
Amount charged to finance costs		
Interest on scheme assets	**1,117**	486
Interest on scheme liabilities	**(1,007)**	(621)
Net income/(expense) recognised in income statement	**110**	(135)
Amount recognised in statement of comprehensive income		
Gain/(loss) on scheme assets in excess of interest	**791**	(2,832)
Experience loss on liabilities	**(325)**	(548)
Gain from changes to financial assumptions	**915**	11,653
Remeasurement gain recognised in statement of comprehensive income	**1,381**	8,273
Actual return/(loss) on scheme assets	**1,908**	(2,346)
Cumulative remeasurement gain recognised in statement of comprehensive income	**1,483**	102

The approximate effect of a change of assumptions on surplus values at 30 September 2023:

	Reduce surplus by: £'000
Reduce discount rate by 0.25% pa	**530**
Increase inflation and all related assumptions by 0.1% pa	**119**
Increase life expectancy by one year	**527**

The above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. The assumptions used in preparing this sensitivity analysis are unchanged from the prior year.

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28. CONTINGENT LIABILITIES

Parent Company

The Parent Company enters into financial guarantee contracts that guarantee the indebtedness of its subsidiaries. The Parent Company has considered the requirements of IFRS 17, 'Insurance Contracts' which is mandatorily effective in the following financial year and made the election to account for such arrangements under IFRS 9, 'Financial Instruments'. Under this recognition principle, a financial guarantee contract is initially measured at its fair value (the deemed consideration received under the arrangement) and subsequently at the value of expected credit losses.

The Parent Company has guaranteed the borrowings, net of cash balances for Treatt USA Inc and RC Treatt & Co Ltd. At the balance sheet date, the liabilities covered by this guarantee amounted to $202,000 (£166,000) (2022: $5,808,000 (£5,203,000)) and £10,193,000 (2022: £5,797,000) respectively.

Expected credit losses of the Parent Company in respect of these arrangements have been assessed, and it was determined that no liability is required to be recognised in respect of either agreement.

29. FINANCIAL INSTRUMENTS

Parent Company and Group

Capital risk management

The Group and Parent Company manage their capital to ensure that entities in the Group continue as going concerns whilst maximising returns to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt and equity shareholders' funds. The Group is not subject to any externally imposed capital requirements. Board policy is for the Group to borrow locally in the countries in which it operates, and to borrow in the local reporting currency.

In the UK, the Group refinanced all its prior banking arrangements of c.£20.4m in June 2023 and now has access to a £25.0m, three-year asset-based lending facility with HSBC, this arrangement allows the UK business to borrow against its inventory and receivables. In the US, the Group now has access to a $25.0m (2022: $10.0m) three-year line of credit facility with Bank of America, funds from which were used to pay off the remaining $3.5m of capital on the seven-year $6.5m term loan. All bank facilities are operated independently and are therefore not syndicated. The Group's net debt position is monitored daily and reviewed by management on a weekly basis. Further details of the Group's capital management are given in the Financial Review on pages 54 to 58.

Categories of financial instruments

In the following table those financial instruments which are measured subsequent to initial recognition at fair value are required to be grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group		Parent Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets				
Measured at amortised cost:				
Trade receivables[1]	**29,490**	34,718	**–**	–
Other receivables	**306**	478	**77**	55
Cash and cash equivalents	**809**	2,354	**359**	2,085
Amounts owed by subsidiaries	**–**	–	**5,503**	4,086
Derivative financial instruments measured at fair value through other comprehensive income:				
Trade receivables	**1,624**	9	**–**	–
Derivative financial instruments measured at fair value through profit and loss:				
Forward currency contracts (level 2)	**8**	–	**–**	–
	32,237	37,559	**5,939**	6,226

1 Trade receivables at amortised cost are shown net of lifetime expected credit losses.

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29. FINANCIAL INSTRUMENTS continued

	Group 2023 £'000	Group 2022 £'000	Parent Company 2023 £'000	Parent Company 2022 £'000
Financial liabilities				
Measured at amortised cost:				
Trade payables	**13,131**	17,565	**172**	27
Other creditors	**7,165**	4,927	**319**	429
UK asset-based lending facility	**10,305**	–	**–**	–
UK revolving credit facilities	**–**	13,000	**–**	–
UK bank overdraft	**–**	6,174	**–**	–
US line of credit	**337**	2,034	**–**	–
US term loan	**–**	3,169	**–**	–
Lease liabilities	**549**	396	**–**	–
Amounts owed to subsidiaries	**–**	–	**–**	–
Derivative financial instruments measured at fair value through profit and loss:				
Forward currency contracts (level 2)	**176**	666	**–**	–
	31,663	47,931	**491**	456

Fair values of financial assets and liabilities

The estimated fair values of financial assets and liabilities is not considered to be significantly different from their carrying values.

Financial risk management objectives

The Group and Parent Company collate information from across the business and report to the Board on key financial risks. These risks include credit risk, liquidity risk, interest rate risk and currency risk. The Group has policies in place, which have been approved by the Board, to manage these risks. The Group does not enter into traded financial instruments as the costs involved currently outweigh the risks they seek to protect against. Speculative purchases of financial instruments are not made.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or Parent Company. The Group's credit risk is primarily attributable to its trade receivables and details of how this risk is managed are explained in note 18. The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies as outlined in note 19. The Directors are of the opinion that there are no significant concentrations of credit risk.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group and Parent Company's maximum exposure to credit risk.

Liquidity risk management

Liquidity risk refers to the risk that the Group may not be able to fund the day-to-day running of the Group. Liquidity risk is reviewed by the Board at all Board meetings. The Group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient debt funding is available for the Group's day-to-day needs. Board policy is to maintain a reasonable headroom of unused committed bank facilities. The Board also monitors the Group's banking covenants which in the US are based on interest cover and net debt to EBITDA ratio (calculated under IFRS) and in the UK, are based on operational metrics linked to quality and quantity if inventory and receivables. There were no breaches during the year or prior year.

The Group has a number of debt facilities, details of which, including their terms and maturity profile, are given in note 20. The undiscounted expected maturity profile of the Group's financial instrument liabilities payable at year-end, including interest payments estimated using the prevailing floating rate at that date, is as follows:

Group	Within 0 to 3 months £'000	Within 3 to 12 months £'000	Within 1 to 2 years £'000	Within 2 to 5 years £'000	Over 5 years £'000
Non-derivative financial instruments:					
Trade payables	13,131	–	–	–	–
Other creditors	6,340	825	–	–	–
UK asset-based lending facility	1,475	9,238	–	–	–
US line of credit	337	–	–	–	–
Derivative financial instruments:					
Forward currency contracts	35	141	–	–	–

Group trade payables and other creditors are not interest-bearing and are all due within one year. All financial instruments held by the Parent Company fall due within twelve months, and contractual interest due is £nil.

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29. FINANCIAL INSTRUMENTS continued

Interest rate risk management

The Group is exposed to interest rate risk on short to medium-term borrowings primarily with two major institutions being HSBC and Bank of America.

The Group has facilities denominated in Sterling and US Dollar, which attract floating rate interest. Interest on the Group's asset-based lending facility in the UK is charged at Bank of England base rate plus 1.80% for borrowings in Sterling, and at 1.80% above a currency reference rate for borrowings in US Dollar and Euro, such borrowings are minimal as the Group seeks to minimise these as part of its FX policy. The Group's US-based $25.0m line of credit are both charged at BSBY plus 1.55%.

The Group's net cash/(debt) position by currency at year-end, is as follows:

	Floating rate financial assets/(liabilities)		Fixed rate financial liabilities	
Group	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank balances and revolving credit facilities:				
Sterling	**416**	(10,905)	**–**	–
US Dollars	**(128)**	(2,015)	**–**	–
Euro	**1**	1	**–**	–
Other	**183**	93	**–**	–
Asset-based lending facility:				
Sterling	**(10,090)**	–	**–**	–
US Dollars	**(140)**	–	**–**	–
Euro	**(75)**	–	**–**	–
Overdrafts:				
Sterling	**–**	(6,028)	**–**	–
Term loans:				
US Dollars	**–**	(3,169)	**–**	–
Lease liabilities:				
Sterling	**–**	–	**(549)**	(396)
Total net debt	**(9,833)**	(22,023)	**(549)**	(396)

Interest rate sensitivity analysis has been performed on the floating rate financial liabilities to illustrate the impact on Group profits if interest rates increased or decreased. A 100 bps increase or decrease has been used, comprising management's assessment of reasonably possible changes in interest rates. If interest rates had been 100 bps higher or lower, then profit before taxation for the year ended 30 September 2023 would have decreased or increased as follows:

	Group		Parent Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Impact on profit before tax of 100bps interest rate movement	**(280)**	(314)	**–**	–

Foreign currency risk management

Foreign currency risk management occurs at a transactional level on revenues and purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. The Group's main foreign exchange risk is the US Dollar. The Group has a risk management strategy with regards to the hedging of foreign currency transactions which is approved by the Audit Committee. The policy for the UK business is to mitigate foreign currency transactional exposures by managing foreign currency borrowings, and by entering into foreign currency forward contracts and options on a rolling basis with the aim to provide a hedge on the Group's margin exposure where both purchases and sales are made in the same currencies, and gross revenue exposure where only the selling price is exposed. This is achieved by matching the value of the contracts, the hedging instrument, to the expected amount of foreign currency margin received in the period, the hedged item.

Where the hedged item and hedging instrument are aligned economically and matched on a 1:1 ratio, a hedge is considered effective and is accounted for using the principles of hedge accounting. Ineffectiveness can occur as a result of a mismatch between the hedged item and instrument, for example as a result of credit risk deterioration in the Group or the counterparty's credit risk, or more likely a shortfall in the amount of expected receipts or payments.

Further details of the Group's foreign currency risk management can be found in the Financial Review on pages 54 to 58.

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29. FINANCIAL INSTRUMENTS continued

Foreign currency contract assets and liabilities are shown under the heading of 'derivative financial instruments', in current assets and liabilities respectively within the Group balance sheet. The following table details the forward and option contracts outstanding at the year-end as well as information regarding their related hedged items:

Group – as at 30 September 2023	Average contract rate	Nominal currency '000	Contract GBP £'000	Fair value loss/(gain) £'000
US Dollars:				
Forward contracts to sell USD within 1–3 months	**1.2424**	**$4,170**	**3,356**	**(35)**
Forward contracts to sell USD within 4–6 months	**1.2493**	**$1,700**	**1,361**	**(43)**
Forward contracts to sell USD within 6–9 months	**1.2725**	**$1,850**	**1,454**	**(60)**
Forward contracts to sell USD within 9–12 months	**1.2770**	**$900**	**705**	**(32)**
Euros:				
Forward contracts to sell EUR within 1–3 months	**1.1505**	**€760**	**661**	**4**
Forward contracts to sell EUR within 4–6 months	**1.1426**	**€600**	**525**	**2**
Forward contracts to sell EUR within 6–9 months	**1.1502**	**€490**	**426**	**2**
Forward contracts to sell EUR within 9–12 months	**1.1506**	**€350**	**304**	**2**
				(168)

Group – as at 30 September 2022	Average contract rate	Nominal currency '000	Contract GBP £'000	Fair value (loss)/gains £'000
US Dollars:				
Forward contract to sell USD within 4–6 months	1.2457	$7,000	5,642	(616)
Euros:				
Forward contract to sell EUR within 1–3 months	1.1661	€2,500	2,144	(50)
				(666)

The derivative financial instruments for the foreign currency contracts and options described above are all held as cash flow hedges and are classified as level 2. The fair value of the foreign currency contracts at the year-end equate to the mark-to-market valuation of the contracts and options. These represent the amounts which the Group would expect to pay or receive in order to close these contracts at the balance sheet date.

The gain/(loss) recognised in the Group's income statement and the Group statement of comprehensive income on cash flow hedges of foreign currency receipts during the year, is as follows:

Group	2023 £'000	2022 £'000
Revenue	**386**	(2,336)
Other comprehensive income	**269**	(23)
	655	(2,359)

The reconciliation of the hedging reserve per the statement of changes in equity is as follows:

Group	Hedging reserve £'000
1 October 2021	(292)
Fair value movement on:	
Cash flow hedges of probable future receipts	(2,359)
Transfer from hedging reserve to:	
Profit and loss account	2,336
Amounts recognised in other comprehensive income	(23)
Taxation relating to items above	4
30 September 2022	(311)
Fair value movement on:	
Cash flow hedges of probable future receipts	**(117)**
Transfer from hedging reserve to:	
Profit and loss account	**386**
Amounts recognised in other comprehensive income	**269**
Taxation relating to items above	–
30 September 2023	**(42)**

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

29. FINANCIAL INSTRUMENTS continued

The Group's currency exposure, being those exposures arising from transactions where the net currency gains and losses will be recognised in the income statement, is as follows:

Group – net foreign currency financial assets	2023 £'000	2022 £'000
US Dollar	**4,602**	6,953
Euro	**2,229**	2,774
Other	**256**	148
	7,087	9,875

A currency sensitivity analysis has been performed on the financial assets and liabilities to sensitivity of a 10% increase/decrease in the Sterling to US Dollar and Sterling to Euro exchange rate. A 10% strengthening has been used, comprising management's assessment of reasonably possible changes in exchange rates. The impact on profit for the year in the income statement would be a gain on net monetary assets or liabilities as follows:

Group	2023 £'000	2022 £'000
Impact of 10% strengthening of US Dollar against Sterling	**511**	773
Impact of 10% strengthening of Euro against Sterling	**248**	308

In management's opinion the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since it is limited only to the year-end exposure and does not reflect the exposure during the year, nor does it include the impact of gains or losses that would have occurred on hedging instruments.

30. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Group

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out here in aggregate. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on pages 82 to 93.

Group	2023 £'000	2022 £'000
Salaries and other short-term employee benefits	**981**	754
Fees paid to Non-executive Directors in respect of qualifying services	**378**	417
Employer's social security costs	**196**	160
Pension contributions to money purchase schemes	**55**	52
Share-based payments charge in respect of qualifying services	**252**	351
	1,862	1,734

No Directors were active members of a defined benefit pension scheme as the scheme was closed to future accrual with effect from 31 December 2012. Further details on Directors' pensions are given in the Directors' Remuneration Report on pages 82 to 93.

Parent Company

Transactions with subsidiaries:

Parent Company	2023 £'000	2022 £'000
Interest received from:		
R C Treatt & Co Limited	–	16
Dividends received from:		
R C Treatt & Co Limited	**1,541**	2,005
Treatt USA Inc	**3,261**	2,829

Balances with subsidiaries:

Parent Company	2023 £'000	2022 £'000
Amounts owed to Parent Company:		
R C Treatt & Co Limited	**5,503**	4,086

The Parent Company has guaranteed certain bank borrowings of its subsidiaries as set out in note 29. Amounts owed to the Parent Company are unsecured and will be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

31. ALTERNATIVE PERFORMANCE MEASURES

The Group reports certain alternative performance measures (APMs) that are not required under IFRS. The Group believes that these APMs, when viewed in conjunction with its IFRS financial information, provide valuable and more meaningful information regarding the underlying financial and operating performance of the Group to its stakeholders.

APMs referenced throughout the Annual Report which are not possible to easily derive from the financial statements, are shown in the reconciliations below alongside their statutory equivalent measures.

Return on average capital employed

Adjusted return on average capital employed (ROACE) is considered to be a key performance indicator (KPI), and is an APM which enables stakeholders to see the profitability of the business as a function of how much capital has been invested in the business.

The derivation of this percentage, along with the statutory equivalent measure, is shown below:

ROACE – APM measure

Group	Page reference	2023 £'000	2022 £'000	2021 £'000
Total equity	109	**137,246**	133,850	106,299
Net debt	112	**10,382**	22,419	9,114
Capital employed		**147,628**	156,269	115,413
Interim total equity[1]		**129,685**	114,988	95,369
Interim net debt[1]		**17,704**	19,787	4,468
Interim capital employed[1]		**147,389**	134,775	99,837
Average capital employed[2]		**150,429**	135,486	101,981
Adjusted operating profit[3]	104	**18,321**	15,773	21,346
ROACE %		**12.2%**	11.6%	20.9%

The previous five years' measure of ROACE can be found in the Key Performance Indicators section, on page 22.

ROACE – statutory measure

Group	Page reference	2023 £'000	2022 £'000
Average capital employed[2]		**150,429**	135,486
Profit before taxation	104	**13,544**	16,179
ROACE %		**9.0%**	11.9%

Net debt to adjusted EBITDA

The net debt to adjusted EBITDA ratio is useful to ensure that the level of borrowings in the business can be supported by the cash flow in the business, and as it is measured by reference to adjusted EBITDA, is considered to be an APM. The derivation of this ratio, along with its statutory equivalent measure is shown below:

APM Measure

Group	Page reference	2023 £'000	2022 £'000
Profit before taxation	104	**13,544**	16,179
Exceptional items	104	**3,800**	(923)
Profit before taxation and exceptional items	104	**17,344**	15,256
Interest receivable	104	**(112)**	(8)
Interest payable	104	**1,089**	525
Depreciation of property, plant and equipment and right-of-use assets	104	**4,277**	2,476
Amortisation of intangible assets	104	**399**	215
Adjusted EBITDA		**22,997**	18,464
Net debt	112	**10,382**	22,419
Net debt to adjusted EBITDA		**0.45**	1.21

The previous five years' measure of net debt to adjusted EBITDA can be found in the Key Performance Indicators section, on page 22.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2023

31. ALTERNATIVE PERFORMANCE MEASURES continued

Statutory measure

Group	Page reference	2023 £'000	2022 £'000
Profit before taxation	104	**13,544**	16,179
Interest receivable	104	**(112)**	(8)
Interest payable	104	**1,089**	525
Depreciation of property, plant and equipment and right-of-use assets	104	**4,277**	2,476
Amortisation of intangible assets	104	**399**	215
EBITDA		**19,197**	19,387
Net debt	112	**10,382**	22,419
Net debt to EBITDA		**0.54**	1.16

1 Interim total equity and interim net debt for a given year are taken from the unaudited half year condensed financial statements made out to 31 March, which can be found on www.treatt.com.

2 Average capital employed for a given year is calculated as the average of the opening, interim and closing capital employed.

3 Adjusted operating profit for ROACE purposes is operating profit before exceptional items as defined in the Group income statement.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE YOU ARE RECOMMENDED TO CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISOR AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

If you have sold or transferred all of your ordinary shares in Treatt plc, you should pass this document to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Notice of the Annual General Meeting (AGM) which has been convened for 25 January 2024 at 10.30am at Treatt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR is set out below.

Proxy voting

Shareholders are requested to complete and submit their proxy appointment online by using the Signal Shares share portal service at www.signalshares.com as soon as possible and, in any event, by no later than 10.30am on 23 January 2024, being 48 hours before the time appointed for the holding of the AGM. To do so, you will need to log in to your Treatt plc Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, which is detailed on your share certificate or is available from our registrars, Link Group. For those who hold their shares in uncertificated form in CREST, proxy appointments may be made via the CREST system.

Proxy appointments can also be made by completing a paper proxy form and returning it to Link Group in accordance with the instructions printed on the form. If you require a paper proxy form, please contact Link Group by email at enquiries@linkgroup.co.uk or by telephone on +44 (0) 371 664 0300*.

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open 9.00am – 5.30pm Monday to Friday excluding bank holidays in England and Wales.

Notice is hereby given that the AGM of the shareholders of Treatt plc (the Company) will be held at Treatt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR on 25 January 2024, at 10.30am for the purpose of considering and, if thought fit, passing the resolutions set out in this notice. Resolutions 1 to 14 (inclusive) will be proposed as ordinary resolutions. Resolutions 15 to 18 (inclusive) will be proposed as special resolutions.

ORDINARY RESOLUTIONS

Resolution 1 – Annual accounts and Directors' Report

1. To receive the audited accounts and related reports of the Directors and auditors for the year ended 30 September 2023.

Explanatory note

Under the Companies Act 2006 (the 'Act') the Directors of the Company must present the accounts to the meeting.

Resolution 2 – Directors' Remuneration Report

2. To approve the Directors' Remuneration Report.

Explanatory note

The Act requires two resolutions to be put to shareholders on separate sections of the Directors' Remuneration Report. The remuneration policy is only required to be approved by shareholders every three years or in the intervening period if amendments are proposed. The Company's remuneration policy was approved at the 2022 AGM and accordingly, since no amendments are proposed, it will not be put before shareholders at the AGM in 2024. Resolution 2 is an advisory resolution to approve the Directors' Remuneration Report, which details the remuneration packages paid to Directors during the year ended 30 September 2023. You can find the Implementation Section of the Directors' Remuneration Report on pages 84 to 93 within the Directors' Remuneration Report on pages 82 to 93.

Resolution 3 – Final dividend

3. To approve a final dividend of 5.46 pence per share on the ordinary shares of the Company for the year ended 30 September 2023.

Explanatory note

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 5.46 pence per ordinary share is recommended by the Directors for payment to shareholders who are on the register of members at the close of business on 2 February 2024. If approved, the date of payment of the final dividend will be 14 March 2024. An interim dividend of 2.55 pence per ordinary share was paid on 10 August 2023. This represents an increase of 0.16 pence per share, or 2.0%, on the total 2022 dividend.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolutions 4 to 9 – Election or re-election of Directors

4. To re-elect Ryan Govender as a Director of the Company.
5. To re-elect Christine Sisler as a Director of the Company.
6. To re-elect Philip O'Connor as a Director of the Company.
7. To re-elect Vijay Thakrar as a Director of the Company.
8. To re-elect David Johnston as a Director of the Company.
9. To elect Bronagh Kennedy as a Director of the Company.

Explanatory note

In accordance with the Company's Articles of Association and in order to comply with best practice under the 2018 Corporate Governance Code, all Directors will retire and stand for annual re-election. Short biographies of the Directors are given on pages 68 and 69. Having considered the performance of, and contribution made, by each of the Directors, the Board remains satisfied that the performance of each of the Directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their election/re-election, as appropriate. Each Executive Director has a service agreement which provides for 12 months' notice by either party and each Non-executive Director is appointed on terms that provide for three months' notice by either party. As previously announced, Daemmon Reeve is stepping down as Chief Executive Officer and as a Director of the Company on 31 December 2023 and therefore will not stand for re-election.

Resolution 10 – Re-appointment of auditors

10. To re-appoint BDO LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next AGM.

Explanatory note

At each general meeting at which the Company's Annual Report and Accounts are presented to its ordinary shareholders, the shareholders are required to appoint an auditor to serve until the next such meeting. Following a recommendation by the Audit Committee, the Board is proposing the re-appointment of BDO LLP as auditors of the Company.

Resolution 11 – Auditor's remuneration

11. To authorise the Directors to determine the remuneration of the auditors of the Company.

Explanatory note

The remuneration of the Company's auditors must be fixed by the Company in general meeting or in such manner as the shareholders may determine in general meeting. This resolution gives authority to the Directors to determine the remuneration of the auditors of the Company.

Resolution 12 – Approval of Share Incentive Plan

12. THAT the Directors be and are hereby authorised:

    To adopt and establish the Treatt plc 2024 Share Incentive Plan, the principle terms of which are summarised in Appendix 1 to this Notice of Meeting, and, for the purpose of identification only, initialled by the Chair, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect; and at their discretion, to adopt similar all-employee plans as they deem appropriate for the benefit of employees and Directors of the Company and its subsidiaries, on identical terms, which are located outside the United Kingdom.

Explanatory note

Treatt has operated a Share Incentive Plan ('SIP'), in which all employees currently participate, since its first approval by shareholders in 2014. The SIP runs alongside the existing all employee Save As You Earn Share Option Scheme, under which shares are purchased at the end of a three year saving period, in order to align the interests of all employees with those of shareholders and further foster employee share ownership. The Directors believe that the SIP provides employees with the opportunity to further invest in the Company's shares. The SIP rules are approved by shareholders for a period of ten years and accordingly this resolution seeks approval for the adoption by the Company of the rules. The main provisions of the Treatt plc 2024 Share Incentive Plan are summarised in Appendix 1 at the end of this Notice of Meeting.

Resolution 13 – Approval of Long Term Incentive Plan

13. THAT the Directors be and are hereby authorised:

    a) to adopt and establish the Treatt plc 2024 Long Term Incentive Plan and the US sub-plan to this plan, known as the 'Treatt plc Restricted Stock Unit Plan' for US-based participants, the principal terms of which are summarised in Appendix 2 to this Notice of Meeting, and the rules of which are produced to this meeting and, for the purpose of identification only, initialled by the Chair, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect; and

    b) to establish further plans based on the Treatt plc 2024 Long Term Incentive Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation contained within the Treatt plc 2024 Long Term Incentive Plan.

Explanatory note

Treatt has operated a Long Term Incentive Plan ('LTIP'), in which the Executive Directors and employees currently participate, since its approval by shareholders in 2019. The LTIP rules are approved by shareholders for a period of ten years and accordingly this resolution seeks approval for the adoption by the Company of rules, which take account of changes in executive remuneration since 2019 and current best practice. The main provisions of the Treatt plc 2024 Long Term Incentive Plan are summarised in Appendix 2 at the end of this Notice of Meeting.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

ORDINARY RESOLUTIONS CONTINUED

Resolution 14 – Authority to allot securities

14. THAT in accordance with section 551 of the Companies Act 2006 (the 'Act') the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £407,531 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and

b) comprising equity securities (as defined in Sections 560 of the Act) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £815,061 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with or pursuant to an offer of or invitation to apply for equity securities by way of a pre-emptive offer or invitation (including an offer by way of a rights issue or open offer) in favour of ordinary shareholders in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or any other matter whatsoever, provided that this authority shall expire at the conclusion of the AGM of the Company to be held in 2025, or at close of business on 25 April 2025 (whichever occurs first) save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Explanatory note

The Company may only allot ordinary shares or grant rights over ordinary shares if authorised to do so by shareholders. This resolution seeks to grant authority to the Directors to allot unissued share capital of the Company and grant rights to subscribe for, or convert other securities into, shares and will expire at the conclusion of the next AGM of the Company in 2025 or, if earlier, on 25 April 2025 (the date which is 15 months after the date of passing of the resolution). Whilst the Board has no present intention of exercising these authorities, the Board believes it is in the best interests of the Company to have these authorities so that, if the need arises, the Board can allot securities at short notice and without the need to hold a general meeting of the Company.

The authority in paragraph (a) of the resolution will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to an aggregate nominal value of £407,531 (representing approximately one-third (33.33%) of the total issued ordinary share capital of the Company as at 21 November 2023, the latest practicable date prior to publication of this Notice).

The authority in paragraph (b) of the resolution will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a fully pre-emptive offer up to an aggregate nominal value of £815,061 (representing approximately two-thirds (66.66%) of the total issued ordinary share capital of the Company as at 21 November 2023, the latest practicable date prior to publication of this Notice) such amount to be reduced by the amount of any relevant securities issued under the authority conferred by paragraph (a) of the resolution.

This is in line with the Investment Association's Share Capital Management Guidelines issued in 2023.

SPECIAL RESOLUTIONS

Resolution 15 – Authority to disapply pre-emption rights

15. THAT subject to the passing of resolution 14 above and in accordance with Sections 570 and 573 of the Companies Act 2006 (the 'Act'), the Directors be and are hereby given power to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 14 above and to sell ordinary shares (as defined in Section 560(1) of the Act) held by the Company as treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, such power to be limited to the allotment of equity securities for cash and the sale of treasury shares:

a) in connection with or pursuant to an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 14, by way of a pre-emptive offer or invitation (including a rights issue or open offer) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter;

b) in the case of the authority granted under paragraph (a) of resolution 14 and/or in the case of any sale of treasury shares, (and otherwise than under paragraph (a) or (c) of this resolution) up to an aggregate nominal amount of £122,259; and

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

c) in the case of the authority granted under paragraph (a) of resolution 14 above or in the case of any sale of treasury shares (and otherwise than under paragraph (a) and (b) of this resolution), up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (b) of this resolution, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice, provided that this power shall expire at the conclusion of the AGM of the Company to be held in 2025 or at close of business on 25 April 2025 (whichever occurs first), save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Explanatory note

Under Section 561 of the Act, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first authorised this.

Resolution 15 asks the shareholders to do this and, apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the issue of shares for cash (i) up to a maximum aggregate nominal value of £122,259 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 10% of the Company's issued ordinary share capital as at 21 November 2023, the latest practicable date prior to publication of this Notice and (ii) up to a nominal amount of 20% of any allotment made under (i), for the purposes of any follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Part 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice. Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

If given, the authority will expire at the conclusion of the next AGM of the Company in 2025 or, if earlier, 25 April 2025 (the date which is 15 months after the date of passing of the resolution).

The figure of up to 10% reflects the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group. The Directors intend to adhere to the provisions in the Pre-Emption Group's most recently published Statement of Principles on Disapplying of Pre-Emption Rights.

Resolution 16 – Authority to disapply pre-emption rights for the purposes of acquisitions or capital investments

16. THAT subject to the passing of resolutions 14 and 15 above and in addition to the power granted under resolution 15, the Directors be and are hereby given power pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred paragraph (a) of resolution 14 above and to sell ordinary shares (as defined in Section 560(1) of the Act) held by the Company as treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment of equity securities for cash and sale of treasury shares, such power to be limited to:

a) the allotment of equity securities for cash and sale of treasury shares up to an aggregate nominal amount of £122,259 such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors have determined to be either an acquisition or specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice, or for any other purposes as the Company in general meeting may at any time by special resolution determine; and

b) the allotment of equity securities for cash and sale of treasury shares (otherwise than under paragraph (a) of this resolution) up to an aggregate nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (a) of this resolution, such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

provided that this power shall expire at the conclusion of the AGM of the Company to be held in 2025 or at close of business on 25 April 2025 (whichever occurs first), save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS CONTINUED

Resolution 16 – Authority to disapply pre-emption rights for the purposes of acquisitions or capital investments continued

Explanatory note

The purpose of resolution 16 is to seek a further power from shareholders to allot equity securities or sell treasury shares for cash otherwise than to existing shareholders pro rata to their holdings to reflect the Statement of Principles on Disapplying Pre-Emption Rights.

Accordingly, resolution 16 will be proposed as a special resolution to grant such a power. The power will be limited to (i) the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of £122,259, being approximately 10% of the Company's issued ordinary share capital as at 21 November 2023, the latest practicable date prior to publication of this Notice, and (ii) up to an additional 20% of any allotment made under (i), for the purposes of any follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Part 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice. This is in addition to the 10% referred to in resolution 15.

If given, the authority will expire at the conclusion of the next AGM of the Company in 2025 or, if earlier, 25 April 2025 (the date which is 15 months after the date of passing of the resolution).

The Directors will have due regard to the Statement of Principles on Disapplying Pre-Emption Rights in relation to any exercise of this power and in particular they confirm that they intend to use this power only in connection with a transaction which they have determined to be an acquisition or a specified capital investment (of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights) which is announced contemporaneously with the announcement of the issue, or which has taken place in the preceding 12 month period and is disclosed in the announcement of the issue.

Resolution 17 – Authority to purchase own shares

17. THAT the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of up to a maximum of 6,112,959 ordinary shares in the capital of the Company, subject to the following conditions:

    a) the minimum price (excluding expenses) which may be paid for an ordinary share is the nominal amount of that share; and

    b) the maximum price (excluding expenses) which may be paid for an ordinary share so purchased is an amount equal to the higher of (i) 5% above the average of the middle market quotations shown for an ordinary share of the Company in The London Stock Exchange Daily Official List on the five business days immediately preceding the day on which that ordinary share is purchased, and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out.

    The authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2025, or at close of business on 25 April 2025 (whichever occurs first), save that in relation to the purchase of ordinary shares the contract for which is concluded before such date and which would or might be executed wholly or partly on or after such date, the Company may purchase ordinary shares pursuant to any such contract under this authority.

Explanatory note

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 17 seeks the authority from shareholders to continue to do so. The Directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base.

It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of ordinary shares that may be acquired (approximately 10% of the Company's issued ordinary share capital as at 21 November 2023, the latest practicable date prior to publication of this Notice) and the maximum and minimum prices at which they may be bought.

The total number of options to subscribe for ordinary shares that were outstanding at 21 November 2023, the latest practicable date prior to publication of this Notice, was 994,699. The proportion of issued share capital that they represented at that time was 1.63% and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 1.81%.

If given, the authority will expire at the conclusion of the next AGM of the Company in 2025 or, if earlier, 25 April 2025 (the date which is 15 months after the date of passing of the resolution).

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolution 18 – Notice of general meetings

18. THAT a general meeting (other than an Annual General Meeting) of the Company may be called on not less than 14 clear days' notice.

Explanatory note

Under the Act, the notice period required for all general meetings of listed companies is 21 clear days; however, it is possible to reduce this period to 14 clear days (other than for AGMs), provided that the following two conditions are met: (i) that a company offers facilities for shareholders to submit proxy appointments by electronic means; and (ii) that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 clear days to 14 clear days. This resolution would, if passed, allow the Company flexibility to call general meetings, other than AGMs, on not less than 14 clear days' notice. This additional flexibility would not be used as a matter of routine for such meetings but would be used where the Board considers it appropriate in the circumstances. The approval will be effective until the Company's next AGM, at which meeting it is intended to propose a similar resolution for approval.

By order of the Board

Ryan Govender
Chief Financial Officer & Company Secretary

Registered Office:
Skyliner Way
Bury St Edmunds
Suffolk
IP32 7FR

12 December 2023

The note on voting procedures and general rights of shareholders, together with explanatory notes on the resolutions to be put to the meeting form part of this Notice.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

APPENDIX 1 SUMMARY OF PROVISIONS OF THE TREATT PLC 2024 SHARE INCENTIVE PLAN ('SIP')

The Company proposes to continue with an H M Revenue & Customs approved Share Incentive Plan (the 'SIP') to provide all UK employees of the Group with the opportunity to acquire shares in the Company on a tax efficient basis.

The SIP provides for the acquisition of shares. The SIP will be governed by a Trust Deed and Rules which will be submitted for approval to H M Revenue & Customs. The SIP will be operated through a UK resident trust (the 'Trust'). The trustees of the Trust (the 'Trustees') will buy or subscribe for shares that are awarded to or acquired by employees under the SIP and will hold these shares in the Trust on their behalf under the terms of the SIP.

The main features of the SIP are as follows:

Eligibility

All employees of the Group who are resident and ordinarily resident in the United Kingdom and who are determined by the Company to be qualifying employees are eligible to participate in any offer made by the Company under the Plan. Non-UK resident employees may also be invited to participate in the SIP.

The Company may require employees to have completed a minimum qualifying period of employment before they are eligible to participate, but such period may not exceed 18 months ending on the date shares are awarded and/or purchased under the SIP.

Basis for participation

The SIP provides for the acquisition by participating employees of one or more of four categories of shares:

The Company may award 'Free Shares' to participants and or allow participants to give up salary to purchase 'Partnership Shares', and to the extent that they do so, the Company may award up to two 'Matching Shares' for each Partnership Share purchased. Any dividends arising on shares held in the SIP may also be reinvested to acquire further 'Dividend Shares' under the SIP.

The Directors will determine in any year whether participation in the SIP will be offered and, if so, the basis on which each of the above categories may be offered.

Free Shares

The Company may award Free Shares to participating employees (subject to the annual statutory Individual Limits).

The number of Free Shares awarded to participants will be determined by the Directors on the basis of objective criteria and may also be subject to performance measures. Performance measures may be based on personal, team, or divisional targets and the relevant measure selected will be notified to all qualifying employees.

Partnership Shares

The Company may invite applications from qualifying employees to enter into a contract under the SIP to buy Partnership Shares by deduction from pre-tax salary (subject to the annual statutory Individual Limits). The Company may specify a maximum number of shares to be available for purchase as Partnership Shares under any particular invitation.

As determined by the Directors, deductions may either be:

a) transferred directly to the Trustees to be applied in the acquisition of Partnership Shares. Within 30 days of the deduction from salary, the Trustees will acquire Partnership Shares which will then be held in the Trust on the participant's behalf. The purchase price paid for the Partnership Shares will be determined as the market value of the shares on the date of acquisition; or

b) accumulated over an accumulation period and held in an account until the end of an accumulation period not exceeding 12 months. Within 30 days of the end of the accumulation period the Trustees shall apply the accumulated funds to acquire Partnership Shares and hold such Shares in the Trust on the participant's behalf. The Directors will decide in respect of each offer whether the purchase price paid for the Partnership Shares will be determined as the market value of the shares at the start of the accumulation period or the market value on the day the shares are acquired or the lower of those two values.

Matching Shares

Where the Company decides to offer the opportunity for the acquisition of Partnership Shares it may also offer Matching Shares to those participants who elect to buy Partnership Shares. Allocations of Matching Shares will be made on the same day as Partnership Shares are acquired on behalf of participants by the Trustees.

The Company will decide the basis on which Matching Shares are allocated (subject to the statutory individual limits). Allocations of Matching Shares will be made to all participants on the same basis. The maximum permissible number of Matching Shares according to the law is two Matching Shares for each Partnership Share purchased.

Dividend Shares

Participants will be entitled to dividends paid on their Free Shares, Matching Shares and Partnership Shares while they are held in the Trust.

At the discretion of the Directors, dividends arising on shares held in the Trust under the SIP may either be paid directly to a participant in cash or reinvested, subject to the individual limits, for the acquisition of further shares under the SIP on behalf of the participant.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Individual limits
The value of Free Shares which may be awarded to a participant under the SIP in any year shall not exceed the statutory maximum of £3,600 per annum (or such higher limit as may be specified in the relevant SIP legislation from time to time).

The maximum amount which can be deducted from a participant's salary for the purpose of buying Partnership Shares shall not exceed the statutory maximum being the lower of 10% of salary or £1,800 per annum (or such higher limit as may be specified in the relevant SIP legislation from time to time).

The number of Matching Shares which may be awarded to a participant purchasing Partnership Shares under the SIP shall not exceed the statutory maximum which is currently two Matching Shares for every one Partnership Share purchased.

There is no limit on the number or value of shares that may be acquired in the Plan as Dividend Shares.

Holding periods
Free Shares and Matching Shares must be held in the Trust by the Trustees for a holding period of between three and five years, or, if earlier, until the employee leaves the Group. The Directors shall determine the applicable holding period at the time the offer is made.

Dividend Shares must be held in the Trust by the Trustees for a holding period of three years or, if earlier, until the employee leaves the Group.

Participants may withdraw their Partnership Shares from the SIP at any time.

Termination of employment and forfeiture provisions
On termination of employment with the Company or any company within the Group, a participant is required to withdraw all shares from the SIP (other than those which are forfeited under the terms of any offer under the SIP).

The SIP may provide for Free Shares and/or Matching Shares to be forfeited if an employee terminates employment with the Group within a specified period (the 'Forfeiture Period') unless the termination of employment is by reason of death, injury, disability or sale of the business for which the participant works out of the Group or the participant's employment is transferred out of the Group. The Forfeiture Period may not exceed three years from the date the allocation of Free Shares/Matching Shares is made.

In addition the Directors may provide that Matching Shares may be subject to forfeiture if the corresponding Partnership Shares are withdrawn within three years of purchase.

Voting rights
The Directors will determine whether participants shall have the right to exercise any voting rights attaching to Shares held under the SIP.

Limits on the issue of shares
The SIP will be subject to a limit on the number of new shares in the Company that may be issued. In any rolling ten-year period not more than 10% of the issued ordinary share capital of the Company may be issued or issuable pursuant to the rights acquired in total under the SIP, the Treatt plc Long Term Incentive Plan and any other employees' share schemes adopted by the Company.

Adjustment of awards
On a variation of the capital of the Company, the number of Shares held under the SIP will be adjusted in such manner as the Directors determine, subject to written confirmation from the Company's auditors that the adjustment is, in their opinion, fair and reasonable.

Reconstructions and takeovers
In the event of any reconstruction or change in control of the Company, shares must be either withdrawn from the SIP, or, if certain circumstances are met, exchanged for shares in the new holding which will continue to be held in the Trust under the SIP under the same terms and subject to the same rights and restrictions as the original shares.

Alterations
The SIP may at any time be altered by the Directors in any respect, provided that the prior approval of the shareholders in general meeting will be obtained for alterations or additions to the advantage of participants, except for minor amendments to benefit the administration of the SIP, to take account of existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the SIP or for the Company and or any member of the Group.

To the extent required by the law, H M Revenue & Customs approval will be sought in respect of any proposed amendment to a 'key feature' of the SIP (ie, being a feature which is necessary to meet the requirements of the relevant legislation governing the SIP).

Rights attaching to shares
Ordinary shares allotted under the SIP will rank equally with all other shares of the Company for the time being in issue and the Company will apply for admission of any new shares issued under the SIP to any relevant exchange.

Funding the SIP
Each participating company within the Group may fund the Trustees of the Trust to subscribe for or buy shares in the market or privately. The Company may only fund the Trust at such time that it has sufficient distributable reserves to do so. The acquisition price for private purchases must not be materially more than the market price of a share at that time and the subscription of shares must be at market value or, if higher, at nominal value.

General
Benefits under the SIP are not pensionable.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

APPENDIX 2 SUMMARY OF PROVISIONS OF THE TREATT PLC 2024 LONG TERM INCENTIVE PLAN ('LTIP')

The Company proposes to continue the LTIP to incentivise executive directors ('Directors') and employees of the Company's group ('Group').

The LTIP is capable of making awards of share options, conditional share awards, conditional phantom awards and Restricted Stock Units in the US ('Awards').

It is intended that the LTIP will be used to make awards of 'nil cost' share options to selected employees of the Company in the UK which may be satisfied by issue or transfer of shares (or a cash equivalent amount), and Restricted Stock Units, which may at the discretion of the Company be satisfied by the issue or transfer of shares, or payment in cash of equivalent value, once vesting conditions have been met, to employees in the US.

All Awards granted to executive directors will be made in accordance with the Company's Director's Remuneration Policy as approved by shareholders from time to time.

It is proposed that all options granted under the LTIP will have an exercise price equal to the nominal value of a share in the case of an option satisfied by shares issued directly to participants and nil in the case of an option to acquire shares held in the Treatt Employee Benefit Trust ('EBT'). Restricted Stock Units will similarly be awarded for the nominal value in the case of newly issued shares, and nil in the case of shares held in the EBT. The LTIP will be administered by the remuneration committee of the board of directors ('Committee'), which will determine any dispute under or question in connection with the Plan.

Grants of awards

Awards may be granted to eligible employees at the discretion of the Committee. Awards may be granted only:

i) during the period of 42 days following the date of adoption of the LTIP by the Company;

ii) during the period of 42 days following the announcement of yearly, half yearly or other period financial results of the Company; or

iii) on any other date, if in the opinion of the Committee, the circumstances are exceptional.

In the event that any restrictions imposed by statute, order, regulation or Government directive, or by the UK Market Abuse Regulation or the share dealing policy adopted by the Company prevents the Company from making Awards, the Award will be made within 42 days after that restriction is removed.

Eligibility

All full-time employees and Directors of the Group shall be eligible to participate in the LTIP at the discretion of the Committee. The making and level of Awards will be determined from year to year on an individual basis by the Committee and, for Directors, in accordance with the Director's Remuneration Policy.

Performance conditions

The Committee may impose performance conditions ('Performance Conditions') applying usually over a period of at least three years that must normally be satisfied before Awards vest. The Performance Conditions will be determined at the time of grant to ensure that they are sufficiently stretching and for Directors will be set in accordance with the Director's Remuneration Policy. If, on vesting, the Committee considered that the level of vesting is inappropriate notwithstanding the satisfaction of any Performance Conditions, it will be able to reduce the extent to which an Award is treated as having vested.

Malus and clawback

Awards may be reduced to such extent (which could be zero) prior to the Award vesting (malus) or up to three years after an Award vesting (clawback) as determined by the Committee in the event of:

i) a material misstatement, error or misrepresentation of the Company's financial results;

ii) any error or incorrect statement or fact and/or information or assumption used in determination of vesting;

iii) any error in assessing a Performance Condition;

iv) the reliance, by the Committee, on incorrect statements and/or facts in the assessment of Performance Conditions;

v) a participant leaves employment by reason of misconduct;

vi) any circumstances coming to light after a participant ceases to hold office or employment for any reason, which would have entitled the employer to dismiss the participant summarily;

vii) the Company being placed in receivership, compulsory liquidation, administration, being subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;

viii) serious reputational damage; or

viii) corporate failure on the part of the participant.

The Committee shall have the right to clawback from the participant by reducing Awards under the LTIP, cash bonus, other share awards under any other of the Group's employee share schemes, or salary (or any other means the Committee specify):

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Limit of participation

The market value of shares over which Awards may be made under the LTIP may not exceed the limit set in the Remuneration Policy for Directors (which is currently 150% of salary) and may not exceed 150% of salary for below-Board employees.

Total number of shares available

No award may be granted under the LTIP on any date if, as a result, the aggregate number of Shares issued, or committed to be issued, pursuant to Awards and pursuant to grants made during the previous ten years under all other employee share plans established by the Company, would exceed 10% of the issued ordinary share capital of the Company on that date.

Further, no award may be granted under the LTIP on any date if, as a result, the aggregate number of Shares issued, or committed to be issued, pursuant to Awards and pursuant to grants or appropriations made during the previous ten years under all other executive share plans established by the Company, would exceed 5% of the issued ordinary share capital of the Company on that date. For this purpose, newly issued shares will include shares issued out of treasury.

Vesting of Restricted Stock Units and exercise of options

Awards will normally vest once Performance Conditions have been either satisfied or waived or are treated as satisfied under the provisions described below. Options shall generally be exercisable after a period beginning with the date on which it is established that a Performance Condition has been satisfied and ending up to ten years from the date of grant. Restricted Stock Units may not be sold, exchanged, pledged or otherwise disposed of until they vest. To the extent that they do not vest, Awards will lapse.

In addition to the any Performance Conditions, Awards made to Directors of the Company will be subject to a five-year holding period such that they may not sell the shares they receive (other than as required to cover tax due on exercise, or in exceptional circumstances) until, at the earliest, the fifth anniversary of the date on which Awards are granted.

In the case of a takeover, demerger or a statutory reconstruction, the Committee may at its discretion, and acting fairly and reasonably, Awards will vest earlier than the normal vesting date. The Committee may determine the proportion or number of Awards that will vest in their absolute discretion taking into account, unless they determine otherwise, the extent the Performance Conditions are satisfied and any pro-rata reduction for time.

Award holders may be able to exchange their Awards under the LTIP for Awards over the shares of the Company making any takeover or on an internal reconstruction involving the Company coming under the control of another but remaining under the control of the person or persons who had control of the Company before the reconstruction.

Employees leaving the Company

If an Award holder ceases to hold office or employment with the Group as a Good Leaver, Awards shall, at the discretion of the Committee either vest at the date of cessation or at the normal time of vesting. The Committee shall determine the level of vesting taking into account, amongst other factors, whether to pro-rate Awards for time and whether to test Performance Conditions.

For Director Good Leaver treatment, subject to the prevailing Directors' Remuneration Policy as amended from time to time, a time pro-rated proportion of outstanding Awards (as determined by the Committee) may be retained and can vest subject to attainment of the Performance Conditions at the normal vesting time for the Awards. Any originally specified holding periods would normally continue to be applied to the vesting shares. For Directors, alternatively, a time pro-rated number of Awards may vest subject to an assessment of the Performance Conditions early on termination and may be exercised within six months of leaving the Group (and the Committee may disapply holding periods).

A 'Good Leaver' is any employee leaving by reason of injury or disability, redundancy, death in service, the transfer of the employment outside the Group, the sale of a Company outside the Group or any other reason determined by the Committee. If an Award holder dies after having ceased to hold employment with the Group, the Committee may determine the extent to which any unvested Awards vest.

If an Award holder leaves for any other reason, all Awards shall lapse.

Variation of share capital

In the event of a variation of share capital the Directors may adjust the number of shares under the Award and, where appropriate, the exercise price to reflect such variation.

Alteration of the LTIP

The Directors may at any time alter or amend the provisions of the LTIP provided that no alteration may be made to the advantage of existing or new Award holders without the approval of shareholders by ordinary resolution, except for any such alteration where the amendments are minor, to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax treatment.

Pensions

Benefits under the LTIP will not be pensionable.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

NOTES ON VOTING PROCEDURES AND GENERAL RIGHTS OF SHAREHOLDERS

Only those persons entered in the Register of Members of the Company (the Register) as at close of business on 23 January 2024 (the Record Date) shall be entitled to attend or vote at the AGM in respect of the number of ordinary shares in the capital of the Company registered in their names at that time. Changes to entries on the Register for certificated or uncertificated shares of the Company after the Record Date shall be disregarded in determining the rights of any person to attend or vote at the AGM. Should the AGM be adjourned to a time no more than 48 hours after the Record Date, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the AGM be adjourned for a longer period, to be so entitled, members must have been entered on the Register by close of business 48 hours prior to the adjourned AGM (excluding weekends and public holidays) or, if the Company gives notice of the adjourned AGM, at the time specified in such notice.

Voting at the meeting will be conducted by poll rather than on a show of hands, which the Board believes provides a more accurate reflection of shareholder views and takes into account the number of shares held by each member. Those shareholders who are unable to attend the meeting should submit a form of proxy as detailed below. Shareholders attending the meeting may also wish to vote in advance of the meeting by submitting a form of proxy. Members who have done so will not need to vote at the meeting unless they wish to change their vote or the way in which the proxy is instructed to vote. It will not be possible to vote at the meeting if joining remotely.

A member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote instead of him or her. The proxy need not be a member of the Company. Shareholders are requested to complete and submit their proxy appointment online by using the Signal Shares share portal service at www.signalshares.com as soon as possible and, in any event, by no later than 10.30am on 23 January 2024, being 48 hours before the time appointed for the holding of the AGM (or in the case of an adjournment, no later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). To do so, you will need to log in to your Treatt plc Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, which is detailed on your share certificate or is available from our registrars, Link Group.

Proxy appointments can also be made by completing a paper proxy form and returning it to Link Group in accordance with the instructions printed on the form. If you require a paper proxy form, please contact Link Group by email at enquiries@linkgroup.co.uk or by telephone on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open 9.00am – 5.30pm Monday to Friday excluding bank holidays in England and Wales. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

An abstention option is provided on the form of proxy to enable you to instruct your proxy to abstain on any particular resolution, however, it should be noted that an abstention in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 25 January 2024 and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:

a) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Members may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10.30am on 23 January 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ('nominated persons'). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company no later than six weeks before the date of the AGM.

Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company no later than six weeks before the date of the AGM.

The Company may process personal data of participants at or in relation to the AGM. This may include webcasts, photos, recordings, and audio and video links, as well as other forms of personal data. Please refer to the Company's privacy notices for details of how the Company will process personal data.

In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting details the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.treatt.com.

Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act, (in each case) that the members propose to raise at the AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

As at 21 November 2023 the Company's issued share capital consists of 61,129,589 ordinary shares. The number of shares held in the Employee Benefit Trust and Treatt Share Incentive Plan, under which voting rights are waived, is 499,841. The total number of voting rights in the Company as at 21 November 2023 (the latest practicable date prior to publication of this Notice) is 60,629,748.

A statement of Directors' share transactions, copies of the Directors' service contracts, letters of appointment of the Non-executive Directors, the Treatt plc 2024 Long Term Incentive Plan and Treatt plc 2024 Share Incentive Plan are available for inspection during usual business hours at the registered office of the Company from the date of this notice until the close of the AGM (Saturdays, Sundays and public holidays excluded).

Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so using the following means:

- Calling the Company Secretariat on +44 (0) 1284 702500;
- Emailing the Company Secretariat on Cosec@treatt.com; or
- Writing to: The Company Secretariat, Treatt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR.

PARENT COMPANY INFORMATION AND ADVISORS

Directors

Vijay Thakrar
Chair and Non-executive Director

Daemmon Reeve
Chief Executive Officer

Ryan Govender
Chief Financial Officer

David Johnston
Non-executive Director

Philip O'Connor
Senior Independent Non-executive Director

Christine Sisler
Independent Non-executive Director

Bronagh Kennedy
Independent Non-executive Director

Company Secretary

Ryan Govender

Registered Office
Skyliner Way,
Bury St Edmunds,
Suffolk, IP32 7FR

Tel: +44 (0) 1284 702500

Email: cosec@treatt.com

Website
www.treatt.com

Registered Number
01568937

Audit Committee

Philip O'Connor (Chair)
Christine Sisler

Remuneration Committee

Bronagh Kennedy (Chair)
Vijay Thakrar
Christine Sisler

Nomination Committee

Vijay Thakrar (Chair)
Philip O'Connor
Bronagh Kennedy

Joint Brokers

Investec Bank plc
30 Gresham Street,
London, EC2V 7QP

Peel Hunt LLP
7th Floor,
100 Liverpool Street,
London, EC2M 2AT

Public relations

MHP
4th Floor,
60 Great Portland Street,
London, W1W 7RT

Auditors

BDO LLP
First Floor,
Franciscan House,
51 Princes Street,
Ipswich, IP1 1UR

Tax Advisors

KPMG LLP
Botanic House,
98–100 Hills Road,
Cambridge, CB2 1JZ

Crowe LLP
124 South Florida Avenue, Suite 1,
Lakeland, Florida 33801-4629

Solicitors

Greene & Greene Solicitors
80 Guildhall Street,
Bury St Edmunds,
Suffolk, IP33 1QB

Ashurst LLP
London Fruit & Wool Exchange,
1 Duval Square,
London, E1 6PW

Bankers

HSBC Bank plc
140 Leadenhall Street,
London, EC3V 4PS

Bank of America
5th Floor,
101 E. Kennedy Boulevard,
Tampa, FL 33602

Registrars

Link Group
Central Square,
29 Wellington Street,
Leeds, LS1 4DL

Annual and half year reports are available on the Group's website: www.treatt.com

FINANCIAL CALENDAR

FINANCIAL YEAR 2023/24

Interim results to 31 March 2023 announced	9 May 2023
Interim dividend for 2023 goes 'ex-dividend'	29 June 2023
Record date for 2023 interim dividend	30 June 2023
Last day for dividend reinvestment plan election	20 July 2023
Interim dividend for 2023 paid	10 August 2023
Financial year ended	30 September 2023
Results for year to 30 September 2023 announced	28 November 2023
Final dividend for 2023 paid	14 March 2024

FINANCIAL YEAR 2024/25

Interim results to 31 March 2024 announced	14 May 2024*
Interim dividend for 2024 goes 'ex-dividend'	4 July 2024*
Record date for 2024 interim dividend	5 July 2024*
Last day for dividend reinvestment plan election	25 July 2024*
Interim dividend for 2024 paid	15 August 2024*
Financial year ended	30 September 2024
Results for year to 30 September 2024 announced	26 November 2024*
Final dividend for 2024 paid	13 March 2025*

* These dates are provisional and may be subject to change

NOTES

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TREATT

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