



TREATT



Annual Report & Accounts

2024



Welcome to Treatt Innovation everywhere

Our natural authentic extracts and impactful synthetic ingredients are the ultimate differentiators for the world's leading beverage brands and flavour houses.

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Financial highlights

REVENUE¹

£153.1m +3.8%



ADJUSTED EBITDA

£24.9m +8.4%



PROFIT BEFORE TAX & EXCEPTIONAL ITEMS^{1,2}

£19.1m +10.1%



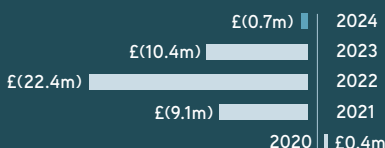
PROFIT BEFORE TAX¹

£18.5m +36.3%



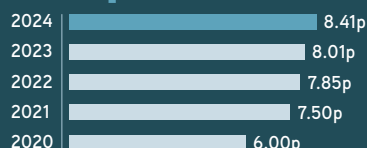
NET (DEBT)/CASH

£(0.7m)



DIVIDEND PER SHARE⁴

8.41p +5.0%



1 Excluding discontinued operations in 2020. There were no discontinued operations in 2021, 2022, 2023 and 2024.

2 Excludes exceptional items, details of which are provided in note 8 of the financial statements.

3 Operating profit is calculated as profit before net finance costs and taxation.

4 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.

Non-financial highlights

GOVERNANCE

Zero

reportable accidents⁵

SOCIAL

73%

employee engagement in our pulse surveys (39% in 2023)

ENVIRONMENTAL

4.6%

reduction in global scope 1 and 2 carbon emissions (compared to 2022 baseline)

UK

on-site solar installation operational from 2025 and estimated to provide 25-30% of our UK premises electricity demand

5 Reportable accidents are defined as work-related accidents which, in the UK must be reported to a statutory body or, the US require hospitalisation, loss of limb, blindness or anything that prevents an employee from working for at least seven days.

Operational highlights

Citrus growth

Impressive citrus performance with a focus on volume growth in strategic accounts and partnering with reformulation for cheaper alternatives in high commodity markets.

China growth

Exciting opportunities within our China territory with the new commercial and innovation Centre now approved.

Normalisation of demand

Following customer destocking we have seen demand return and ordering patterns stabilise, particularly in synthetic aroma.

Continued strong cash generation

Reduction in net debt exceeded expectations, reflecting the robust cost disciplines within the business. Free cash flow of £15.4m generated in the year.⁶



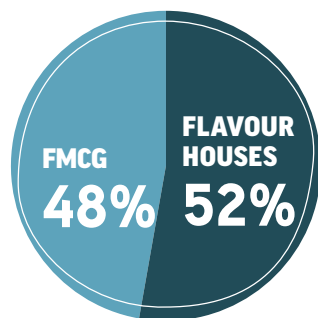
6 Free cash flow is calculated as cash generated from operations, per the Group statement of cash flows, less taxation and net investment in capital expenditure.

Understanding our world

From our first-class facilities in the **UK**, the **US**, and **China**, we are leveraging our considerable heritage and continue to drive growth in existing, as well as exciting new markets.



Sales by channel



→
P. 10
For more information
on our business model



CUSTOMERS
680

INVESTMENT IN INNOVATION
£1.5m

EMPLOYEES
374

NEW CUSTOMERS
144

TRAINING HOURS
13,567

PRODUCTS SOLD
1,534

Making the world taste better *for good*

We are driven by the desire to grow our business with purpose, creating sustainable value for our customers in bold and creative ways.

Whether through ensuring quality assured supply of globally significant raw materials, launching new and innovative products aligned with consumer trends, or partnering with our customers on ground-breaking development of new technologies, we are moving forward at pace.

Our talented and ambitious people transform our customers' beverages, delighting consumers worldwide with our authentic natural extracts and impactful synthetic ingredients.

Our approach is underpinned by a steadfast commitment to our values, which are holistically developed, and owned, by our people.

OUR VALUES

We are proud to be:

PROGRESSIVE in thought and action

PASSIONATE in spirit and resilience

ACCOUNTABLE for our actions and results

TEAM PLAYERS on a global scale

Our winning strategy is built around three primary pillars



**PROTECTING
OUR HERITAGE**



CITRUS



HERBS, SPICES
& FLORALS



SYNTHETIC
AROMA



**ACCELERATING
PREMIUM GROWTH**



HEALTH &
WELLNESS



TEA



FRUIT &
VEGETABLES



**GROWING IN
NEW MARKETS**



TREATTZEST™



CHINA



COFFEE

TOTAL REVENUE IN 2024

£153.1m

HERITAGE

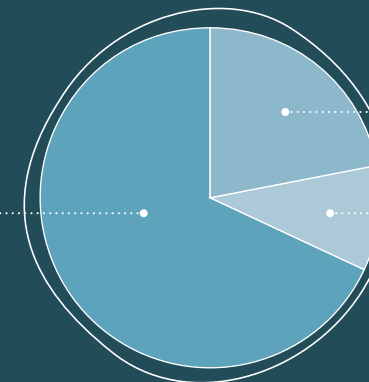
£104.3m 68%

PREMIUM

£34.8m 23%

NEW

£14.0m 9%



→
P. 11

For more information
on our strategy

Strong performance and poised to accelerate growth



Vijay Thakrar
Chair

“Treatt is in a strong position to deliver further growth. With the arrival of our new CEO, we are well-positioned to build on the strengths of our talented colleagues, enviable reputation and state-of-the-art facilities to sustain and accelerate growth in existing, adjacent and new markets.”

Performance – financial and environmental

I am pleased to report that Treatt has delivered another strong year, with progress in a number of areas as summarised below.

Revenues grew by 3.8% to £153.1 (2023: £147.4m) and profits before tax and exceptional items by 10.1% to £19.1m (2023: £17.3m), with profits before tax growing by 36.3% from £13.5m to £18.5m. Adjusted EBITDA was also at a record £24.9m (2023: £23.0m). As anticipated, our first quarter was impacted by global customer destocking. Pleasingly, our team delivered growth in each of the following three quarters, to achieve results for the year as a whole in line with expectations. Through strong discipline, net debt was reduced by £9.7m to £0.7m.

We are proud to have accelerated our sustainability journey, after the formation of our ESG Board Advisory Panel last year. For example, we have now achieved a 4.6% reduction towards our near-term SBTi validated 42% carbon reduction target by 2030. We are working to embed sustainability into every part of our business as we look to further differentiate ourselves and drive growth, by providing customers with value-add solutions that support their environmental commitments.

Our remarkable people

Our full year performance was a significant achievement in the context of a challenging first quarter, a dynamic consumer environment, and internal management changes. Full credit goes to our resilient colleagues for their hard work, commitment, and agility during the year and I would like to express my thanks to each of them.

Board and leadership

I am delighted that David Shannon joined the Board as our CEO in June 2024 to help drive Treatt's growth and deliver its considerable potential. He has significant relevant experience of delivering growth in an innovation-led environment, having spent over 25 years at Croda. David is already making an impressive impact with colleagues, customers, suppliers, investors and other stakeholders.

I would like to thank Ryan Govender, our CFO, who led the Company as Interim CEO between January and June 2024. Having seamlessly transitioned the CEO role to David, Ryan has now added the Europe Managing Director role to his responsibilities. Together, I know they will make a formidable team.

I would also like to thank Alison Sleight for leading the Company's financial operations in the Interim CFO role until June 2024. She did an outstanding job and continues to make a huge contribution in her role as Group Finance and IT Director.

Finally, as announced in November 2024, I extend my sincere gratitude to our Non-executive Director David Johnston who has decided to retire following the AGM in January 2025. David has been a dedicated and valued member of our Board and we are grateful for his insight and counsel during the 14 years of his tenure.

Defined benefit pension scheme

As shown on page 111, our defined benefit pension scheme has an accounting surplus of £5.6m (2023: £3.7m) and we have reached agreement with the trustees to suspend further pension contributions as the scheme is self-sufficient under its 2024 actuarial valuation.

Our investment case

This will save approximately £450,000 cash annually, freeing up funds to invest in driving business growth. We will continue to work collaboratively with the scheme trustees to further secure the scheme's long-term position.

Dividend

The Board proposes a final dividend of 5.81p (2023: 5.46p) which, if approved by shareholders, will make a total dividend for the year of 8.41p (2023: 8.01p), in line with our progressive dividend policy and medium-term objective of three times cover.

Outlook and our significant growth potential

Treatt has developed many strengths over its 138-year history, including deep customer relationships, extensive technical and sourcing expertise, a reputation for quality and fantastic facilities.

We now have the opportunity to significantly leverage these strengths by generating more revenues in existing, adjacent and new markets. Capitalising on this potential, alongside enhancing our processes, is a key priority for David, Ryan, and the management team. They are highly motivated to grow the business and increase shareholder value, supported by improving market conditions and an energised team. Based on these factors, and Treatt's delivery of solid profit growth for two consecutive years in challenging markets, the Board is optimistic about the prospects for the business.

Vijay Thakrar

Chair
4 December 2024

1 Established global position serving the beverage industries

- Sourcing and production expertise in natural extracts and ingredients, with broad product range
- Partnership approach on NPD with FMCGs and flavour houses, with cross-sell opportunities
- Diversified blue-chip customer base, with partner approach

2 Diversifying across addressable markets

- Well positioned in natural, 'better-for-you' product categories providing competitive advantage
- Clear strategy in place across core, premium and new markets. Well-established market position in heritage and premium, growth strategy in place for new
 - Heritage: citrus, synthetic aroma, herbs, spices & florals
 - Premium: fruit & vegetables, health & wellness, tea
 - New: China and TreattZest, with great opportunity in emerging markets

3 Increasing specialist, higher margin, value-add solutions

- Long history and global technical reputation, continuously being enhanced through a mix of newcomers and existing experience
- Leadership in separation and purification technology of essential oils
- Reduced dependency on traded citrus, with positive growth in value-added citrus
- Driving innovation and technical capabilities, a focus on NPD and leveraging customer collaboration
- Strong progression in fruit & vegetables, tea and health & wellness premium categories

4 Well invested infrastructure to support future growth

- World class investment facilities post-completion of major projects, providing material capacity and efficiencies
 - Transition to one site in the UK now complete, with increased capacity and scope for innovation
 - US manufacturing facility completed in 2020, doubling capacity and facilitating growth in the Americas
 - Wholly Owned Foreign Enterprise "WOFE" established in China as cornerstone for Treatt's third major market growth throughout the APAC region
 - Direct selling business model, expanded reach close to global customers

5 Strong financial track record

- Successfully delivering profit growth in line with commitments
- Net operating margin progression in recent years, medium-term target 15%
- Strong balance sheet and cash generation

6 Stakeholder alignment

- A strong commitment to embedding sustainability into the business has driven significant progress in delivering ESG priorities, which in turn support our customers' own commitments
- Very strong, long-standing customer base
- Alignment of shareholders' and employees' interests from share and annual bonus schemes – 63% of employees are shareholders themselves

Welcoming new leadership



David Shannon shares his perspectives since joining Treatt in June, as well as his priorities and views on the outlook for the business.

Q&A

with CEO David Shannon

What attracted you to join Treatt?

I am honoured and excited to be the new CEO of Treatt. It's a business that has had an impressive success story over the last decade and I am confident that my experience working in a global speciality ingredients company will drive continued success into the future.

It was a combination of factors that align closely with my personal and professional values that attracted me to the business. Firstly, the Company's inclusive culture fosters a genuine family feel and makes everyone feel supported and part of something special.

I'm also really impressed by Treatt's focus on speciality ingredients and how the team are leveraging technology to lead in some exciting niches. The Company is not just keeping up with fast-growing markets but setting the pace.

Sustainability is another huge factor for me. It's great to see a company that's not only innovative, but also committed to making a positive impact on the environment and for its stakeholders more broadly.

And let's not forget the Company's reputation in the industry. It's fantastic to be part of a team that's known for excellence and forward-thinking strategies, and I am excited by the opportunities for further growth.

How would you describe your impressions of the business so far?

Treatt has a strong track record historically, well run, with a wide customer base and broad product portfolio and innovation at its heart. It has a state-of-the-art head office, laboratory and factory in the UK, as well as a facility in the citrus heartland of Florida, US, with great potential and capacity for growth. The Company is well-positioned to take advantage of the global and local trends in the flavours industry and has strong growth prospects. Bringing my perspectives from the wider industry, I have identified some focus areas as we develop our strategy for the future.

Which insights from your previous roles are you bringing to your new position?

Based on my experience in a larger, global business, I believe Treatt can unlock growth by expanding beyond of its core markets of US and Western Europe. Being closer to our customers is key to understanding their needs and developing novel solutions to help them win. In addition to driving best-in-class customer experience, I can help accelerate our innovation to develop a rich pipeline of short-, medium- and longer-term transformational R&D.

I am also focused on ensuring Treatt's value-added services, including industry-leading quality assurance behind our products, and a sustainability programme working towards full transparency and traceability on our raw materials, are fully recognised by our customers. As well as simplifying and standardising internal processes.

Finally, I want to continue to embed a strong safety culture, positioning safety as value within the organisation.

Looking ahead, what are your priorities for the next year and beyond?

I believe Treatt has the potential to accelerate its growth and fully deliver on its strategic objectives, which are being refined to capture the opportunities we have identified. In the next 12 months we plan to push into new geographies in Asia and Latin America in particular, while enhancing customer intimacy in the markets we serve today through investment in sales, market insights and longer-term transformational innovation to enhance our product offering and stay ahead of industry trends. I'm exploring diversification of the business in our adjacent markets, and to expand in known markets and beyond.

It is important the strategy is cascaded through the organisation such that everyone can see how their role contributes. Treatt's culture – warm, inclusive, low ego, supportive, resilient and tenacious – is a great asset to help us execute our strategy, but we also need to ensure the business is structured optimally and "match fit" for the future. There is scope to simplify and standardise some of our internal processes to be more agile and efficient.

How do you see the outlook for Treatt, and what do you see as the greatest opportunities and challenges for the business?

We will continue to develop our heritage business including our citrus platform, whilst turbocharging efforts on the premium end of our range. Health & wellness and fruit & vegetables are fast-growth markets that we are well-positioned to take advantage of. We are excited with the growth opportunities brought by the newly expanded TreattZest ingredient portfolio, as well as the opportunities in new markets such as China. In addition to our longer-term programme to develop transformational technology, we will continue to innovate locally for our customers to give them a fast route to market with on-trend solutions.

Treatt has made strong progress in this area, and there is an opportunity to further embed sustainability into everything we do and to take more of a leadership role in the industry when it comes to transparency, traceability and a well-developed decarbonisation strategy, allowing our customers to buy lower carbon ingredients and solutions to help them meet their own sustainability objectives.

In the medium-term I envisage Treatt being a truly global solutions provider of sustainably led flavour technologies. We will be recognised for our highly talented people, state-of-the-art innovation, diverse product portfolio and we will be admired by our stakeholders.

I am excited for the future and look forward to continuing to work with our talented and dedicated colleagues to realise our ambitions.

David Shannon
Chief Executive Officer
4 December 2024

Global consumer drivers

Understanding what's influencing buyer behaviour in our markets

Growing appetite for health and wellness

Consumers are increasingly aware of the health implications of their food and drink choices, with 71% of UK consumers trying to eat and drink healthily¹ all or most of the time in 2024 (an increase from 63% in 2022¹). This has led to a surge in global demand for healthier options, such as low-sugar, low-calorie, and generally better-for-you options across all key beverage segments for Treatt.

Drinks infused with vitamins, minerals, and other functional ingredients are gaining popularity as consumers seek products that offer additional benefits beyond hydration. This trend is driven by a diverse range of consumers, from young adults to older generations, who are incorporating these beverages into their daily routines for benefits like energy, hydration, and cognitive support.

As this segment gains more importance, appeal to consumers will ultimately depend on taste, with 41% of global consumers citing flavour quality as integral to their purchasing decision² – which creates exciting opportunity for Treatt in this rapidly growing space.

Heightened environmental awareness

The tangible impacts of climate change, such as warmer temperatures and extreme weather conditions, are top of mind for consumers, with 51% of adults globally citing a belief that the country where they live is suffering from climate change.³ This awareness leads to heightened eco-anxiety and a sense of urgency for action.

There is a growing call for brands and their suppliers to take the lead in combatting the climate crisis.

This extends to offering climate-friendly products as well as demonstrating genuine environmental commitments across the supply chain. Globally, 31% of consumers say that eco-impact labelling in terms of CO₂ would encourage them to purchase a product, with 63% of US consumers agreeing that it's important for beverage brands to clearly communicate their carbon footprint.⁴

Consumer intent here is accelerating, which creates opportunity for organisations across the beverage supply chain to accelerate progress in understanding and reducing their environmental impact.

Greater convenience and personalisation

Busy lifestyles have fuelled the demand for convenient beverage options, such as single-serve cans, bottles, and pouches that can be enjoyed in flexible occasions. In China, there has been a notable rise in non-alcoholic drink launches featuring “on-the-go” and “convenient” packaging claims, with a significant year-on-year growth.⁵

This is driving a proliferation of reformulation, where brands are innovating packaging formats, as well as the ingredient decks, to maintain relevance across the growing spectrum of drinking occasions. Treatt adds value to customers in this space looking to top note their formulations with highly authentic extracts and ingredients.

- 1 Attitudes towards Healthy Eating – UK – 2024: Mintel.
- 2 Functional Drinks – US – 2024: Mintel.
- 3 2024 Household Care Trend: Climate Adaption: Mintel.
- 4 The case for carbon reporting: Mintel.
- 5 Beverage Blurring – China – 2024: Mintel.



Consumer Demand



Opportunities for Treatt in key markets



How our products meet consumer demand



6 2024 Food and Drink Nutrition Claims: Mintel.

7 Health & Wellness Mega Trend Overview: Global Data.

8 United Nations data.

9 Consumers care about sustainability: McKinsey & Co.

10 Value For Money Insights Overview: Global Data.

11 Experience Economy Insights: Global Data.

Creating value



Our resources

Global sourcing network

Our approach prioritises quality, responsibility, and transparency. We build strong supplier relationships and work to gain traceability at every stage, mitigating risks for customers.

- 78% of our portfolio is natural
- 38 countries in our sourcing network

Technical expertise

We are skilled professionals in extraction, quality control, R&D, and regulatory affairs.

- 114 years of technical expertise in quality control
- BRC AA+/AA rated

Manufacturing facilities

Our UK and US manufacturing facilities are equipped for growth, with advanced blending capabilities and increased efficiency through digital controls.

Partnerships

We have strong partnerships with flavour houses and beverage manufacturers.

- 52% sales to flavour houses
- 48% sales to brand owners

Brand reputation

Recognition for quality, innovation, and customer service.



Key activities

Sourcing and extraction

Procuring natural ingredients globally and employing advanced extraction techniques.

Quality assurance

Implementing stringent quality control measures throughout the supply chain.

Research and development

Investing in innovation to develop new products and technologies.

Manufacturing

Operating agile and scalable manufacturing facilities.

Regulatory compliance

Providing expert guidance on complex flavour and fragrance regulations.

Customer service and logistics

Ensuring timely and efficient delivery of products worldwide.



The value we create

For our people

Our focus on innovation and expansion creates opportunities for employee development and career advancement.

Learn more on page 24

For customers

The breadth and stickiness of our offering provides our customers with flexibility and choice in their formulations, and our regulatory expertise in the complex flavour and fragrance landscape is highly valued and trusted by customers.

Discover how we are strengthening this on page 11

For suppliers

Our global reach provides suppliers with access to a wider market for their natural ingredients.

Dive into our supply chain at treatt.com/assured-supply

For shareholders

Efficient operations and a diverse customer base contribute to financial stability and attractive returns for shareholders.

Review our financial review on page 16

For communities

Our approach to supporting the people and places in which we operate continue to deliver value.

Read about progress in our Section 172 statement on page 71

Vision 2027

A winning growth strategy

We continue to expand and delight our customer base through sustainable differentiation and superior service in exciting growing markets.



CASE STUDY



Paul Stott
Senior Category Manager



PROTECT OUR HERITAGE

Our citrus, herbs, spices & florals, and synthetic aroma categories continue to play a significant part in our growth ambition as we look to:

- Sharpen our competitive edge through strategic and responsible sourcing
- Further embed partnerships by driving our high quality and purity standards through state of the art purification technologies
- Drive further operational efficiencies to enhance our agility and responsiveness, and reduce our carbon footprint

How we're achieving against our strategy

Strategic sourcing teams deepening relationships with suppliers on the ground

Enhanced customer education, sharing our knowledge through tailored training

Developing natural alternatives to offer customers price stability in volatile markets

What we'll execute next year

Broadening our supply network across the world with emerging growers

Growing our citrus volume by increasing share of wallet with existing customers, and winning with new accounts

Exploring new innovations, partnering with strategic customers on new technology

Strategic sourcing tour

This summer, our category teams visited 12 suppliers across several countries as we continue to deepen partnerships with our worldwide network.

Our citrus experts travelled extensively across Brazil, Argentina, and Uruguay, bringing back first-hand insights into how we can continue to drive growth in this important part of the business.

The herbs, spices & florals team explored China, visiting seven suppliers and four manufacturers across 11 cities. Seeing the plantations, distilleries, and fractionation facilities allows us to validate the stability and responsibility of our supply chain, but also provide greater transparency with our customers about their raw materials.

“ This year’s trip was a demonstration of our ongoing commitment and focus on the sources of our raw materials. Understanding the rapidly developing situations at origin, maintaining our long-term partnerships, and even seeing fruits on trees enables us, and our global customer base, to navigate market complexities effectively.”

Paul Stott
Senior Category Manager



CASE STUDY



Rosie Travers
Health & Wellness Category Manager



ACCELERATE PREMIUM GROWTH

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

- Marketing the strength of their alignment with consumer trends, and enviable reputation for quality and impact in the market to our existing and target customers
- Stimulating demand through a robust innovation pipeline, bringing new and exciting products to market, developed with a sustainable lens
- Leading the pack when it comes to ingredient transparency

How we're achieving against our strategy

Raising brand awareness at key trade shows and events in a thought leader capacity

Launching new products to market, aligned with customer needs and consumer trends

A wastewater flow meter installed at our US facility along with well water and glycol pumps, allowing accurate understanding of water consumption year-on-year

What we'll execute next year

Refining our marketing to drive better alignment with how our customers buy our products

Accelerating the launch of new initiatives, going beyond product and process

We are exploring technologies to reduce waste volume and maximise the value from our raw material effluent

Health & wellness customer engagement programme

As we look to get closer to our customers, and create new opportunities for long-term partnerships, we have enhanced our focus on understanding and solving our customers' challenges in this space.

We are working more closely with our customers than ever before to create the next generation of sugar reduction tools.

This approach has resulted in stronger peer-to-peer relationships across our key accounts, as our technical experts work as an extension of our customers' teams.

“ *The customer response to our new approach has been fantastic, with strong feedback from the world's largest flavour houses and formulating beverage companies. Not only do they appreciate the unrivalled performance our technology delivers, but also the transparency with which they can partner with us.* **”**

Rosie Travers
Health & Wellness Category Manager



CASE STUDY



Steve Fan
General Manager for China



GROW IN NEW MARKETS

We have significant opportunities to grow in new territories, as well as further penetration in emerging product segments, and will do this by:

- Rapidly expanding in China, deepening relationships with local beverage manufacturers
- Furthering the success of new product and category launches
- Identify new segment and territory potential, with our carbon emission reduction target in mind

How we're achieving against our strategy

Approved investment in a new commercial innovation centre in Shanghai

Grew our coffee product range and focussed on building a healthy opportunity pipeline

Launched a new range of authentic premium citrus extracts to our flavour house segment, with encouraging opportunities in pipeline

What we'll execute next year

Executing move to the new commercial innovation centre, launching with key customers

Expanding our footprint with customer-driven coffee innovation

Exploring new markets, adjacencies, and territories such as LATAM to drive long-term growth

Expanding brand awareness

The China team has increased its presence at key trade shows across the region, establishing our value proposition in the territory with our growing beverage customer base, as well as creating new opportunities.

Recent exhibitions at Food Ingredients China and the Food and Beverage Innovation Forum have been exciting platforms for the team to showcase our considerable citrus expertise, as well as our extensive quality credentials, generating encouraging opportunities with new customers.

“ We have made strong progress this year as our strategies to expand awareness of our brand, and expertise in citrus, have proved successful. We are excited to further accelerate our growth in the months and years ahead.”

Steve Fan
General Manager for China

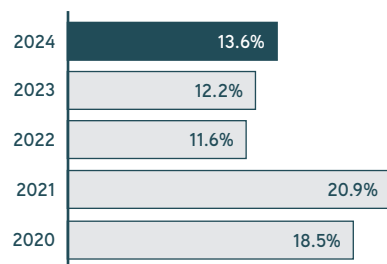
Financial KPIs

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.

Adjusted return on average capital employed

13.6%



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

Why

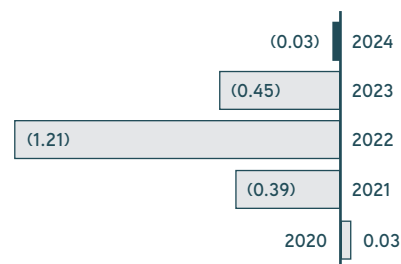
Adjusted return on average capital employed enables stakeholders to see the profitability of the business as a function of how much capital has been invested in the business.

Calculation

We divide operating profit before exceptional items (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}

(0.03)



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

Why

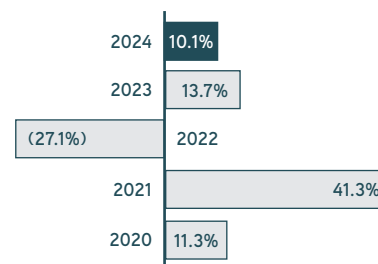
It is important to ensure that the level of borrowings can be supported by the cash flow in the business. EBITDA is widely recognised as a good indicator of the cash generative performance in year.

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

10.1%



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

Why

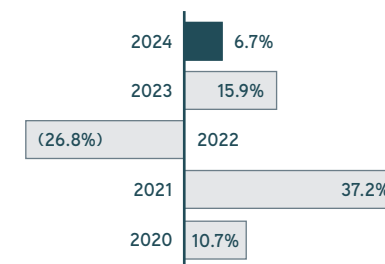
Profit before tax shows the underlying performance of the business for the year. We have a clear policy on exceptional items to ensure that only items (both positive and negative) which would otherwise distort the reported performance are excluded.

Calculation

As shown in the Group income statement.

Growth in adjusted basic EPS

6.7%



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

Why

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.

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

Non-financial KPIs

During the year we have continued to assess, develop and deliver on our non-financial KPIs

We continue to disclose KPIs that help us deliver our strategy, from training to sustainable and responsible sourcing. Our KPIs have evolved during the year as we progress with our sustainable sourcing strategy – see pages 50 to 51. We will continue to monitor against these, and additional metrics as required to drive continuous improvement. This year we have also outlined ‘why’ we monitor these non-financial KPIs to provide further clarity to our stakeholders.

PEOPLE

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



Reportable accidents

2024	0
2023	0
2022	1

Why

The safety of our people is our number one priority.

Voluntary employee turnover

2024	13.8%
2023	14.6%
2022	16.5%

Why

This is a useful indication of employee satisfaction in the business, and a reflection of our culture.

Workforce diversity

2024	Male 58%	Female 42%
2023	Male 56%	Female 44%
2022	Male 59%	Female 41%

Why

Ensuring we have a diverse workforce is crucial. Whilst it is our aspiration to develop reporting to support our ED&I activities, the legislative requirement to enforce data gathering makes this more of a challenge.

Total training hours

2024	13,567
2023	9,485
2022	7,205

Why

It shows our investment in our people, with learning and development opportunities that focus on ensuring quality and compliance, and also enabling people to flourish through professional development that continues to enhance our business.

Average sick days per employee

2024	5
2023	5
2022	4

Why

This allows us to track how often and for how long employees have been absent due to sickness, which helps us to manage resource and, importantly, put wellbeing interventions in place earlier.

PLANET

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



Renewable electricity usage*

2024	35.4%
2023	39.8%
2022	37.9%

Why

This allows our stakeholders to clearly see how we are acting to mitigate climate change – read more about our SBTi validated carbon reduction target on page 34.

* % of total electricity MWh.

Water intensity ratio (litres per kg shipped)

2024	1.95
2023	2.44
2022	5.95

Why

This allows us to track efficiency improvements in our operations as well as help manage water usage for environmental reasons.

Sustainable shipments

2024	91%
2023	85%
2022	79%

Why

This allows us to reflect our shipping team’s focus on working with sustainable logistics partners and reducing our impact on the environment.

PERFORMANCE

Driving improvements in our responsible and sustainable business practices in our global supply chain is a priority.



% citrus volume from priority suppliers that have a GHG emissions reduction target

2024	64%
2027 Target	80%

Suppliers that are Sedex members and SMETA audited (in last 3 years)

2024	14%
2027 Target	70%

Excited by growth



Ryan Govender
Chief Financial Officer

Overview

During a year of management transition, I am particularly pleased with the growth in revenue, adjusted EBITDA and profit before tax and exceptionals (PBTE) of the Group in 2024. The Business Leadership Team and all our colleagues at Treatt have shown strong resilience in the year.

We delivered record revenue, with growth of 3.8% to £153.1m (5.7% in constant currency). In the second half, we accelerated revenue growth, reflecting new business wins and a normalisation in industry demand.

We continued to embed strong cost disciplines and other self-help measures implemented in the prior year, which allowed us to deliver record adjusted EBITDA of £24.9m, and grow PBTE by 10.1% to £19.1m. Foreign exchange impacts were minimal in the year.

Year end net debt significantly reduced to £0.7m (2023: £10.4m), ahead of Board expectations, reflecting the robust cash generation and financial discipline of the business.

Our focus on strategic action allowed us to deliver significant growth in China, launch a new range of Treattzest products and invest in expanding our commercial teams, with experienced industry experts based closer to our customers.

Our strong customer base, well-invested infrastructure and strategic relevance in the beverage market will allow us to seize multiple commercial opportunities and accelerate growth.

Income statement

Revenue

Revenue for the year increased by 3.8% to £153.1m (2023: £147.4m), and by 5.7% in constant currency. Growth accelerated in the second half, with 13% revenue year on year growth, driven by favourable sales in citrus and China.

Categories % share of sales	2024	2023
Citrus	56%	53%
Herbs, spices & florals	5%	7%
Synthetic aroma	14%	13%
Tea	7%	5%
Health & wellness	8%	8%
Fruit & vegetables	9%	11%
Coffee	1%	3%

Revenue in our heritage segment, which includes citrus (excluding China and Treattzest), herbs, spices & florals and synthetic aroma grew by 8.2% with revenue of £104.3m (2023: £96.4m). Citrus represents 56% of total revenue, and continues to be a core focus for Treatt, grew by 8.8% year-on-year, driven by increased volumes in strategic accounts and cost price increases due to sustained higher citrus commodity prices. Synthetic aroma grew by 19.3% year-on-year as flavour house demand normalised and our focussed sales efforts showed results.

RECORD REVENUE

£153.1m

↑ 3.8% growth year-on-year,
9.2% growth over two years

Premium, which includes tea, health & wellness and fruit & vegetables, were in line with the prior year with revenue of £34.8m (2023: £34.9m) as strong growth in tea, underpinned by multiple FMCG iced tea wins in the North American market, was offset with slower consumer demand in other premium beverage categories in the second half. Innovation, including collaboration with our customers, remains a key focus in order to convert our healthy pipeline of opportunities in this segment.

New markets, which include China, Treattzeit citrus, and coffee declined as expected by 13.0% with revenue of £14.0m (2023: £16.1m). However, China revenues grew 20.0% in the year, with multiple second-half wins with local beverage brands.

Coffee, which is still a nascent category for Treatt, declined with lower volumes in ready-to-drink cold brew coffee in North America. We remain confident in our coffee products and have a healthy pipeline.

Geographical % share of sales	2024	2023
UK	5%	6%
Germany	3%	4%
Ireland	12%	10%
Rest of Europe	10%	9%
USA	38%	42%
Rest of the Americas	9%	9%
China	8%	7%
Rest of the world	15%	13%

PBTE GROWTH TO

£19.1m

↑ 10.1% growth year-on-year,
25.2% growth over two years

Geographical analysis of revenues shows that the UK and Europe improved due to markets recovering from destocking, as well as increased sales activity in Europe, whereas the USA declined mainly due to lower coffee volumes and slower end consumer demand.

Revenue in the Group's largest market, the USA, declined by 5.5% to £58.0m (2023: £61.4m) representing 38% of the Group total (2023: 42%). Within the US, the Group saw a slowdown in end consumer demand, as well as lower coffee volumes.

In the UK, revenues increased to £8.1m (2023: £8.0m). Sales to Europe, which represented 25% of Group revenue (2023: 23%), reporting total sales of £37.7m (2023: £33.6m), as flavour house demand normalised, as well as increased sales presence in Europe being beneficial.

China growth has been exciting, reported revenue to the country increased by 20.0% to £11.4m (2023: £9.5m). We continue to be optimistic about the commercial opportunities in this market with a large proportion of the growth from new business wins, particularly in local FMCG beverage customers in China.

Sales to the rest of the world (excluding China) grew by 5.0%, to £23.4m (2023: £22.3m), reflecting growth in Asia which is increasingly important as we expand our global reach.

ADJUSTED EBITDA

£24.9m

↑ 8.3% year on year,
35.0% growth over two years

Profit

Gross profit margin was 29.1% (29.2% in constant currency) declining by 130 basis points (2023: 30.4%). The movement was mainly driven by a growth in lower margin Heritage sales. We focussed on maintaining cash contribution despite high commodity prices in citrus, and we are pleased to be able to support customers with reformulation on cheaper substitutes.

Administrative expenses (excluding exceptional items) reduced by 7.1% in the year to £24.6m (2023: £26.5m) despite inflationary pressures, with strong discipline and other self-help measures embedded. This was a result of the strong cost disciplines embedded in the business in the prior year. During the year we have invested for revenue growth, by expanding our commercial teams with experienced industry experts based closer to our customers. Headcount across the Group only increased by 9 heads to 374 heads in September 2024 (September 2023: 365).

Operating profit (excluding exceptional items) increased 8.4% to £19.9m (2023: £18.3m) and statutory operating profit increased 32.5% to £19.2m (2023: £14.5m).

Adjusted net operating margin increased in the year to 13.0% (2023: 12.4%), despite the decline in gross profit margin due to the significant reduction in administrative expenses (excluding exceptional items). Net operating margin significantly increased in the year to 12.6% (2023: 9.9%), with higher operating profit and reduction in exceptional costs. Our medium-term target for adjusted net operating margin remains at 15%.

Adjusted return on average capital employed (ROACE) increased by 140 basis points to 13.6% (2023: 12.2%) as a consequence of the increase in operating profits during the year whilst capital employed decreased with good working capital disciplines in place. Statutory return on average capital employed increased to 12.6% (2023: 9.0%) over the year. As well as growth in adjusted basic earnings per share, ROACE is included as a performance metric for LTIPs. Our medium-term target range for ROACE remains at 15% to 20%.

Exceptional items (see note 8 to the financial statements) were minimal in the year at £0.6m, (2023: £3.8m), included restructuring costs and final expenses in relation to the relocation of the UK business.

Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA¹) for the year increased by 8.4% to £24.9m (2023: £23.0m) whereas statutory EBITDA reported a 26.6% increase to £24.3m (2023: £19.2m).

Profit before tax and exceptional items from continuing operations grew by 10.1% to £19.1m (2023: £17.3m). Reported profit after tax for the year of £14.4m represents an increase of 31.6% on the prior year.

Foreign exchange gains and losses

The Group's functional currency is the British Pound (Sterling) but 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 9.7% stronger at £1 = \$1.34 (2023: £1 = \$1.22); the average Sterling/US Dollar exchange rate for the year was 3.3% stronger compared with the prior year.

The overall impact in 2024 of the transactional foreign exchange gains and losses in the UK operations was a total gain of £0.1m (2023: £0.1m loss). This comprised £0.7m (2023: £0.5m) of transactional FX losses, mitigated by the recognition of £0.8m (2023: £0.4m) of gains on FX contracts. This successful mitigation of the risk is down to continued implementation of the principles of the Group's FX risk management policy (see note 29).

Finance costs

The Group's finance costs were £1.0m (2023: £1.1m). Despite a significant reduction in net debt in the year, the group was impacted by an increase in the average interest rates on borrowings.

Included in net finance costs are fixed facility fees for maintaining facilities for future use. Group interest cover for the year before exceptional items increased to 25.6 times (2023: 18.8 times), this is well above the covenant of 1.5 times.

Group tax charge

After providing for deferred tax, the Group tax charge increased by £1.5m to £4.1m (2023: £2.6m); an effective tax rate (after exceptional items) of 22.0% (2023: 19.2%).

Earnings per share

Basic earnings per share increased by 31.1% to 23.61p (2023: 18.01p). Adjusted basic earnings per share for the year increased by 6.7% to 24.47p (2023: 22.94p). 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 increases by 6.4% to 5.81p per share (2023: 5.46p). The total dividend per share increases by 5.0% to 8.41p (2023: 8.01p), representing dividend cover of 2.8 times earnings for the year and a rolling three-year cover after exceptional items of 2.9 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.

Balance sheet

Shareholders' funds grew in the year by £4.8m to £142.0m (2023: £137.2m), with net assets per share increasing by 3.3% to £2.32 (2023: £2.25). Over the last five years net assets per share have grown by 60.2%. 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 £51.9m (2023: £62.4m), a decrease of £10.5m. This decrease was driven by a reduction in inventory volume, as supply chains normalised, partially 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 £0.7m (2023: £10.4m) including leases of £0.4m (2023: £0.5m), with available unused facilities of £43.3m (2023: £35.7m). This is the result of a focus on cash generation and disciplines in place. This allows us to focus on future capital allocation, invest in the right areas for the business, and also helps mitigate against higher interest costs.

The Group retains a mix of secured and unsecured borrowing facilities, which now total £43.7m (2023: £45.4m) across the UK and the US. In the UK, the Group has a £25.0m asset-based lending facility with HSBC for a three-year term, with an optional accordion (pre-approved facility) of £10.0m and option to extend the term of facility for a further year. 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 business has a \$25.0m revolving credit facility with Bank of America with an optional accordion of \$10.0m and falls for renewal in May 2026.

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

Cash flow

Net cash inflow for the year was £9.6m (2023: £12.0m) when excluding the repayment of bank facilities and leases. This is due to the continuing focus across the business on working capital efficiency, cash generation and cash retention.

During the year the Group invested £5.7m (2023: £4.2m) on capital projects, details of which are set out on the next page.

There was an overall improvement in working capital, generating an inflow of £0.6m (2023: £3.5m), which was a result of a continued focus on working capital efficiency.

Capital investment programme

Group capital expenditure was £5.7m (2023: £4.2m), of which £2.2m was invested at the Group's US operations and £2.3m was incurred on the UK relocation project.

Capital expenditure in the Group's US operations was £2.2m, focussed on process improvements, efficiency upgrades as well as improvements to existing equipment.

Investment in the UK focused on process improvements, solar panels, efficiency upgrades as well as £2.3m spend on the final phase of the relocation project.

The Board has approved an investment in a new Shanghai Commercial and Innovation Centre, to accelerate innovation and customer collaboration in China. The estimated capital spend is £1.0m, and the project will commence in 2025.

The level of annual capital investment remains closely managed within the Group with priority given to higher payback projects.

The respective total costs of each phase of the UK relocation project are broken down as follows:

£'000	Phase one	Phase two	Total
Capital expenditure	41,277	4,113	45,390
Existing site disposal	(5,592)	–	(5,592)
Exceptional items	4,820	2,381	7,201
Total costs	40,505	6,494	46,999

Treant Employee Benefit Trust and Treant 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 (2023: £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 (2023: \$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 Treant 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 32,000 (2023: 30,000) matching shares were granted.

The SIP currently holds 361,000 shares (2023: 380,000) 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 Treant 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 2024 Annual General Meeting, Executive Directors and certain key employees were granted 263,000 (2023: 267,000) 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 432,000 (2023: 355,000) shares during the year, whilst 37,000 (2023: 299,000) were exercised from options awarded in prior years which have now vested. During the year no shares (2023: 200,000) were issued to the Employee Benefit Trust (EBT) at par (2 pence per share). The EBT currently holds 97,000 shares (2023: 162,000) 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 Treant 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.

The most recent triennial actuarial valuation of the scheme was carried out as at 1 January 2024, the result of which was that the scheme had an actuarial surplus of £2.4m (1 January 2021: deficit £4.9m) and a funding level of 112.0%. Consequently, in July 2024 the Company agreed with the Trustees to cease making further deficit reduction contributions to the scheme, and so contributions in the year were £0.3m (2023: £0.5m) and are expected to be nil in 2025.

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 of £5.6m (2023: £3.7m surplus). The increase in the pension asset is driven by investment returns on assets net of interest of £1.6m.

Summary

We continue our ambition to drive profitable revenue growth through focussed innovation, expanding our customer reach and broadening our product offering which will allow us to sustainably deliver our medium-term goals.

Ryan Govender

Chief Financial Officer

4 December 2024

GROUP FIVE-YEAR TRADING RECORD

[Overview](#)
[Strategic Report](#)
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[Financial Statements](#)
[Other Information](#)

	2020*	2021	2022	2023	2024
	£'000	£'000	£'000	£'000	£'000
Income statement					
Revenue	109,016	124,326	140,185	147,397	153,066
Adjusted EBITDA ^{1,2}	16,982	23,144	18,464	22,997	24,935
EBITDA ¹	15,922	21,842	19,387	19,197	24,305
Adjusted operating profit ²	15,092	21,346	15,773	18,321	19,869
Profit before taxation and exceptional items	14,801	20,919	15,256	17,344	19,093
Growth in profit before taxation and exceptional items	11.3%	41.3%	(27.1%)	13.7%	10.1%
Exceptional items	(1,060)	(1,302)	923	(3,800)	(630)
Profit before taxation	13,741	19,617	16,179	13,544	18,463
Taxation	(2,896)	(4,469)	(2,864)	(2,602)	(4,062)
Discontinued operations	(1,080)	-	-	-	-
Profit for the year attributable to owners of the Parent Company	9,765	15,148	13,315	10,942	14,401
Balance sheet					
Intangible assets	1,358	2,424	3,206	2,752	2,534
Property, plant and equipment	50,159	61,039	74,281	71,526	69,808
Right-of-use assets	1,173	1,556	375	538	379
Net deferred tax liability	(924)	(1,383)	(5,369)	(4,851)	(5,048)
Current assets	69,472	83,606	108,537	96,482	91,552
Current liabilities	(15,989)	(30,556)	(46,329)	(32,551)	(22,570)
Non-current borrowings	(3,450)	(2,624)	(2,342)	-	-
Post-employment benefits	(10,051)	(6,806)	1,782	3,723	5,578
Non-current lease liabilities	(628)	(957)	(291)	(373)	(219)
Total equity	91,120	106,299	133,850	137,246	142,014

	2020*	2021	2022	2023	2024
	£'000	£'000	£'000	£'000	£'000
Cash flow					
Cash generated from operations	15,677	13,892	(1,830)	23,579	24,795
Taxation paid	(2,191)	(4,874)	443	(2,174)	(3,727)
Net interest paid	(191)	(270)	(382)	(1,087)	(987)
Dividends paid	(3,378)	(3,704)	(4,834)	(4,802)	(4,924)
Additions to non-current assets net of proceeds (Acquisition)/disposal of subsidiaries	(24,814)	(14,373)	(7,177)	(4,071)	(5,632)
	(136)	-	-	-	-
Net sale of own shares by share trust	547	630	621	624	116
Proceeds on issue of shares	2	3	9	5	2
(Increase)/reduction of lease liabilities	(659)	(394)	657	(153)	158
Other cash flows	(388)	(451)	(812)	116	(158)
Movement in (debt)/cash	(15,531)	(9,541)	(13,305)	12,037	9,643
Total net (debt)/cash	427	(9,114)	(22,419)	(10,382)	(739)
Ratios					
Adjusted net operating margin ^{2,3}	13.8%	17.2%	11.3%	12.4%	13.0%
Adjusted return on average capital employed ^{2,4}	18.5%	20.9%	11.6%	12.2%	13.6%
Net (cash)/debt to adjusted EBITDA ^{1,2,5}	(0.03)	0.39	1.21	0.45	0.03
Net (cash)/debt to EBITDA ^{1,5}	(0.03)	0.42	1.16	0.54	0.03
Adjusted basic earnings per share ²	19.72p	27.05p	19.80p	22.94p	24.47p
Basic earnings per share	18.12p	25.29p	22.04p	18.01p	23.61p
Growth in adjusted basic earnings per share ²	10.7%	37.2%	(26.8%)	15.9%	6.7%
Dividend per share ⁶	6.00p	7.50p	7.85p	8.01p	8.41p
Dividend cover (adjusted to exclude exceptionals) ⁷	3.28	3.60	2.51	2.85	2.90
Net assets per share	151.2p	176.0p	219.9p	224.5p	232.0p

* 2020 shows discontinued operations separately. There were no discontinued operations between 2021 and 2024

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.

Our approach to *Sustainability*

Sustainability has never been such an important factor in how businesses are evaluated by customers, investors, employees and society as a whole. At Board level, discussions on the importance of sustainability, as our product lines and strategy evolve, keep sustainability factors at the forefront of business growth. We've continued to strive to strengthen our sustainability credentials and embed sustainable practices across the Group. We believe transparency is key with regards to demonstrating to our stakeholders how we perform against our sustainability ambitions.





Our impact

“ Since joining the business, I have been inspired at how sustainability is front and centre at Treatt as we try to tackle some of the biggest challenges such as the climate crisis, social inequality and environmental degradation. Embedding sustainability in our purpose can help us deliver the right impacts across our commitments to people, planet and performance.”

David Shannon
CEO

Our impact in 2024

PEOPLE

57%

Business Leadership Team are women (2023: 58%)

63%

permanent Group employees are shareholders

ED&I strategy

that empowers and supports

PLANET

4.6% reduction

in global Scope 1 and 2 carbon emissions (compared to 2022 baseline)

New solar

onsite renewable energy installation in the UK

New water target

for cleaning processes in the USA

PERFORMANCE

10%

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

Sustainable sourcing

New KPIs for 2024






ESG Governance structure

driving positive change

Our three pillars – **People, Planet,** and **Performance** – continue to provide the framework for our priorities and approach to sustainability. Our nine priorities are embedded within our business strategy, to ensure sustainability is integral to everything we do.

We're proud to highlight the progress we've made during the year, summarised in "Our impact in 2024", with a further overview of our sustainability in action and the United Nations Sustainable Development Goals we are aligned with, on page 23.

Summary of our sustainability priorities

Pillar	Priorities	Further details	Sustainable Development Goals (SDGs)
PEOPLE 	<ul style="list-style-type: none"> Embedding sustainability into our culture ED&I – to empower and support Community matters 	Pages 24 to 26 Pages 27 to 28 Pages 31 to 32	
PLANET 	<ul style="list-style-type: none"> Carbon emissions collection and analysis Carbon reduction strategy/net zero pathway Task force on climate-related financial disclosures reporting (TCFD) 	Page 33 Pages 34 to 35 Pages 36 to 45	
PERFORMANCE 	<ul style="list-style-type: none"> Ensuring appropriate governance of sustainability Determining and reviewing relevant non-financial KPIs Building a responsible and sustainable supply chain 	Page 49 Page 49 Pages 50 to 51	

Materiality assessment shaping our strategic focus

A materiality assessment was undertaken by our consultants in 2021, using the Sustainability Accounting Standards Board’s (SASB) materiality mapping as a reference point. The material issues were identified through consultation with internal and external stakeholders. The issues of highest importance shaped the nine priorities of our ESG strategy. We plan to commission a double materiality assessment in 2025 to ensure the relevance and impact of our approach.

These priorities contribute to the Sustainable Development Goals (SDGs) of the United Nations, as outlined in our “Summary of sustainability in priorities”, above. Our ESG strategy is devised to ensure we address these substantive issues, whilst continuing to drive positive change. We are pleased with our significant progress during the year, as we further embed sustainability into our business.

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 with reference to applicable information is available on our website www.treatt.com.

Non-financial information

We have Group policies and standards that 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 67 and 77 Board diversity policy
Human rights	Slavery and human trafficking statement Supplier code of conduct Labour and human rights
Social matters	Equal opportunities policy
Anti-bribery and corruption	Supplier code of conduct (revised in 2022) Anti-bribery and corruption policy
Understanding our world	Understanding our world – page 2, our business model – page 10
Principal risks	Principal risk and uncertainties – pages 52 to 57



People

Priority: Embedding sustainability into our culture

Engagement is critical to ensuring our people support our sustainability ambitions. Clear communication is essential for sustainability to be embraced and adopted within our culture. Supported by our Business Leadership Team and wider management, via our newly launched Manager Toolkit we are driving consistency in our communications, with managers receiving a monthly document that includes updates on topics including business performance, health and safety, sustainability and the People Team. Our internal newsletter and town halls are other platforms used to ensure our internal community keeps sustainability front of mind. Feedback is encouraged alongside our “ideas app” which encourages our community to make any suggestions for improvement, including how we can be more sustainable.

Through our focused efforts, sustainable behaviours will continue to become our way of life. They are embedded into our culture with a clear sustainability facet to each of our four values stated below.

Our managers will be well equipped to drive and support their teams to consider the part they can play. Our ESG Working Group is now integral to our ESG governance structure, with 25 people from across the business involved in ESG from strategy development to delivery. See more on page 38.

Ensuring our values-based culture thrives

Our success as a business depends on our integrity in both our internal and external community and we continue to see the benefits from focusing on further improving our positive culture.

The Culture Ambassador Team, made up of 11 people across the business, is in place to drive action and provide a feedback loop through two-way communication with, and on behalf of the departments represented in the team. A member of the Business Leadership Team attends the team’s meetings in person so that the Ambassadors can get real-time feedback but also to reinforce the team’s value to the business.

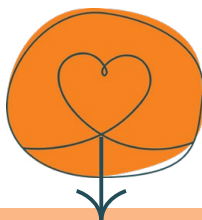
Following the updating of our core values and behaviours in 2023, we recognise examples of these behaviours in our Employee of the Quarter awards. Our Culture Ambassadors run this process and vote for the winner, providing peer endorsement of behaviours that align with our values. Celebrating examples of our values being lived reinforces a culture that is supportive of our social and environmental goals.

Embedded in our values and behaviours



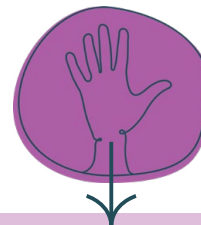
PROGRESSIVE

Seeking innovation and new ways of working, enabling our people and planet to flourish



PASSIONATE

Caring for our people, planet and our communities



ACCOUNTABLE

Committing to sustainability and sustainable practices, minimising our impact to people and planet



TEAM PLAYERS

Celebrating diversity and recognising our differences help us to succeed together

PEOPLE continued

43%

increase in total training hours

Looking ahead

We will continue to promote our purpose and values to our people, 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, ensuring behaviours contribute to the achievement of our business strategy. Of equal importance to delivering objectives, is how they are delivered. Including our values in individual and team-based objectives will accelerate our progress around sustainability.

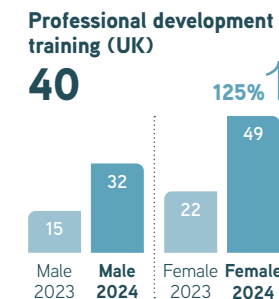
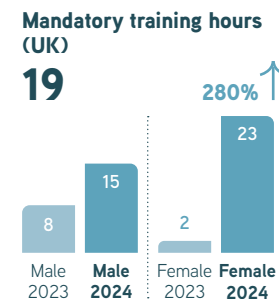
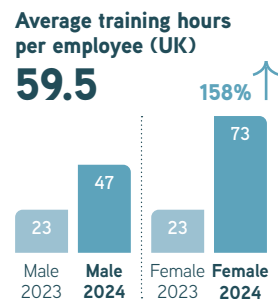
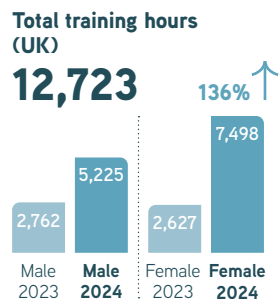
Enabling great people to do exceptional things, by creating an environment in which our people can thrive

Supporting our people’s health and wellbeing is not just the right thing for us to do, it is vital to retaining our people. 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, by adopting a hybrid approach where possible, we can support a better culture for Treatt and its people.

Training* and development

Over the course of the year, we have invested in 13,567 hours of training across the group, to continue developing our people. A marked 43% increase on the previous year, this in part to our newly adopted definition of “training”* and one of our key Non-Financial KPIs (see page 15).

* Training is defined as any training course or other activity which is designed to impart, instil, improve or reinforce any. Knowledge, skills, or personal qualities which are, or are likely to prove, useful to the employee when performing the duties of the employment or related employment. Source: HMRC, work-related training (480: Appendix 9) – GOV.UK (www.gov.uk).

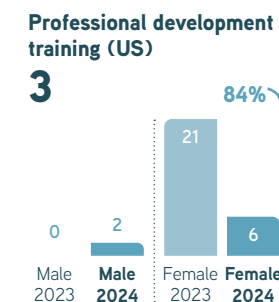
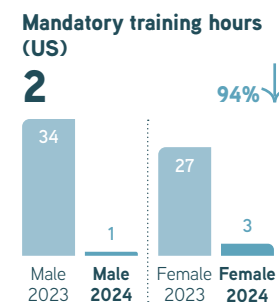
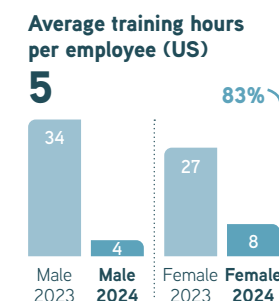
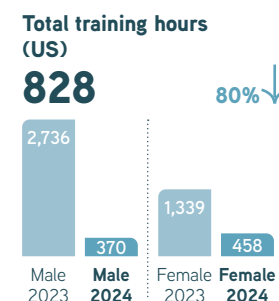


Our investment in learning focuses on ensuring quality and compliance and also enables our people to flourish through professional development opportunities that also enhance our business.

We have invested in leadership development as an area of focus in 2024, with members of the Business Leadership Team coming together as a collective to understand ways of working and also optimal ways of working together. Furthermore, our “People Power” programme has gone live with its first cohort, Nurture, aimed at experienced managers. People Power workshops remain available to all people leaders in the business. With 62 managers globally (94%), participating in a 360-degree feedback programme as a part of their development in the year. Further workshops, including management and resilience, coaching for development and constructive conversations will follow as the programme progresses.

Looking ahead

Next year, we shall make dignity at work a global focus, alongside change management. Adopting a more international approach to our training will ensure that we have global consistency whilst allowing scope to meet regional requirements. Our leadership development programmes will continue as we open our People Power programme to two further cohorts, *Current* for managers who want to enhance their leadership skills and *Aspire* for those aspiring to become people managers. This will enhance our learning and development offering alongside opportunities for continued professional development and our mandatory governance training.



PEOPLE continued



CEO David Shannon, Q&A Session



Rebecca Wood

Engaging with our people

Engagement with our internal community is critical to drive awareness of our progress and the focus areas of our sustainability strategy.

During February and March, we carried out engagement surveys across our global community and were delighted to see a participation rate of 73%. This a significant increase from our previous participation rate in 2023 of 39% and higher than our internal target of 50%. Questions were modelled on previous surveys and our engagement level remained static. Key to greater participation was our commitment to be more transparent in sharing the feedback as well as acting upon it. After a global roll-out of the initial survey results, our managers led the engagement feedback and action planning sessions to enable them to be relevant and targeted to their specific teams. Our Site Directors also ran similar meetings with our Culture Ambassadors to gather more holistic feedback. Key themes were around communication, particularly where we can't rely on digital channels, and greater visibility of the leadership team.

Ahead of these sessions, managers were invited to attend a bespoke programme on how to hold feedback sessions and action plans, using the output of the engagement survey.

In addition to our survey, we continued with our Employee Voice programme, with a number of confidential, one-to-one conversations between an employee and a Board member, to share feedback.

A large number of topics were discussed, testament to the comfort our employees have in sharing their feedback across all levels of the organisation, with key themes being:

- Improved training for new joiners
- Greater automation
- More level loading in production where possible
- More face-to-face communication
- Consistent performance management (in the annual review process)

We communicated these key themes to all employees and provided commentary on what we were doing or would start to do. The Employee Voice sessions continue to be a strong conduit for communication across all levels.

We are driving less email communication, and greater adoption of computer-based tools or apps to make our communication more accessible to all. We intend to record more of the face-to-face sessions that are run, such as the more informal CEO town halls, so that those not able to be present still have the opportunity to hear first-hand the power of the messages shared.

“ I found the engagement sessions extremely beneficial. Structuring a plan to aid employee feedback in the most meaningful way to promote real change within the business was such a pleasure to be part of. I feel the sessions united teams and encouraged every employee to use their voice. I believe the engagement process, being such a positive experience for everyone involved, is going to encourage more employees than ever to share their views and have a voice in shaping the business moving forward.”

Rebecca Wood

Customer Service UK Manager

PEOPLE continued

Priority:

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

We are honoured to work with so many outstanding individuals that bring a wide range of skills and expertise to the business. We want to embrace the diversity of our people and use this to improve, both as a business and as a community partner, whilst giving opportunities to all those that work for us.

It is fundamental to our values that we celebrate and respect each other, whilst benefiting from our diversity. It is because of the variety of skills, experiences, ideas and new perspectives this brings that we can continue to grow and improve.

We have committed to foster a greater understanding of each other and create an environment where we can all thrive by being ourselves and to that end, we continue with our primary ED&I focus areas:

- 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 in conjunction with our ED&I allies to build a better understanding of how we can continue to improve. It is the strength of our community, representing different diverse groups, that helps to drive our understanding of each other.

CASE STUDY



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

Our ED&I Allies

Our ED&I Allies in both our UK and US operations have worked closely with our existing and prospective workforce to promote and celebrate the differences that we all bring to the workplace. Recent activities, such as our day of colour in celebration of LGBTQ+ pride month or our support of International Women's Day, drive awareness through participation. We continue to highlight religious festivals and international awareness days as we work to ensure that all our people feel valued and a sense of belonging.

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 have never sought to vary our pay based on any individual characteristics, nor will we. Instead, we pay the right salary to the individual for the skills that they bring and the role that they undertake.

We will continue to develop our opportunities to attract a diverse workforce and enable our people to fulfil their potential, such as using gender-neutral job descriptions and language in our policies and helping our managers to understand their roles in considering ED&I in the interview process.

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 and other people-focussed KPIs on page 15.

Looking ahead

Continuing to engage people as we continue our work to promote ED&I will be key, as more participation from allies will help drive further events, more knowledge sharing and increased understanding. We are looking at ways to spend more time with our new starters to introduce all engagement groups to increase the number of volunteers and diversity of experience.

PEOPLE continued

Diversity profile of our employees reflecting the communities in which Treatt operates

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

Facility*	White	Non-ethnic groups	Ethnic groups	Black or African American	Hispanic or Latino	Asian	Prefer not to disclose	Two or more races
USA**	52%	-	-	24%	21%	1%	1%	1%
UK***	86%	-	5%	-	-	1%	8%	-

* We collect our diversity data via forms in the US and our HR software in the UK. Completion of the data is voluntary.
 ** Lakeland, USA Population data 2022 – White 59%, Black or African American 17%, (Hispanic 19%*, Hispanic includes respondents of any race). Source: censusreporter.org, 2022 – Lakeland City, Florida.
 *** Suffolk Census Data 2021 – White English, Welsh, Scottish, Northern Irish or British 87.3%, all other groups 12.7%. Source: Suffolk.gov.uk

Position	Male	Female	Total
Group Directors ¹	2	-	2
Business Leadership Team	4	8	12
Direct reports of Business Leadership Team	23	21	44
Other employees	192	131	323
Total employees ²	221	160	381

1 Group Directors are also part of the Business Leadership Team, but 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 statements, which is the average number of employees during the reporting period.

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 by 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

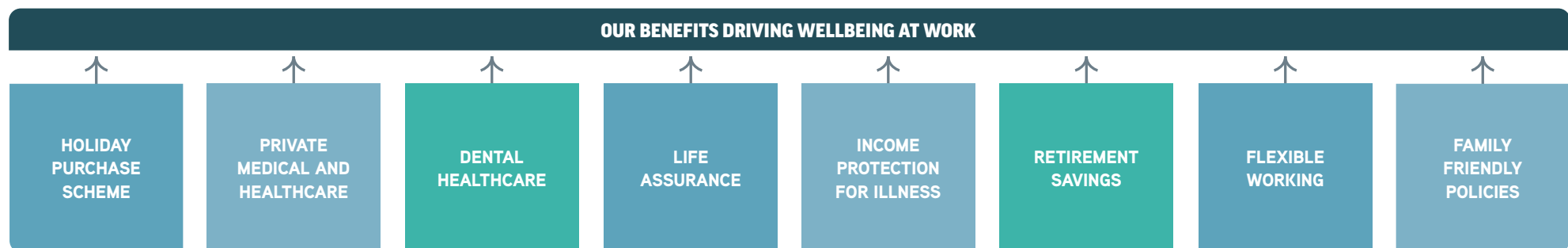
Our mission continues, to “think well, live well and be well”

In light of the issues many people face each day, we have a duty as an employer to take action – in addition to it simply being the right thing to do. Our internal wellbeing teams continue to drive initiatives across the Group and this year we have focused on supporting financial wellbeing, proactive health initiatives and managing stress. We also work closely with recognised national days, highlighting the importance of these events for our people.



We had a combined global approach to Wellbeing Week, sharing daily updates in our sites covering topics including financial wellbeing and exercise. We also maintain a collaborative relationship with our occupational health and benefits providers locally: that familiarity helps with our people being comfortable to share with them and be better supported.

We have a plethora of benefits on offer to our people that support wellbeing, shown below. We were delighted to move to offer benefits to all US employees from day one of their employment with Treatt, rather than having to wait the more typical 90 days.



PEOPLE continued

Engaging stakeholders in health and safety

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, is critical. Feeling included and accountable for safety discussed during health, safety, and environment (HS&E) meetings, toolbox talks, team meetings, and shift handovers, helps drive positive change.

Reintroduced in 2023, our eight safety, health and environment (SHE) champions in the UK and five from the US form a focused team to assist with safety auditing, safety equipment checks and a direct liaison between the employees and the H,S&E Managers.

We have a new HS&E Committee, comprised of the SHE champions, CEO and CFO, key department supervisors and members of the Business Leadership Team, to support our HS&E agenda and embed this further into our culture.

Zero reportable accidents*

During the year we've retained zero reportable accidents and continue to have zero as our target

* 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.

Health and safety – keeping our people safe

We control the risks connected to the production and processing of chemicals, and 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.

During the year health and safety reporting has been elevated to the first item on our Plc Board agenda, demonstrating the importance of this to the Business Leadership Team and employees.

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

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. During the year we increased the emphasis on near miss reporting and the need for a more accessible and available means to report. The physical concern card has been replaced with a simple near miss/hazard reporting system available digitally to every employee. Whether on a laptop or a scanning gun in operations, employees can instantly report accidents, incidents, near misses or hazards. Reported events are assessed, investigated thoroughly and corrective action measures implemented. Increasing near miss and hazard reporting is a proven, effective method of reducing injury accidents.



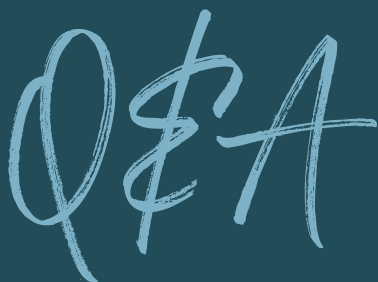
Additionally, risk assessments are conducted to determine presentation of risks and mitigation measures needed. Job safety analysis and safety critical task analyses are conducted to evaluate hazards associated with various standard operating procedures with hazard mitigation measures instituted.

The ISO (International Organization for Standardization) certification implementation process has begun at our UK facility. This year we have started exploring the requirement for attaining the following standards, which we plan to commence in early 2025, to complement our ISO 9001 – quality management system:

- ISO 14001 – environmental management system
- ISO 45001 – health and safety management system
- ISO 50001 – energy management standards

Attaining these certifications will better align Treatt with the expectations of our customers, suppliers, and competitors. Once achieved in the UK, the standards can be then rolled out at our US facility.

PEOPLE continued



with Stephen Haygreen

SHE Champion, Manufacturing Trainer

What is your role?

Our role is to work with the HS&E team to improve safety in all areas of the business. We assist with risk assessment, COSHH assessing, accident and incident reporting and investigations, driving the near miss reporting system and assisting with any corrective actions.

How do you collaborate with others in the business?

We are also part of the UK HS&E Committee. This has representatives from every department and each shift, providing management teams and colleagues access to dedicated safety contacts. This provides the opportunity to offer better support and allow for questions or issues around HS&E to be dealt with at the time.

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 examinations, and training in areas 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 along with general health, safety and environmental training. To assist baseline testing and continuous health assessments we use an occupational health service provider in the US.

Supporting our customers on their sustainability journey

It is imperative that customers are aware of the actions we are taking that support their own sustainability ambitions and targets. See more information in section 172 on pages 71 to 75.

With this in mind, we engage directly with our key customers, typically involving our global sales team, Global Sustainability Manager and procurement teams in discussions. During this we have observed an increased interest in product-level carbon data, our approach to which is included in our TCFD reporting on pages 36 to 45.

We also continue to focus on the results from our 2023 sustainability survey, which reinforced how our customers are looking to us to support in the achievement of their climate targets. Our carbon reduction strategy and net zero pathway, detailed on page 34 to 35, demonstrates how we are contributing to reducing our customers' Scope 3 emissions with our reductions in Scope 1 and 2.

With regards to sustainable sourcing, much of the transparency sought by our customers is now driven by our responsible and sustainable sourcing policy, which can be seen on our website. Progress and KPI's around our sustainable sourcing strategy feature on pages 50 and 51.

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.

TOP THREE CATEGORIES OF INCIDENTS¹

Vehicle, chemical, equipment

TOP THREE CATEGORIES OF ACCIDENTS²

Chemical, other, equipment and human factors

TOTAL H&S TRAINING HOURS PER GROUP EMPLOYEE

6.5
(2023: 5.3)

TOTAL H&S TRAINING HOURS

2,470
(2023: 872)

INTERNAL HOURS

1,362
(2023: 395)

EXTERNAL HOURS

1,108
(2023: 477)

PEOPLE continued

Priority:
Community matters – supporting our communities

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

Supporting the communities in which we live and work is of high importance to us. Through our focused community matters strategy, we made £51,000 in donations to our communities globally. Aligned with our purpose of “enhancing every day”, this focus enables us to support the following United Nations Sustainable Development Goals (SDGs):



Zero Hunger
(KidsPACK & Toys for Tots)



Good Health & Wellbeing
(Suffolk Mind, MyWiSH, Upbeat Heart Support, Rockin on the Chain & Peace River)



Quality Education
(Enterprise Advisor & School Support)



Sustainable Cities & Communities
(Bury St Edmunds Rickshaw)



Life on Land
(Suffolk Wildlife Trust, Bury in Bloom & Project E.A.G.L.E.)

In the UK, we have strengthened our relationships with key community stakeholders such as the Suffolk Chamber of Commerce and Iliffe Media. The greater engagement with the Suffolk community offers excellent opportunities to enhance our local brand, and our ongoing collaborations have significantly supported this endeavour.

We will continue to partner with a select number of local charities that align with the Sustainable Development Goals (SDGs) integral to our sustainability strategy. The key charities we currently support in the UK include Upbeat Heart Support, MyWiSH Charity, East Anglia’s Children’s Hospices (EACH), Suffolk Mind, and Suffolk Wildlife Trust. In the US, we support charities including Toys for Tots, KidsPACK, Peace River Center, and Project E.A.G.L.E.

CASE STUDY



Uniting for a cleaner community

Demonstrating our commitment to community engagement and environmental stewardship, we organised a companywide litter pick event at our UK facility. Around 30 colleagues from various business disciplines participated, including US commercial colleagues visiting for the Global Commercial Conference.

Our team collected 20 bin bags of litter, donating £10 to the Suffolk Wildlife Trust for each bag. Treatt is a Gold Level Investor for this charity. The event emphasised the importance of community care and instilled pride in our local environment.

“Our strategy of engaging in frequent, small-scale collaborations has successfully kept our name at the forefront of local business conversations. As a result, we have been invited to speak on the radio and at major conferences about our work in the sustainability space, reflecting the growing recognition of our efforts.”

Chloe Ludkin
Communications and Engagement Executive



PEOPLE continued



Building the world of work together

At Treatt, we understand our vital role in preparing the next generation for the workforce. To this end, we work with children aged seven and above to enhance their education through career talks, fairs, mock interviews, assemblies, tours of Treatt, and one-on-one support for students interested in the flavour ingredients industry.

In the UK, our Enterprise Advisor collaborates with a local academy to develop a robust careers programme. Additionally, we partnered with other esteemed businesses locally to provide the 'EMPowered Programme,' which helped sixth form student leavers with interview skills and CV writing during their transition to university or to the workplace.

“ Thank you to all the colleagues at Treatt for a fantastic visit. We hugely appreciated the level of preparation and engagement from the whole team.”

Professor
Institute of Manufacturing, University of Cambridge

This year, in the UK we presented at Careers Week at West Suffolk College (top left), we also hosted manufacturing engineering students from the University of Cambridge, as well as business and marketing students from West Suffolk College (top right), providing industry insights and stimulating ideas for their potential future careers. We also offered work placements in the UK and US, supported interns, and welcomed apprentices, inspiring them to pursue careers at Treatt.

Our support in this space continues to grow and we have supported a record number of educational establishments during the year. Treatt's commitment ensures that students leave education with the knowledge and skills needed to thrive in their future careers, whilst also creating a sustainable talent pipeline for our industry.

“ I just wanted to say a huge thank you to you for coming in and speaking to our business students. The feedback from the business team has been wonderful.”

Maggie Noonan
Careers Advice Team, West Suffolk College

WE HAVE COLLECTIVELY CONTRIBUTED

253 hrs
of volunteering, a
38%
increase (2023: 183)

volunteering hours support schools, community groups and charities important to our people, following the introduction in 2023 of half-day volunteering allowance per person across the Group.

10+
educational establishments supported



Planet

Priority:

Carbon emissions collection and analysis

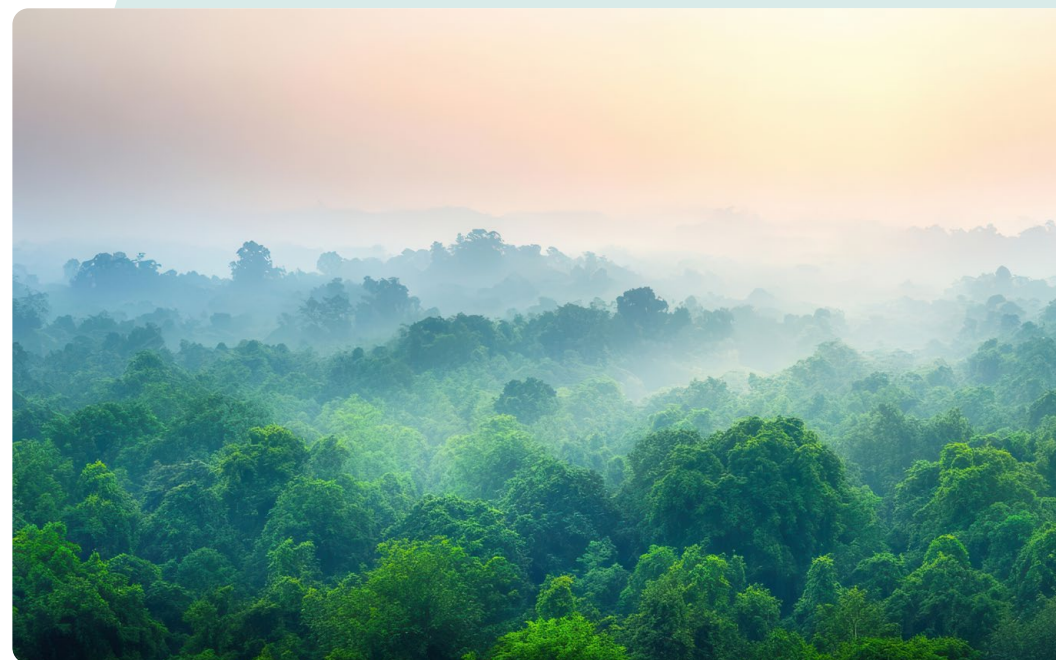
This year, to support our focus on “acting on climate change”, we have adopted a new digital carbon management system into our toolkit, to enhance the capture, evaluation and validation of our Scope 1, 2 and 3 carbon emissions data. A key benefit of this platform is the array of food and beverage-related databases from which emission factors are selected to ensure greater accuracy of our carbon footprint (see specifics on page 44).

The system also allows for the inclusion of costs for those activities generating our carbon footprint, giving us greater clarity on hot spots from both a financial and carbon perspective. Building on our long-standing reporting of Scope 1 and 2 carbon emissions, and that of Scope 3 over the previous two years, the system enables us to better understand our overall carbon footprint, which will, in turn, inform our longer-term carbon reduction pathways, targets and product innovation. Our carbon emissions data is included in our TCFD reporting on pages 36 to 45.

“ Looking ahead, we hope to use our digital carbon management tool’s ‘supplier engagement’ feature to start to obtain primary data from our supply chain to more accurately reflect the work they’ve been doing to lower operational emissions. This will in turn lower the footprint of our finished ingredients aligning with our customers’ net zero commitments, as well as assisting in the further development of our net zero pathway and SBTi target commitments.”

Katie Severn

Global Sustainability Manager



PLANET continued

Priority:

Carbon reduction strategy and net zero pathway

Our focus is on reducing our absolute carbon emissions, over time, to ensure that we achieve net zero ahead of the UK Government’s 2050 ambition.

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. 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 and included ROI payback periods and estimated carbon savings, and are accounted for in our business strategy Vision 2027.

These recommendations helped steer our first step to developing a net zero pathway in 2022, by setting a target of reducing Scope 1 and 2 emissions at our US site by 10% by 2025. In 2023 further progress was made in modelling a net zero pathway aligned to the science-based targets initiative (‘SBTi’), which was then validated this year, by the SBTi. The methodology used was for SME businesses and 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 US emissions data are US-wide and not specific to Florida, due to lack of available data, but this will be incorporated when the situation changes.
- The baseline year used from SBTi is 2021*. This year was 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 move from older UK premises to a new BREEAM-certified site in Bury St Edmunds.
- For the period until 2030, we have incorporated the growth projections included in our Vision 2027 business strategy.

* SBTi utilise 2021 as the baseline year, which is the calendar year in which our 2022 baseline year commences.

In 2024 we are reporting our near-term net zero pathway (2022–30), our associated near-term actions and how we have delivered towards our SBTi validated target of 42% reduction in Scope 1 and 2 by 2030 for the first time – our progress follows:

SBTi VALIDATED NEAR-TERM TARGET

42% reduction
in Scope 1 and 2 across the group by 2030



Carbon reduction targets

Year	Reduction in absolute carbon emissions on a like-for-like basis (baseline year 2022)	Current status (against baseline)	2024 (compared to 2023)	2023 (compared to 2022 baseline)
2025	10% reduction in Scope 1 and 2 at Treatt USA	8%	4.9%	2.8%*
2030	42% reduction (as a minimum) in total Scope 1 and 2 across the Group (validated by the SBTi)	(4.6)%	(3.5)%	Target Set
2050	90% reduction as a minimum in Scope 1, 2 and 3 (subject to modelling)	(23.1)%	(24.3)%	Target set

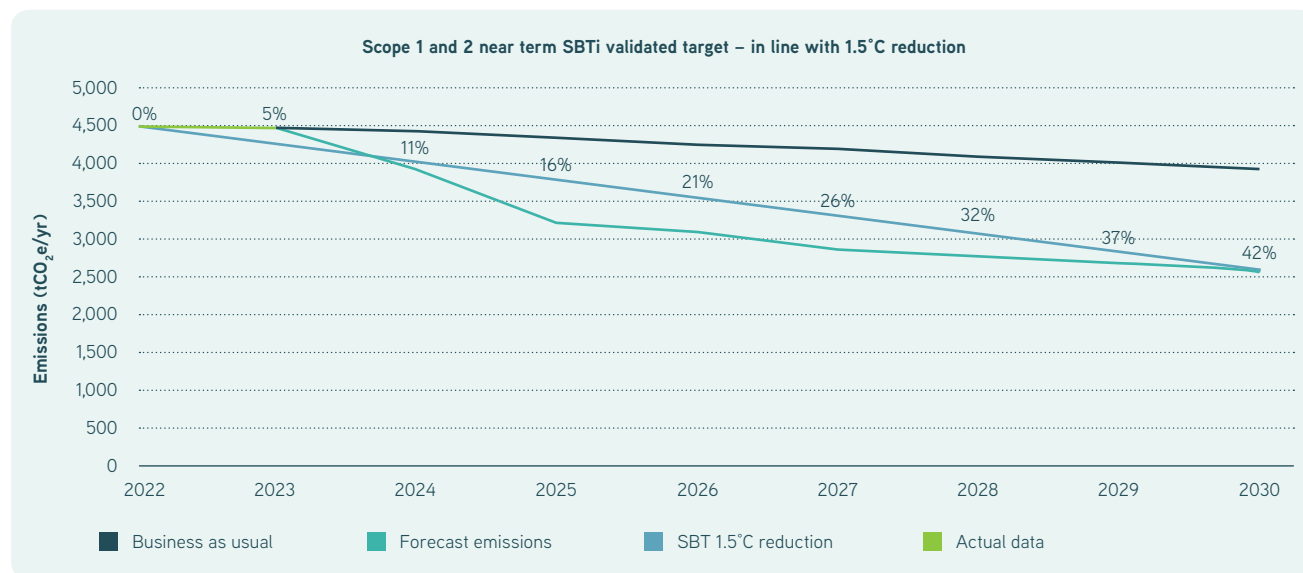
* Restated due to miscalculation

We have seen an encouraging 4.6% reduction in our Scope 1 and 2 emissions globally, against our 2030 target. As this is not as modelled on page 35, we will make adjustments in 2025, ensuring project impact the year following project completion, rather than year of the project, as this along with the inevitable fluctuating product mix during the year is contributing to us not seeing the impact forecast; this also leading to an increase against our Treatt USA 2025 target. We do see an encouraging 52% drop in UK Scope 1 emissions from 2020, due to the energy efficiencies of our new facility as detailed on page 35.

Energy efficiency was integral to the design of our new UK site. It is therefore understandable that most of our near-term actions are focused on our Florida facility. An estimate capital expenditure totalling £1.5m is required to reach our SBTi near-term target by 2030. The graph on the following page shows the modelling of our decarbonisation actions, which will facilitate the delivery of our science-based target for 2030. We have fast-tracked investment in on-site renewables in the UK on account of the positive impact, both in carbon reduction as well as in mitigating risks associated with energy and carbon pricing. For more details please see the table in disclosure No. 4 of our TCFD reporting, on pages 39 to 42.

We have begun a solar installation on the roof of our UK facility, with completion anticipated early in the new year, which will provide approximately 25% to 30% of our annual UK electricity demand.

PLANET continued



We have also continued our focus on projects at our site in Florida, US. These include:

- Steam boiler efficiency upgrades to save on natural gas.
- Distillation vacuum pump inverters to offer efficiencies and consistency in kW usage.
- Variable speed drives connected to well water pumps to provide energy savings.

In the UK alongside commencing our solar installation, energy and carbon saving projects include:

- Commencing on converting a large centrally located chiller space into a processing area, installing a smaller chiller space in an alternative area to help maximise capacity and efficiencies.
- Replacing an oversized air compressor with an alternative smaller one, with lower kWh demands.
- Optimising office air conditioning controls to react to departmental occupancy in our large open plan space.

To further support our efforts, internal KPIs around electricity, gas and water consumption are now regularly assessed at both our UK and US facilities. In 2025 we plan to complete our UK solar installation, along with reviewing our longer-term boiler requirements, to seek potential efficiencies. We will also be optimising the opportunities of automated monitoring and reporting systems on our metering of gas, electricity and water. In the USA we plan to fully assess our current boilers to determine efficiency upgrades or replacement, along with introducing heat recovery from our chiller system to pre-heat CIP water.

Longer term, other investments identified 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 further on-site renewable energy and the decarbonisation of a natural gas-fired plant.

In line with SBTi’s guidance for SME companies we are not required to include a near-term target for Scope 3 emissions. Although it was our intention to do this in 2024, onboarding a new digital carbon management system has meant we have been focused on determining the format and uploading of current and historic data. We therefore intend in 2025, with improved emissions factors relating to Scope 3 data, to increase the auditing of our suppliers and to engage in ongoing collaboration with stakeholders across our value chain, to model our longer-term emissions reduction pathway for Scope 1, 2 and 3 and report our actions and progress in our 2025 Annual Report. More detailed information on our GHG emissions for the last three years can be seen as part of our TCFD reporting on pages 36 to 45.

PLANET continued

Priority:

Taskforce on Climate-related Financial Disclosure reporting (TCFD)

We recognise the medium-to long-term risks posed by climate change to our business model, and as an internal team our TCFD working group has continued 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 and aim to increase the level of disclosure year-on-year.

Positive progress

In 2022, we included our initial response to the TCFD methodology where we reported across the framework’s four key pillars of governance, strategy, risk management and metrics and 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.

Over the last two years we have made good progress in terms of continuing to develop our understanding, management, measurement and decision-making regarding climate action.

Our now established ESG governance structure continues to drive positive change. During the year the SBTi validated our near-term science-based target of 42% reduction in Scope 1 and 2 by 2030. We continue to build on previous TCFD analysis considering four specific risks and how we mitigate the risks posed and opportunities

this provides to our business, 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’).

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 is an iterative process and have highlighted those areas where we are currently not fully compliant and need to make improvements or continue to progress.

Recommendations	Disclosures	Alignment	Page reference
GOVERNANCE Disclose the organisation’s governance around climate-related risks and opportunities	1. Describe the Board’s oversight of climate-related risks and opportunities	We are aligned on this recommendation	Pages 37 and 38
	2. Describe management’s role in assessing and managing climate-related risks and opportunities	We are aligned on this recommendation	Page 38
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	3. 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 38 and 39
	4. 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 having assessed the impacts of climate-related risks and opportunities from a qualitative perspective, and have started to explore how we could translate this into quantifiable financial impacts, which as yet have not been determined	Pages 39 to 42
	5. 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, having assessed the impacts of climate-related risks and opportunities from a qualitative perspective, and started to explore how this can translate into quantifiable financial impacts. We intend to provide this in our 2025 reporting	Page 42

PLANET – TCFD DISCLOSURE continued

Recommendations	Disclosures	Alignment	Page reference
RISK MANAGEMENT Disclose how the organisation identifies, assesses and manages climate-related risks	6. Describe the organisation's processes for identifying and assessing climate-related risks	We are aligned on this recommendation	Page 42
	7. Describe the organisation's processes for managing climate-related risks	We are aligned on this recommendation	Page 43
	8. 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 43
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	9. 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	Page 43
	10. Describe Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	We are very close to being fully aligned on this recommendation. Having made progress during the year with the addition of further Scope 3 activities, weight, instead of spend-based methodologies, and enhanced accuracy in emissions factors available through our new carbon management system. Employee commuting remains outstanding whilst we explore the most appropriate way to measure this, the output of which, we intend to include from 2025	Pages 43 to 45
	11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We are aligned on this recommendation	Page 45

Governance

1. Board oversight of climate-related risk and opportunities

Board oversight of climate-related risks is provided by the ESG Board Advisory Panel, established as part of our revised ESG governance structure formed in 2023, illustrated on the following page.

Our ESG Board Advisory Panel, is chaired by a Non-executive Director and attended by two additional Non-executive Directors, one of whom chairs our Audit Committee and the other has extensive experience of sustainability matters through her previous 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, comprising key members of Treatt's Business Leadership Team, including our newly appointed CEO, the CFO and the Global Sustainability Manager.

The ESG Board Advisory Panel meets bi-annually, 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.

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 Director and Chair of the Panel	●				
Bronagh Kennedy Non-executive Director	●		●	●	
Phillip O'Connor Non-executive Director	●	●		●	●
Ryan Govender Chief Financial Officer	●				●
David Shannon Chief Executive Officer	●				●

PLANET – TCFD DISCLOSURE 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 52 to 57) 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 2022, 10% of the Executive Directors, (see page 91), together with senior management team’s annual bonus scheme outcomes, are subject to ESG-related non-financial objectives. In relation to climate this includes having a clear carbon reduction roadmap to 2030 which, in turn, encompasses progress against our published, shorter-term incremental targets to reduce emissions by 10% at our Florida site by 2025 and to achieve a 42% reduction (as a minimum) in total Scope 1 and 2 for Treatt by 2030; refer to page 34 for more information.

Treatt sits midway through the value chain in an industry that sources the majority of its raw materials from the agricultural sector and sells to customers’ who are increasingly interested in their suppliers’ climate action progress and performance. To support in the delivery of customers objectives, the Board and ESG Board Advisory Panel are kept informed of new developments, best practice and stakeholder expectations on an ongoing basis.

In addition, the Board has co-opted members from within the business to the ESG Board Advisory Panel. These members have been selected for their particular areas of expertise and are from a younger generation to ensure wider representation on the panel, and they also attend ESG management meetings to ensure continuity of information and understanding.

2. Management’s role in assessing and managing climate-related risks and opportunities

The ESG Management Group reports to the ESG Board Advisory Panel. This group meets quarterly and is accountable for understanding and responding to climate-related risks and opportunities identified through our ongoing climate risk assessment. The group is responsible for managing progress towards our key climate change targets and supply chain key performance indicators. Members of this group include leaders and decision makers from across the business who are able to influence strategic decision making and the delivery of our people, planet, and performance goals. Representation from procurement, legal and risk, engineering, innovation, finance and sustainability demonstrates the interconnected nature of climate change risk management and the broader sustainability strategy, ensuring collaboration across the business. During the quarterly meetings the ESG Management Group reviews the progress made by the underlying ESG Working Group, responsible for executing the strategy under our People, Planet and Performance pillars, as well as by 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.

Further details of our governance structures relating to ESG and climate-related issues can be found on page 49.

Strategy

3. Identification of climate-related risks and opportunities over the short, medium and long-term

Climate-related risk has been one of our principal risks for several years; see page 54 for more details.

We have continued to make progress in the delivery of our ESG strategy over the past year. One of our priorities is “acting on climate change”, by which we mean minimising our environmental impact, both at our processing sites and across our value chain. Our near-term science-based carbon reduction target was also validated by the SBTi during the year. In this report, we have shared our progress against our near-term reduction targets as part of our first iteration of our net zero pathway and are seeing the benefits of our investment in a digital carbon management system in providing more accurate outputs, through the use of more relevant emissions factors. We are working to develop a greater understanding of our Scope 3 emissions and to increase our collaboration with our suppliers and customers regarding how best to improve environmental performance.

In 2024 we continued to focus on the medium- to long-term physical (acute and chronic) risks relating to our manufacturing sites in Florida, US and Suffolk, UK and the shorter-term changes anticipated (transition risks) on the basis that global warming is restricted to 1.5–2.0°C by 2050.

As previously reported, we reviewed our analysis of climate-related risks during 2022 in terms of both significance and likelihood.

PLANET – TCFD DISCLOSURE continued

In 2023 we broadened our assessment to include material aspects across our value chain and continued to provide further context to these scenarios during 2024 using sector-relevant scenarios provided by the Business for Social Responsibility (‘BSR’) which has built specific scenarios for the food, beverages and agriculture sector, which are also aligned with and the Network for Greening the Financial System (‘NGFS’). We used water forecasts provided by the World Wildlife Foundation’s (‘WWF’) Water Risk Filter and continue to focus on how we can mitigate climate-related risks.

These 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

4. Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning

Our TCFD Working Group further considered the aforementioned sector scenarios during a series of sessions and reviewed the findings from last year’s assessment of climate change risks and opportunities.

They determined that the four risk areas, detailed below – under physical and transition, continue to be material priorities for the business.

The four areas are: water stress at our manufacturing operations; citrus sourcing and its associated supply chain; the cost of energy and carbon to our business and across our value chain; and how changing societal attitudes towards climate change are having a material impact on our customers’ procurement decisions. These risks were again discussed and approved by both our ESG Management Group and ESG Board Advisory Panel and cross-referenced with priority climate and sourcing-related findings from our 2021 materiality assessment.

This followed consultation with a number of Treatt’s stakeholders using SASB mapping as a reference point, which highlighted climate change, carbon emissions, water, waste and energy, along with raw material sourcing, as having the highest potential material impact.

Three scenarios were considered to give us greater visibility of potential risks with potential impacts being assessed as low, medium or high based on informed, qualitative discussion of the three scenarios (see impact definition on page 42). We have started to explore how we can make a quantitative evaluation of these financial impacts, featured in the material risk table, and will use the IFRS foundation to further guide this process in 2025.

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 5–15 years; and “long-term” as 15–27 years (in line with 2050 targets). We envisage disclosing this in financial ranges in future years, as our data collection improves; as impact measures to our profit after tax, against each of the scenarios.

Material Risks 2

TCFD Category	Climate-related trend	Potential financial impact and next steps to quantify this	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 US resulting in disruption to production or inability to create new products which require more water in the manufacturing process. <i>Data: WWF Water Risk Filter</i> Our next steps to quantify this risk would be to determine the priority of water usage, in our products, based on the most profitable product lines first. Then estimating an expected loss rate, and applying this across our most impacted product ranges. Then offsetting this with the favourable impact of manufacture at a non-impacted site or reformulations where applicable	●	●	●	Facility site audits: We have audited our plants from an energy, water and waste perspective and during the year have made changes, including additional water metering on water-intensive processes, to help us 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

Key: ● Low ● Medium ● High

PLANET – TCFD DISCLOSURE continued

Material Risks 2 continued

TCFD Category	Climate-related trend	Potential financial impact and next steps to quantify this	Possible short-term impact	Possible medium-term impact	Possible long-term impact	Strategic response, resilience, and mitigation
PHYSICAL RISK	Water stress	<p>Water stress for our citrus suppliers, based predominantly in Latin America, resulting in poorer quality, lower yields and higher prices on a more regular basis. <i>Data: WWF Water Risk Filter</i></p> <p>Our next steps to quantify this would be identifying the cost impact of supply restriction due to lower yields, then estimating an expected loss rate for cost increases that we are not able to pass on. We would then apply that expected loss rate across our most impacted product ranges, and finally offset this with the estimated favourable impact of reformulations</p>	●	●	●	<p>Risk mapping: We continue our risk assessment and modelling of our suppliers and to collaborate with them to ensure they have strong physical risk resilience plans. During visits to Latin American suppliers in 2024, we discussed water stress management and are engaging with these and other priority suppliers to ensure they have a mitigation strategy in place</p>
PHYSICAL RISK	Citrus sourcing and supply chain	<p>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. <i>Data: NGF from Climate Impact Explorer</i></p> <p>To quantify this, we would identify the cost impact of supply restriction due to unreliability of supply, then estimate an expected loss rate for cost increases that we are not able to pass on. We would then apply that loss rate across our most impacted product range before offsetting with any estimated favourable impact</p>	●	●	●	<p>Continue diverse geographical sourcing: Large citrus producers are looking to alternative growing regions outside the traditional citrus belt. One key grower has taken learnings from harmful “greening” they have experienced to mitigate this in these new orchards, from which they are hoping to start harvesting fruit in 2026. We continue to explore citrus from other countries and ensure that we have a geographically diverse supply chain to absorb possible regional disruptions due to climate and extreme weather. We stock accordingly to mitigate unreliable supply</p> <p>Supporting regenerative agriculture: We are a member of the Sustainable Agricultural Initiative Platform (SAI), a network supporting a sustainable, healthy and resilient agricultural sector whilst creating strong and secure supply chains. We are also a founding member of the SAI regenerative agriculture programme, helping to drive positive change for a sustainable, thriving and more resilient agriculture sector</p>
TRANSITION RISK	Energy and carbon pricing in our own operations and in the value chain	<p>Increasing costs and instability of energy together with potential carbon pricing in our operations</p> <p>Our widespread value chain, including long transportation distances, makes it difficult for us to reduce these contributing carbon emissions, potentially resulting in higher prices for our raw materials due to increased carbon costs if these cannot be absorbed by the supplier</p> <p>Our next steps to quantify this impact would be identifying our highest carbon footprint suppliers and highest carbon footprint customers, based on shipping methods and distances. We would estimate an expected loss rate for carbon cost increases that would make us non-competitive, apply this rate across our most impacted products and customers. Finally we would offset this with the estimated favourable impact of opportunities to reduce carbon footprint in our supply chain</p>	●	●	●	<p>Net zero pathway target validation: Our near-term carbon reduction target has been validated by the SBTi, confirming that we have mapped our target to reduce our Scope 1 and 2 emissions by 42% by 2030. In costing and modelling this target a number of projects, including on-site renewables at both facilities, are planned. On-site solar commenced in 2024, with completion early in the UK and is estimated to provide 25-30% of our anticipated site electricity needs. We also have an interim 10% reduction target in Scope 1 and 2 emissions at our USA facility by 2025</p> <p>Investment in decarbonisation: A total investment of £1.5m has been budgeted from 2023-2030 for energy/carbon reducing projects to decarbonise our business. A £620k investment in solar panels has commenced in the UK and £50k has been spent in the US on water and energy efficiency projects</p> <p>Digital carbon management system: During the year we have invested in a new platform that provides an array of data and cost management around carbon, including capabilities for supporting carbon pricing</p> <p>In 2025, we will continue to use this new system to gain greater insights and understanding of our Scope 3 emissions, prioritising our purchased goods. With the platform offering more relevant carbon emissions factors and the ability to engage suppliers to provide primary carbon data directly into the platform, we will have more accurate data that we can act upon. This forms part of our long-term net zero planning, both to minimise our impact and mitigate potential carbon costs</p>

PLANET – TCFD DISCLOSURE continued

Material Risks 2 continued

TCFD Category	Climate-related trend	Potential financial impact and next steps to quantify this	Possible short-term impact	Possible medium-term impact	Possible long-term impact	Strategic response, resilience, and mitigation
TRANSITION RISK	Customer procurement preferences for low carbon ingredient solutions	<p>Typical to our industry our widespread value chain could make it difficult for us to positively influence our Scope 3 carbon emissions and therefore reduce our carbon footprint</p> <p>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 and labelling ambitions</p> <p>We could quantify this by identifying the highest carbon footprint suppliers via either corporate or product-level data, and our highest carbon footprint customers. We would then estimate an expected loss rate for customer preferences that would make us non-competitive, before applying this rate across our most impacted products and customers. Finally we would offset this with the estimated favourable impact of opportunities to reduce carbon footprint in our supply chain</p>	●	●	●	<p>Benchmark to ESG ratings: We disclose to CDP and EcoVadis to provide transparency to our stakeholders in recognised, trusted and comparable structures</p> <p>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 our customers' requirements and any gaps. Tailored sustainability updates are also shared with our key customers, led by our Global Sustainability Manager, so they better understand our progress and plans</p> <p>Supplier engagement: During the year we have introduced a KPI around carbon reduction targets in our supply chain and 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. We will also utilise the supplier engagement tool within our data management system to glean primary data from our suppliers, better reflecting the true emissions in our supply chain rather than industry emissions factors, to support in reflecting these positive changes in our net zero modelling</p> <p>Scope 3 modelling: Next steps are to model our long-term net zero pathway, including Scope 3 emissions. We will work with our digital carbon management system and our carbon reduction consultants to use this data to identify a strategy for reducing Scope 3 emissions. We will focus on our hot spot areas of purchased goods and transportation, taking into account decarbonisation expected from these suppliers and logistics providers.</p> <p>Product carbon footprinting: Our new digital carbon management system has the additional capability to determine product-level carbon footprinting and we could invest in this further capability to aid in both EPD, NPD and relaying of information to our customers</p>
TRANSITION RISK	Consumer procurement preferences for sustainable products/certified ingredients	<p>Increased demand from consumers for certified ingredients, such as Rainforest Alliance and Fair Trade, in products could result in us losing customers by not offering enough of these ingredients</p> <p>Our next steps to quantify this would be to identify the proportion of our product range without an ethical certification, using our own internal data. We would then estimate an expected loss rate for customer preference for ethical certifications, based on our market experience, and apply this rate across our most impacted products, and offsetting this with the estimated favourable impact of opportunities to certify products</p>	●	●	●	<p>Certified sourcing: We continue to obtain market insights regarding consumer preferences for certified ingredients. We currently source 83% of our tea raw material from Rainforest Alliance certified growers and continue to explore the other raw materials available. Rainforest Alliance certification helps farmers produce better crops, adapt to climate change, increase their productivity, and reduce cost. We use our certified facilities in the US to handle these raw materials, enabling our customers to make on-pack certification claims. We also have 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</p>

PHYSICAL RISK: Physical risk is defined as risks related to the physical impacts of climate change. **TRANSITIONAL RISK:** Transitional risk is defined as risks related to the transition to a lower-carbon economy.

SOURCE: US EPA.Gov

Key: ● Low ● Medium ● High

PLANET – TCFD DISCLOSURE continued

Market opportunities

Key: ● Low ● Medium ● High

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	●	●	<p>Sustainable sourcing: Over the past twelve months we have continued to drive commitment from our suppliers to our sustainable sourcing policy and our supplier code of conduct. We have also engaged further on both GHG target setting and water stress with priority citrus suppliers (details on pages 50 to 51)</p> <p>Our new digital carbon management system will improve visibility of hot spots in our supply chain. This year we also used weight-based instead of spend-based methods for the first time, along with assessing “spend” and “carbon emissions” for each supplier, in the same platform. This now provides the data to drive informed decisions with regards to our suppliers and potential sourcing locations to drive reductions in both costs and emissions. It also enables us to incorporate the decarbonisation of our supply chain into our net zero modelling</p> <p>In 2024, we have implemented KPIs around carbon reduction targets in our supply chain. We are also determining the capabilities around supplier engagement, with our carbon data management tool which will allow us to request and ingest primary carbon data from our suppliers</p>
MARKETS AND TECHNOLOGY	To become less dependent on expensive energy providers and higher-carbon processing	●	●	<p>On-site renewables: We are in the process of installing solar panels on the roof of our UK facility. This is one of the projects mapped in our net zero pathway, alongside further planned on-site renewables at our UK and US facilities. See further information on page 34</p>

Note: Currently, our assessment of low, medium and high impacts is 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 provide further transparency regarding the process for determining the relative significance of climate risks.

5. Describe the organisation’s strategy resilience, taking into consideration different climate-related scenarios

With the progress we are making against our ESG strategy and pathway to net zero, 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. We will continue to engage and collaborate with our key stakeholders to ensure we remain competitive and sustainable, and therefore resilient, in the medium- to long-term. See more on this on pages 36 and 50. During the year we further explored how we could quantify these risks, but there was not sufficient time to discuss in depth, the many assumptions required to allow disclosing this at this time, but there is management intent to do so in the future.

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

Risk management

6. Describe the organisation’s processes for identifying and assessing climate-related risks

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 52 to 54.

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 or 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 pages 52 to 54.

In 2021, we conducted our first qualitative and quantitative ESG materiality assessment across external and internal stakeholders which identified addressing the long-term physical impacts of climate change as a 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. With the fast-changing regulatory landscape we plan to conduct a follow-up materiality assessment in 2025 in line with the recommendations of the International Sustainability Standards Board (ISSB) and we are also considering the merits of conducting a double-materiality assessment.

Further to this we worked with a specialist consultant in 2023 to explore the specific climate risks, relating to the potential warming scenarios, highlighted in the strategy section of this disclosure on pages 38 to 42.

PLANET – TCFD DISCLOSURE continued

7. Describe the processes for managing climate-related risks

As outlined earlier, our ESG Board Advisory Panel, which meets bi-annually, 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. The Executive Directors are responsible for ensuring that appropriate processes are in place to identify, assess, manage and monitor risk across the Group. The Business Leadership Team reviews and monitors risks and mitigation strategies across the business. The ESG Management Group, along with the Global Sustainability Manager, identifies key climate risks and assesses 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.

The table in disclosure No.4 on pages 39 to 41 outlines the mitigation actions we are taking to counter the four most material risks, together with our progress to date.

8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Risk identification is an integral part of the day-to-day activities of all employees of our business; they are responsible for identifying, managing and escalating risks as part of their roles. To improve the effectiveness of managing climate-related risks, it is essential that we raise awareness of the importance of this topic with employees across the business. The ESG Governance structure supports this, ensuring a wide reach, alongside additional internal communication.

We take a holistic view of the impact of climate change on our business strategy, our brand and reputation, the markets in which we operate and the technology we use. We also consider the physical risks posed by climate change on our product ranges and operations. These classifications are referenced in our climate-related risks and opportunities disclosures set out on pages 39 to 42. By their nature, climate-related risks interconnect with and impact across functions and departments, and therefore require a wide lens and deep consideration and collaboration from teams across the business.

Climate risks are incorporated into our bi-annual risk assurance mapping process, and our assessment of low, medium and high impacts is aligned with these thresholds.

Metrics and targets

9. Metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process

The Group's climate-related metrics and targets are set and reviewed by the ESG Board Advisory Panel, which considers TCFD and other industry guidance when selecting the most relevant metrics by which to assess our risks and opportunities.

We believe our GHG emissions and targets, evolving KPIs around our sustainable supply chain programme, and remuneration for senior positions, are the most impactful measures. These are detailed more precisely in the remuneration report on page 91. Sustainability is also integral to our project stage-gate process, to ensure it is considered along the innovation journey. Metrics are also integrated within our capital request form, requiring detail of any positive or negative impact to energy, water usage and waste generated.

Moving forward, we plan for the ESG Board Advisory Panel and ESG Management Group to receive reports on GHG emissions against targets every six months instead of annually.

In 2022, as part of our ESG strategy, we published our initial near-term emissions reduction target for our manufacturing site in Florida, USA of 10% reduction in Scope 1 and 2 by 2025. We built on this in 2023 by modelling and setting ourselves 2030 Scope 1 and 2 emissions reduction targets, aligned to the SBTi methodology, which were validated by the SBTi in early 2024. This entails achieving absolute reductions in our Scope 1 and 2 emissions of 42% by 2030. These targets have been set in alignment to our near-term net zero planning. We will utilise our new digital carbon management tool, with enhanced data analysis to continue to gain greater insight into our Scope 3 emissions. Early in 2025 we will use this to model our long-term net zero pathway with the intention of developing further long-term targets (inclusive of Scope 3). With these systems in place, we will have greater visibility to allow us to plan how we can continue to reduce our Scope 1, 2 and 3 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.

We will also disclose percentage of top 10 citrus suppliers who have a water stress management plan in place in 2025.

10. Describe Scope 1, 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks

We report all our emission sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. Scope 1, 2 and 3 emissions 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) and now also Altruistiq, BEIS-GBR, EPA-USA, Ecoinvent, Exiobase, Quantis and WRAP, accessible via our digital carbon reporting platform.

During the year we have delivered our phase 3 compliance report to ESOS, the Energy Assessment and Energy Saving Scheme, established by the Energy Savings Opportunity Scheme Regulations 2014 (ESOS Regulations). The ESOS Regulations have been substantially amended in 2023, through The Energy Savings Opportunity Scheme (Amendment) Regulations 2023. ESOS is separate to the Streamlined Energy and Carbon Reporting (SECR) framework. Systems in place to collect and audit energy consumption to meet ESOS obligations and progress with implementation of ESOS recommendations can help organisations to meet their SECR requirements.

Streamlined energy and carbon reporting (SECR)

GHG emissions – Our total emissions (Scopes 1, 2 and 3) for the year were 51,792 tonnes of CO₂e, a 24% decrease on last year. As we start to see the positive impact of our energy saving projects, we have seen a decrease in our Scope 1 and 2 emissions of 4.6% compared to our baseline year of 2022.

We have seen a 52% reduction in our UK Scope 1 emissions, compared to 2020 (486 tonnes of CO₂e), when we solely operated from our old site, as we now see the efficiencies of our new facility coming to fruition.

Overall, we have seen a 26% decrease in our Scope 3 emissions in the year. This is mostly due to efficiencies of our digital carbon management system to use more relevant emissions factors, weight-based instead of spend-based methodologies, and generally increasing the accuracy of Scope activity measurement.

PLANET – TCFD DISCLOSURE continued

As a result, we have seen a 51% decrease in our Scope 3 purchased goods and services emissions. This is even more encouraging, considering that this year we've also included indirect purchases in our purchased goods and services for the first time, along with the addition of capital goods spend activity.

Purchased goods and services is a key focus area as it accounts for 57% of our Scope 3 which is referenced in disclosure point 4, on pages 39 to 42 and we will be using all this data to drive positive change as we model our 2050 targets next year inclusive of Scope 3 and start to scope out product carbon footprinting.

GHG Emissions

Category	2024 (tonnes of CO ₂ e)	2023 (tonnes of CO ₂ e)	2022 (tonnes of CO ₂ e)
Scope 1 – UK	232	431	629
Scope 2 – location-based UK	479	611	562
Scope 2 – market-based UK	–	–	–
Scope 1 – USA	2,052	1,805	1,348
Scope 2 – location-based USA	1,572	1,643	2,007
Scope 2 – market-based USA	1,599	N/A	N/A
Total global Scope 1 and 2 (location-based) emissions	4,335	4,490	4,546
Intensity ratio kg CO ₂ emissions (Scope 1 and 2) per kg of product shipped (location-based)	0.61	0.61	0.52
Scope 3 – (method)			
Purchased goods and services – spend, weight and average data based, including indirect purchases (spend-based 2023, 2022, no indirect purchases)	26,890	54,991	51,177
Fuel and energy-related activities – fuel-based (average-data 2023, 2022)	915	530	832
Upstream transportation and distribution – distanced-based	10,890	3,692	5,005
Waste generated in operations – average-data, waste-type specific and spend-based (waste-type specific 2023, 2022)	336	1,319	838
Business travel – distance-based	672	189	181
Upstream leased assets – average-data	25	15	14
Downstream transportation and distribution – distance-based	5,177	3,221	4,797
Capital goods – spend-based method (additional activity for 2024)	2,554	Not measured	Not measured
Total Scope 3 emissions	47,457	63,957	62,844
Total Scope 1, 2 and 3 emissions	51,792	68,447	67,390

2022, 2023 and 2024 figures refer to the 52 weeks ending 30 September 2022, 2023, and 2024 respectively.

Notes

- The Group has adopted a greenhouse gas reporting policy and a management system based on the GHG Protocol.
- 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.
- Emissions for previous years are retrospectively adjusted as and when more accurate data is provided. No adjustments have been made in the current year.
- 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.
- Data has been accurately recorded from invoices, meter and mileage readings. GHG emissions detailed in the table for 2024 have been calculated in the Altruistiq platform using the following conversion factors. Scope 1 – BEIS (GBR), EPA (USA), IPCC. Scope 2 – BEIS (GBR), eGRID (USA). Scope 3 – AQ, BEIS (GBR), EPA (USA), Ecoinvent, Exiobase, IEA, Quantis, WRAP, eGRID (USA).
- 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 2024, the group chiller emissions that fall outside of GHG Protocol, namely those identified under Montreal protocol and others, totalled 6.4 tonnes (2023: 7 tonnes).

PLANET – TCFD DISCLOSURE continued

Energy consumed

Energy type		2024 (MWh)	2023 (MWh)	2022 (MWh)
Electricity	UK	0	0	0
	USA	4,232	4,452	4,750
Renewable electricity procured	UK	2,315	2,948	2,905
	USA	0	0	0
Natural gas	UK	1,005	1,897	2,503
	USA	9,801	8,219	5,769
Other fuel	UK	121	207	255
	USA	79	81	136
Group		17,553	17,804	16,318

Energy efficiency actions

During the year we have introduced further meter and monitoring across our manufacturing processes in the US, allowing us to better determine consumption of specific processes and in turn potential efficiencies.

A number of other energy-saving projects are shared in our net zero pathway on pages 34 and 35 and will obviously also support in reducing our energy requirements.

11. Targets used to manage climate-related risks, opportunities and performance

<p>CLIMATE-RELATED RISK DESCRIPTION</p>	<p>Energy and carbon pricing within our control</p> <p style="text-align: center;">TARGET 42%</p> <p style="text-align: center;">absolute reduction in Scope 1 and 2 emissions by 2030</p> <p style="text-align: center;">REFER TO PAGE 34</p>	<p>Short-term energy efficiency across US manufacturing site</p> <p style="text-align: center;">TARGET 10%</p> <p style="text-align: center;">absolute reduction in Scope 1 and 2 emissions by 2025</p> <p style="text-align: center;">REFER TO PAGE 34</p>	<p>Citrus oil sourcing</p> <p style="text-align: center;">TARGET</p> <p style="text-align: center;">Engage with top ten citrus suppliers to ensure that 100% have a water stress management plan in place by 2025</p> <p style="text-align: center;">REFER TO PAGES 40 and 50</p>
<p>CLIMATE-RELATED OPPORTUNITY DESCRIPTION</p>	<p>Decarbonising manufacturing</p> <p style="text-align: center;">TARGET 42%</p> <p style="text-align: center;">absolute reduction in Scope 1 and 2 emissions by 2030</p> <p style="text-align: center;">REFER TO PAGE 34</p>	<p>Sustainable procurement</p> <p style="text-align: center;">TARGET</p> <p style="text-align: center;">During 2025 continue to determine relevant categories and explore opportunities for further certified raw materials</p> <p style="text-align: center;">REFER TO PAGE 41</p>	

Business travel and tree planting

In recognition of the need for urgent climate action we continue to adhere to our refined definition of necessary travel. To provide a “nature positive” solution to support in mitigating 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 CO₂ 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, with carbon mitigation totalling 263 tonnes in 2024. In total 1,680 trees will be planted as a result of travel during the year (2023: 2,493).

For this period the majority of these trees have already been planted as part of a mangrove reforestation project in Mozambique – home to extensive biodiversity and varying landscapes with forests at the core of its social, environmental and economic wellbeing. However more than 8 million hectares of forest have been destroyed due to cyclones, floods, cutting down trees for firewood and charcoal, clearing large areas for farmland and commercial logging. By hiring local people to reforest their region by planting these mangrove trees it stimulates economic growth, breaks the cycle of poverty, and empowers the community whilst building economic resilience.

BUSINESS TRAVEL

263 tonnes carbon mitigation in 2024

PLANET continued

Waste

We are responsible for our waste from the point it is produced until it is transferred to an authorised body. However our duty of care for the waste we produce does not end there, rather it extends along the entire chain of waste management, where we continue to monitor our waste contractors.



Our circular approach to waste

Many of our natural raw material waste streams are used as ingredients in products such as animal feed. Other waste streams, including many fruit and vegetable product lines, are re-used by a green waste processor in Florida to create high-quality compost, the high-water content of which also means they need to use less water in their processing. A number of case studies showcasing our circular approach feature on the sustainability section of our website.

Longer term we are exploring technologies to reduce waste volume and maximise the value from our raw material effluent, turning what was deemed waste into saleable product.

Positive action on waste – waste management pyramid

To focus our efforts on reducing waste and ensuring as little as possible goes to landfill, we use the hierarchy of waste management. We also use our Scope 3 waste data to focus on the hot spots in our waste streams, exploring evolving opportunities in the value of these streams, working with service providers for re-use, further segmentation, recycling and recovery.

During the year we have undertaken the following positive actions with our management of waste.



“While we incorporate circular concepts in our operations by maximising the utilisation of all available components of our raw materials, we also seek to ensure that our waste streams follow a circular approach.”

Babette Norman
VP of Operations

PLANET continued

Water efficiency

NEW USA TARGET SET

15% reduction
in water usage in select cleaning processes by 2028

REDUCTION IN CONSUMPTION

23% reduction
in water consumption

0.49 litre reduction
per kg of product shipped

One of our most successful projects during the year, is now seeing us safely return one of our effluent streams to drain, rather than this being taken off site for processing. We anticipate this will contribute to reducing our carbon footprint from 2025.

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 along with well water and glycol pumps, allowing accurate understanding of our water consumption year on year.

This is reflected in our water consumption table:

Water Consumption	2024	2023
Total water withdrawn (m ³)	77,043	106,598
Total wastewater ¹ (m ³)	63,254	88,654
Total water consumed ¹ (m ³)	13,789	17,943
Water efficiency (litres per kg of product shipped)	1.95	2.44

1. Our water reporting has historically been based on all water withdrawn determined as "water used". In 2023, when we installed a wastewater flow meter in the US and now use the billing from this along with wastewater invoices in the UK to determine a more accurate measurement of "water consumed" by deducting wastewater from water withdrawn. We exclude the aquifer in the USA which operates a closed loop system.

We are pleased to report a 23% reduction in our water consumption, contributing to a reduction of just under half a litre of water per kg of product shipped. This is the positive outcome of new meters on water intensive processes, and wastewater meters in the USA that enabled the engineering team to identify and rectify issues with certain seals and valves; along with the reduction in demand for a category requiring water intensive processes during the year.

Our UK site has a CIP (clean in place) system which ensures we minimise water usage in our process cleaning, whilst allowing us to automatically clean our blending tanks after each batch. The final rinse of the tanks from the CIP unit is harvested and used as the first rinse for the next tank. During the year we've been enhancing our processes, so that discharge from our CIP system and deionised water plant can be returned to drain, rather than this needing to be removed from site.

Our water consumption is higher at our US facility, where water-intensive manufacturing processes are being scrutinised via new meters, with a further monitoring system planned. These will provide improved visibility around potential water savings, particularly around our cleaning processes, to support in setting our new target.

Our energy, waste and water audit reports suggested further water-saving improvements to our manufacturing facilities. For example, a proposed rainwater harvesting system for the UK, collecting rainwater from the roof, could provide an annual supply of 3,000m³, more than covering our grey water needs on site.

PLANET continued

Sustainable shipping

We continue to navigate the opportunities and challenges of international distribution with products being shipped to 67 different countries, with shipment quantities varying from 2 grammes to 21 tonnes. During the year we continued to monitor the shipping methods used for export, calculating total shipments by each carrier.

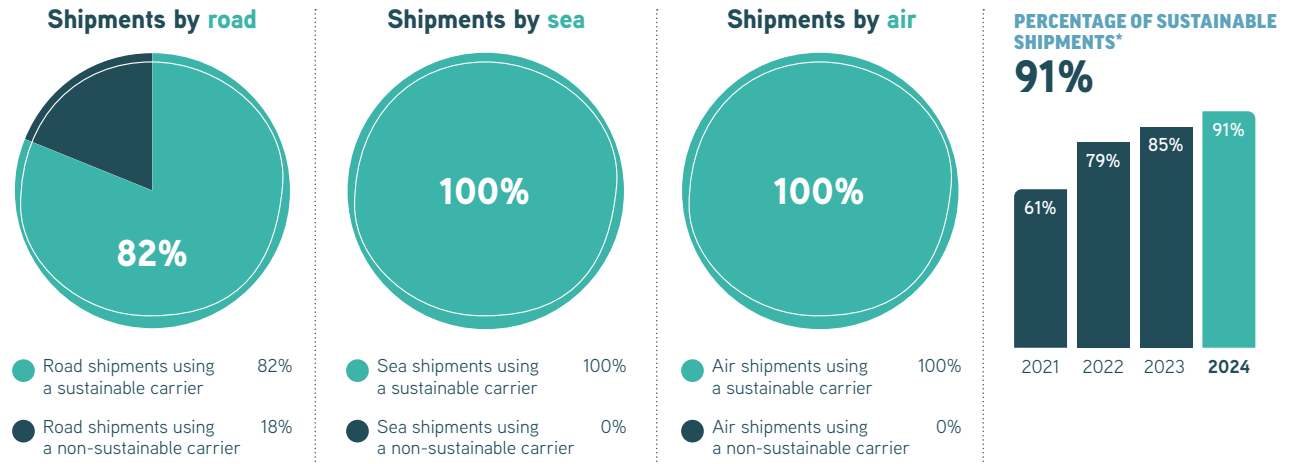
We have also evaluated imports to provide greater insight to our internal logistics team.

ALL SHIPPING BY AIR & SEA

100%
sustainable*

Our logistics service providers are working hard to increase the sustainability of their services, supporting our intentions in reducing the impact of both our inbound and outbound logistics. We select and continue to monitor companies we believe offer “sustainable shipping”^{*} methods.

We conduct due diligence before working with any new carriers and evaluate their sustainability policies as part of that process. This provides us with the assurance that, when we transport our goods across the globe, we will be using providers supporting ethical and sustainable business practices in the shipping sector.



* 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 by Treatt as being a sustainable shipping carrier.



Performance

Priority:

Ensuring appropriate governance of sustainability

Our focus: Ensure sustainability is embedded in decision-making, 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, with the formation of our ESG governance structure in 2023 now providing a framework to accelerate our efforts (see more in our TCFD reporting on pages 35 to 46). With regards to our ESG strategy and execution, the ESG Working Group ensures we have key members in three groups focused around People, Planet and Performance to support the direction provided by the ESG Management Group and the ESG Board Advisory Panel.

Colleagues across the business work together on our priorities to ensure our collective efforts result in positive and measurable change, and encourage engagement by continuing to share success stories.

Our business model defined on page 10 demonstrates how sustainability is embedded in our business. To support this “how we embed sustainability” was the focus of a recent Business Leadership Team session run by our Global Sustainability Manager, to reiterate the opportunities and challenges, as we strive to further the positive impact of our business on both people and our planet.

During the year we increased accountability for sustainability on all projects by adding measurable parameters in relation to sustainability to our capex assessment process. These provide further information regarding any contribution to energy saving, water efficiencies and waste reduction which we can add to our net zero modelling, along with information to ensure we understand any potential impact on our people.

Priority:

Determining and reviewing relevant non-financial KPIs

As a result of progress against this priority, KPIs around sustainability are becoming increasingly integral to the business. These are now grouped in our non-financial KPIs on page 15 of the strategic report, with further KPIs around sustainable sourcing on pages 50 and 51.



PERFORMANCE continued

Priority:

Building a responsible and sustainable supply chain

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

Maintaining strong supplier connections is essential, given how much the raw material markets are subject to change. We work hard to ensure our suppliers act with integrity and respect for the environment and human rights, in order to ensure a positive impact on the communities we collectively engage with, whilst preserving our commitment to sustainable, ethical, and responsible business practices.

During the year, we have continued to engage with our suppliers to further measure how they align with our sustainability programme.

Progress on our strategy

Over the last two years we have focused on the development and rollout of our responsible and sustainable sourcing policy to suppliers across our key ingredient procurement categories, achieving 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 supplier code of conduct and to complete the 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.

Supply chain prioritisation and ESG risk assessment

Our responsible and sustainable supply chain strategy focuses our efforts with our priority suppliers in each category. These priority suppliers are the top 10 suppliers by volume, for each primary category, for goods received during the year.

During the year we have explored scoring our suppliers on the sustainability questions we deem “critical”, with the aim to utilise this as a key determinant within the approval process, as we do for quality, rating the supplier as under review, approved or preferred. This scoring has been modelled and shared with our procurement team and has been supported by a priority supplier assessment and selection guide created by our external consultant, to support our sustainable supply strategy.

By focusing on the priority suppliers for each of the six product categories, we aim for all of these suppliers to reach “preferred supplier” status. We will continue to assess against our policy and where necessary encourage suppliers to make improvements to achieve this status.

During the year we have further developed our KPIs to reflect our progress and priorities, broadening from citrus (our initial focus) to our wider portfolio of suppliers, as set out below.

These KPIs ensure we continue to assess the inherent social, environmental and governance risks within our ingredient supply chains to inform our strategy, and ensure we focus our improvement efforts with the suppliers and supply chains where we can have the most impact. SMETA audits are sought for all processing sites supplying Treatt which can be up to three from each supplier.

Our self-assessment questionnaire also provides ingredient origin location and further information on the nature of the ingredient itself. For our citrus category we’ve continued to focus on water stress and energy use in processing, further engaging with our top ten suppliers on this matter during the year, we intend to conclude our findings in 2025 against our target.

We have seen an encouraging 64% of our citrus volume provided by suppliers with GHG emissions reduction targets in place.

Key performance indicator (based on goods received in 2024)	Target 2027	Performance 2024
% total volume sourced from priority suppliers that have signed our new* code of conduct and returned new* self assessment questionnaire	90%	55%
% citrus volume from priority suppliers that have been SMETA audited (or equivalent, in the last three years)	75%	25%
% suppliers that are Sedex members and whose supplying sites have been SMETA audited (in the last three years)	70%	14%
% citrus volume sourced from priority suppliers that have a GHG emissions reduction target	80%	64%

* Version rolled out from May 2022 including further environmental management, climate change and modern slavery assessment criteria.

PERFORMANCE continued

Looking ahead in 2025 we hope to introduce a new supplier assurance system which will provide tremendous support to our efforts in both requesting and processing supplier information. We also hope to start utilising the supplier engagement capabilities of our carbon management system to capture primary carbon emission data from our suppliers, better reflecting the efforts across our supply chain and industry to reduce our impact.

We will continue to gather and report KPI data in all categories and further our 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.

Sedex | Member

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.

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). It also allows us to create links to our suppliers to access information on their audit status so we can monitor their compliance.

We now measure the number of members audited by Sedex's standards and verified by independent SMETA audits, featured in the table on page 50.

Looking ahead we will encourage priority suppliers not yet registered or audited across all our supply chains to become so via Sedex or with similar third-party organisations, with particular focus on those operating in locations with higher risk of non-compliance. This will provide us with the reassurance that they are audited by recognised bodies and adhere to high standards of governance and ethics.

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 against our sustainability objectives. These certifications, memberships and ratings provide a benchmark for our performance and also enable us to see where we can improve the sustainability of our business and collaborate further to improve our industry's sustainability. Please visit the sustainability page on our website for more detail, and links to these certifications, memberships and ratings.

SAI platform and regenerative agriculture

We are members of the SAI platform, a non-profit network of over 190 members with a shared goal of solving global agricultural challenges to develop a sustainable, healthy and resilient sector while creating strong and secure supply chains.

We are proud to be a founding partner of the SAI platform's Regenerative Agriculture Initiative, helping to drive positive change for a sustainable, thriving and more resilient agriculture sector. As founding partners, we have contributed both financially and via engagement to the scoping; sharing information on our specific raw material procurement, to help shape this new programme. The SAI website, Regenerating Together Programme page, provides further insights.

We have also played key roles in other projects including that of the SAI Platform Florida Orange Sustainability Accelerator Project, which achieved its objective of FSA verification in 80% of Florida's orange production in 2022.



EcoVadis

A ratings platform to assess corporate social responsibility and sustainable procurement for tens of thousands of companies, with a common platform, universal scorecard, benchmarks and performance improvement tools. Our silver sustainability rating places Treatt among the top 25% of companies assessed by EcoVadis.



IFRA/IOFI

Treatt is a signatory to the IFRA/IOFI Sustainability Charter to further our involvement with sustainability initiatives, specifically within our business sector.



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 provide transparency of our progress to our stakeholders. Our 2023 CDP scores for climate and water were C and C respectively (based on 2022).



Food safety standards

Both of our sites in Bury St Edmunds, UK and Lakeland, US, 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 for 2024.

Rainforest Alliance

Our facility in the US is proud to hold Rainforest Alliance Supply Chain certification, meaning we are able to buy and sell specific products with the Rainforest Alliance (RFA) certification seal.

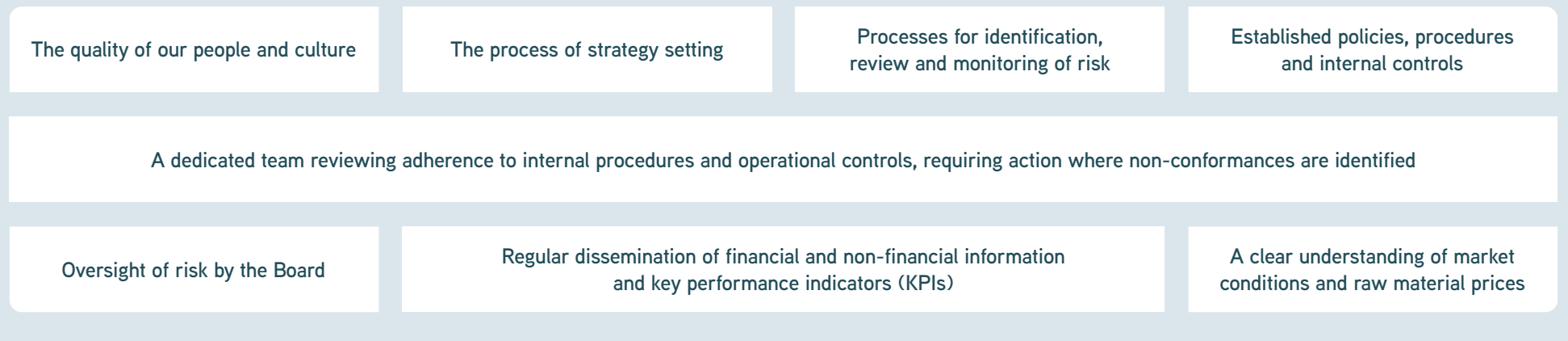
For further information visit www.treatt.com

Risk management



How we manage risks

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



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.

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, 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.

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.

This year 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. Following the review additional controls were introduced and training opportunities were identified.

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.

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 maintain a very low level of reportable incidents and we take steps to ensure that no harm comes to colleagues, customers or suppliers
- **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

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.

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

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
- Introducing scoring on key sustainability criteria to ensure we're working with suppliers who recognise the risks of climate change and are actively mitigating them and encouraging those who don't to improve
- 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 and setting near-term carbon reduction target validated by the SBTi
- 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
- Increased engagement with citrus suppliers deemed higher risk, regarding GHG emissions and water stress management

1 2 3 4 5 6

— No change

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

Financial continued

2. Pandemic and resulting global issues

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

1 2 3 4 5 6

— No change

3. Geopolitical and macroeconomic uncertainties

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 maintain team spirit

1 2 3 4 5 6

— No change

4. Movements in citrus commodity raw material price

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

1 2 3 4 5 6

— No change

People

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

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

1 2 3 4 5 6

— No change

Operational

6. Pressure on infrastructure for strategic business

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

1 2 3 4 5 6

Decrease

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

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

1 2 3 4 5 6

No change

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

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

1 2 3 4 5 6

No change

9. IT issues including network, hardware, data and security

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

1 2 3 4 5 6

No change

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 continued

10. Product failure

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

1 2 3 4 5 6

— No change

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 in recent years, which improved 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. Following completion of the business impact analysis a more robust business continuity plan was 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.

Legal and regulatory

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

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

1 2 3 4 5 6

— No change

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 4 to 61. Information on the principal risks and uncertainties and how they are managed can also be found in the Strategic Report on pages 52 to 57.

Three-year review of the Group's viability

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 time frame, 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 which was 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 56 to 61.

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 plan, and considering the implications of a number of risks materialising during a short-term period;
- stress tests 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 in the prior year, agreeing a £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 so would both renew in 2026 but provide an option for extension for up to a year on the same terms. For the purpose of the analysis, it is assumed that these will be renewed or extended on the same terms when they fall 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 below 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.

Stress testing and impact on going concern and viability assessment

The current global economic environment is still uncertain in both domestic and international markets. There are many sources of disruption in the post-pandemic world, including the threats of global conflicts, political instabilities and the ongoing impacts of climate change, and we continue to see both demand and supply-side challenges in the flavours and fragrances sector, putting pressure on raw material prices and margins.

Considering this, the Directors have modelled scenarios representing varying degrees of severity and have considered the impact of changes in 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 scenarios are those that could arise from the manifestation of the aforementioned uncertainties and which would adversely impact cash generation and profitability.

A further scenario was modelled to find a sustained reduction in gross profit over the viability period that would give rise to a breach of the Group's covenant conditions or headroom within the period. This is a slight change of approach to prior years whereby we'd primarily sought a reduction in revenue that would lead to a breach.

Outcome of stress testing

At the year-end date, the Group's net debt was £0.7m and the Group's headroom on facilities was £43.3m.

Under all of the scenarios considered, which represent reasonable but severe manifestations of the Group's principal risks and uncertainties, the Group's headroom remained significant throughout the viability period. In the most adverse scenario, whereby FX, revenue and margin assumptions were all significantly stressed simultaneously, the minimum Group headroom throughout the period was £4.3m. Under this scenario however, the Group's UK subsidiary, R C Treatt & Co Ltd ("R C Treatt"), would breach its facility limit in January 2027, but in that event the Group would act swiftly to recapitalise the company, using cash elsewhere in the business to ensure no facility breaches occurred.

R C Treatt has operational covenant limits, the most salient of which are maintaining debtor days below 95 and ensuring that inventory exceeding 180 days of ageing does not constitute more than 50% of the overall inventory 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 should adverse trends start to emerge.

A particularly severe scenario was determined in which banking covenant requirements or facility limits would be breached during the viability period, the so-called "reverse stress testing scenario". In this test, it was determined that a sustained reduction in gross profit of around 55% compared with the previously forecasted levels, over the viability period with no mitigating measures put in place, would result in a breach of the financial covenants in R C Treatt's facility limit by around June 2026, followed by a breach of overall Group facility limits in December 2027. Such a scenario was found to be the equivalent of Group losses before taxation of £15m or more for each year of the viability period. Such a huge decline in profitability would represent a catastrophic failure of the business's strategy, and the possibility of this severe scenario 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.

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 of this Annual Report. 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.

This Strategic Report was approved by the Board on 4 December 2024.

Alison Sleight

Company Secretary
4 December 2024



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)



David Shannon
Chief Executive Officer

Appointed to the Board:

June 2024

Skills and experience:

David joined Treatt from Croda International Plc where he held a number of senior positions, latterly as President of Consumer Care and an Executive Committee member.

David has a proven track record of sustainably growing innovation-led businesses in the UK, USA and China and his prior expertise includes global business management, formulating and delivery against strategy, optimising science and innovation to drive growth, maximising new revenue drivers and retaining and developing employees.

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.

In the 12 years before joining Treatt, he was 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, Germaines Seed Technology and Illovo Sugar. He qualified as a Chartered Accountant at PwC in South Africa.

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 December 2022. She is a Non-executive Director of Genuit PLC and of the Canal and River Trust, and was previously a Non-executive Director and Remuneration Committee Chair at both Wolseley UK and at Paddle UK.

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
- Non-executive Director at Canal and River Trust



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.

As announced on 15 November 2024, David intends to retire following Treatt's AGM in January 2025 so has not been put forward for re-election.

Key external appointments:

- Independent Member of Driscolls Scientific Advisory Committee



Christine Sisler
Non-executive Director



Appointed to the Board:

February 2022

Skills and experience:

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.

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.

Key external appointments:

- Treasurer, New York Cider Association Executive Board
- CEO, Merchant's Daughter Ciderworks



Philip O'Connor
Non-executive Director
and Senior Independent 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

Committee key:

- Nomination Committee
- Remuneration Committee
- Audit Committee
- Independent
- Denotes Committee Chair

Former Directors:

Daemnon Reeve
Stood down as Chief Executive Officer on 31 December 2023.

Chair's introduction

“ I am pleased to introduce our Corporate Governance Statement, in which we describe our governance arrangements, the operation of our Board and its Committees and how the Board discharged its responsibilities during the year.”



Vijay Thakrar
Chair

8

Board meetings in the year

98%

Board meeting attendance

Board experience	
Management	7
Operations	1
HR	1
Finance	4
Legal	1
ESG	2
Industry	4

Dear Shareholder,

The Board remains committed to maintaining effective corporate governance and oversight to enable our management team to deliver our strategy for the long-term benefit of our stakeholders. Our in-person Board meetings enable the Board to engage with senior management and wider teams to understand key issues they may be facing and provide support and guidance as well as challenge.

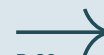
Succession

One of the Board's priorities during the latter part of 2023 and early part of 2024 was the recruitment of a CEO to replace Daemmon Reeve who retired from Treatt on 31 December 2023. We are delighted to have appointed David Shannon with effect from 3 June 2024. The Board was assisted by a Search Partner who was requested to provide a pool of high-calibre candidates with a wide range of skills and experience. Following an extensive selection process, David was considered the best candidate to take Treatt into the next phase and realise our growth ambition. I would like to thank my Board colleagues for the significant time they invested during the recruitment process.

Sustainability

We have continued to build on our ESG framework, approved last year, consisting of a Working Group, Management Group and Board Advisory Panel.

This structure has enabled focused action, decision-making, Board challenge/support and alignment across the business to further support our ESG ambitions. To assist in further embedding Sustainability across the Group the Board receives progress updates at every meeting and engages directly with the Global Sustainability Manager.



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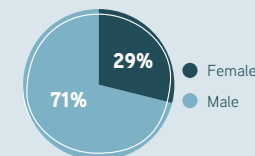
For our TCFD disclosure.

Strategy

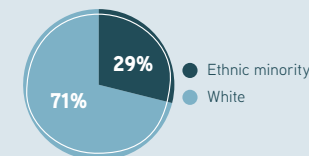
The Board approved a five-year strategy in the last financial year which saw input from a wide range of colleagues from across the Group. Strategy sessions were held over two days in March 2024 with the Board being updated on progress against strategic goals from senior leaders across the business. The sessions provided a forum for open discussion and challenge and the Board updated on progress against the actions from the sessions at the following Board meeting.

Following David Shannon's appointment as our CEO, he and the management team are reviewing how our strategy should be calibrated, particularly to drive revenue and profit growth and David's CEO Statement provides his thoughts on the direction of travel.

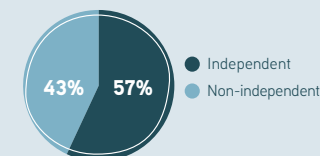
BOARD GENDER DIVERSITY*



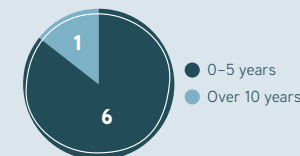
BOARD ETHNICITY*



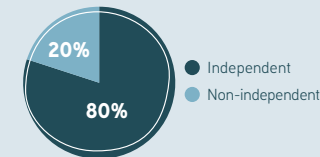
BOARD INDEPENDENCE



LENGTH OF SERVICE



INDEPENDENCE OF NON-EXECUTIVE DIRECTORS



* For more information please see the Nomination Committee Report on page 76.

Annual General Meeting

The Board is looking forward to welcoming shareholders to the 2025 AGM on 30 January 2025, which is to be held at our registered office. We hope that you will be able to attend. Further details are on pages 144 to 152.

Statement of compliance with the UK Corporate Governance Code

We are subject to and report against the FRC’s 2018 UK Corporate Governance Code (the “Code”), a copy of which can be found at www.frc.org.uk. The Board is supportive of the standards set in the Code and is pleased to report that the Company has applied the principles and complied with the provisions set in the Code during the year under review.

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The Governance statement has been divided into sections that correspond with the five main sections of the Code. We have applied the Code’s principles through our Board and governance structures, and information about our compliance with the Code’s principles and provisions can be found in the following sections of this statement with cross-references to other sections of the report.

Leadership and purpose

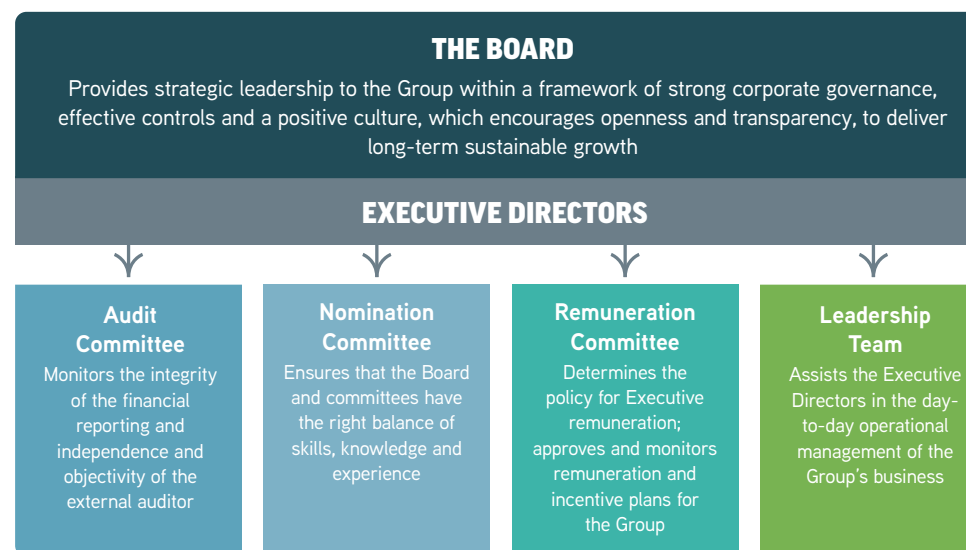
Role of the Board

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 Executive Directors.

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 Leadership Team, with members located in the UK and US. The Executive Directors also hold regular meetings with the Country Manager of the China subsidiary.



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
David Shannon¹	Chief Executive Officer	3/3	N/A	N/A	N/A	
Ryan Govender	Chief Financial Officer	8/8	N/A	N/A	N/A	
Vijay Thakrar	Non-executive Director and Chair	8/8	N/A	4/4	5/5	Board, Nomination
Philip O'Connor	Non-executive Director	8/8	4/4	4/4	N/A	Audit
Christine Sisler	Non-executive Director	8/8	4/4	N/A	5/5	
Bronagh Kennedy	Non-executive Director	8/8	N/A	4/4	5/5	Remuneration
David Johnston	Non-executive Director	7/8	N/A	N/A	N/A	

¹ David Shannon attended all Board meetings following his appointment in June 2024.

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 robust 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 by arranging meetings with colleagues from different functions on a rotational basis as well as inviting all staff to meet with the Board during informal lunch meetings periodically. These activities facilitate two-way exchange of views and enable the Board to better understand key issues in the business.

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
- Employees are provided with an open channel of communication with the Board, on a confidential and anonymous basis.
- 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 each year in person and via video conference, provide an opportunity for all Group employees to meet with either, or both, Vijay and David on a one-to-one basis. 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 well-attended by a mix of people across all functions.

Whilst the sessions are confidential, the Board receives anonymised 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 presentations and discussions with project leaders and attendance of the UK and US HS&E Managers to discuss HS&E data and plans for improvements.

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.

No concerns were raised under the Speak Up policy during the year.

Key themes from employee engagement

UK

- Buy in and energy for achieving strategic goals
- Colleagues would like to understand feedback from engagement surveys and resultant actions the management team are taking
- Autonomy, empowerment and accountability are important to colleagues
- Colleagues are invested in Treatt's successes with much discussion about the share price
- A target for cultural progress, similar to financial targets with a view to supporting the strategy, would be welcomed
- More communication with the management team to be face to face rather than via emails

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 60 to 61.

US

- The ambitions shown by the Group's five year strategic goals are welcomed
- More on-the-job training and clearer performance management would be welcomed
- People development and culture are important to colleagues
- Collaboration between departments and greater planning is vital to ensure continued success
- Suggestions for increased automation to drive efficiencies
- Increased face-to-face communication with the management team rather than via emails during periods of change would be beneficial

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 73.

Vijay Thakrar
Chair

China

- The team are excited by the growth opportunities for Treatt in China
- Opportunities for product development for the China market are being mapped out
- Solutions are being sought to enhance the facilities and reduce lead times
- The team is encouraged by the Country Manager to express their opinions and opportunities are numerous

Roles and responsibilities

Details of the Directors, the positions they hold, and the committees of which they are members are shown on pages 60 to 64. The Board consists of the Non-executive Chair, Vijay Thakrar, and four further Non-executive Directors together with David Shannon, 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 as approved by the Board
- In conjunction with the CFO, recommends the annual budget to the Board for approval
- Ensures strong leadership of the Group
- Sets and promotes the culture of the organisation
- Develops the 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
- Responsible for day-to-day running of the business
- Manages the operations and resources of the Group
- Oversees the legal and governance department

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

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 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

Company Secretary

- Is supported by an Assistant Company Secretary, who is responsible for the day-to-day running of the Secretariat
- 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 the governance function

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. One Board meeting annually is dedicated solely to key risk matters across the Group. The ESG Board Advisory Panel provides a dedicated panel of Board members and others within the business to help drive the ESG agenda and provides regular updates to the full Board with progress.

Further details of the committees can be found on pages 76 to 96. 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. As 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"). As announced in November David Johnston has confirmed his intention to retire from the Board, therefore is not seeking re-election. Over half of the Board are independent Non-executive Directors, as defined by the Code.

Time commitments

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. The Board is satisfied that the other commitments of all Board members, including the Chair, 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 an appropriate balance of skills and experience with financial, technical, industry-specific, governance and general business skills.

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 business skills, 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.

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. No such additional fees were paid in the year.

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 76 and 77.

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 themselves 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 with our brokers 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 and our external advisers.

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.



P. 27

For details on the Group approach to diversity.

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 adviser with no other connection to the Group. Further engagement with the external evaluator took place during 2023, focussing on effective communication and debate as well as support/challenge for the management team.

During the year an evaluation of the Board, its committees and each individual Director was carried out internally, building on the external evaluation exercises in 2022 and 2023.

Directors were asked to complete a confidential questionnaire which considered different aspects of the work of the Board and its committees, focussing on the principles of corporate governance. The results were discussed by the Board and it was concluded that the Board remained effective overall. However, it was felt that greater focus on understanding of key risks and management's mitigation actions and plans was needed and a Board meeting dedicated to these matters was held in September 2024. This, together with a review of the Board's risk appetite and review of key controls will continue to be a focus for 2025.

The performance of individual Directors was evaluated by the Chair and the Chair was evaluated by the Senior Independent Director.

What the Board did during the year

The Board met formally eight times in the 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
- Held sessions with sales, operations, people and technical teams to give the Board a greater understanding of the business
- Received regular updates on progress of the sustainability strategy
- Endorsed the appointment of a Director of Strategy and Corporate Development

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 2023 Annual Report and the 2024 half-year results
- Approved the 2025 budget and capital investment proposals
- Reviewed the Group forecasts, net debt levels, facility headroom and covenants and working capital
- Approved financing proposals and bank facilities
- Approved the recommendation of the final dividend for 2023 and the interim dividend for 2024

Operational performance

- Received reports and presentations from management on the performance of each of our product categories and other matters of material importance to the Group
- Received presentations from UK and US sales on pipeline opportunities and recent wins and proposed activities to grow revenues
- Received updates on opportunities in China

Governance and risk

- Undertook an internal Board and committee evaluation
- 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

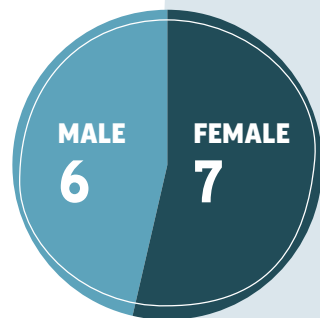
People

- Appointed Interim CEO/CFO
- Completed the recruitment process for a new CEO
- Provided oversight on key remuneration matters for senior management and staff
- Provided oversight of proposed structural changes to the Leadership Team
- Reviewed the actions taken by management in response to Employee Voice feedback
- Reviewed the results of engagement surveys undertaken across the business and other cultural indicators and actions taken
- Approved the SIP, SAYE and ESPP share awards

Business Leadership team

During 2024 our Business Leadership Team continued to drive our global business performance and strategic ambitions.

Following David Shannon's appointment in June 2024 he has consulted widely within the business and with key stakeholders. To accelerate growth in key jurisdictions, and in line with our strategic ambitions, we intend to launch a regional structure in 2025 to enable our teams to deliver tailored excellence within our focus regions.



- 1 David Shannon, Group CEO.
- 2 Ryan Govender, Chief Financial Officer.
- 3 Gavin Patrick, VP of Global Sales.
- 4 Nick Evans, UK Site and Sales Director.
- 5 Kelly Gordon, Business Performance Director.
- 6 Tracy Marshall, Director of Validation.
- 7 Jamie Bowman, Global Supply Chain Director.
- 8 Babette Norman, VP of Operations.
- 9 Paul Kollesoff, Director of Strategy and Corporate Development.
- 10 Maya Zuniga, VP of Innovation & Technical Services.
- 11 Jaynie Vincent, Interim People Director.
- 12 Angie Williams, Head of Acceleration.
- 13 Alison Sleight, Group Finance and IT Director.

* Our leadership team as we enter 2025.

How the Board monitors *culture*



This report was approved by the Board on 4 December 2024.

Alison Sleight
 Company Secretary
 4 December 2024

1 Compared to an average participation rate of 32% (Proshare SAYE & SIP report 2023).
 2 Compared to an average participation rate of 34% (Proshare SAYE & SIP report 2023).

Commitment

to our stakeholders

This statement describes how during the year ended 30 September 2024 the Board consider that they have acted to promote the long-term success of the Company for the benefit of all our stakeholders and the environment as well as consideration of the matters set out in sections 172(1) a-f of the Companies Act 2006 as an integral part of Board decision making.

The Board confirms that during the year under review it acted and continues to act to promote the long-term success of the Company for the benefit of shareholders as a whole whilst maintaining due regard for the matters set out in Section 172:

Section 172 Provision	Further detail can be found
A The likely consequences of any decision in the long-term	Business Model Page 10
	Strategy Pages 11 to 13
	Investment Case Page 5
	TCFD Pages 36 to 45
B The interests of the Company's colleagues	Business Model Page 10
	People and Culture Pages 24 to 32
	Corporate Governance Pages 62 to 69
	Stakeholder Engagement Page 68
	Nomination Committee Report Pages 76 to 78
Remuneration Committee Report Pages 82 to 96	
C The need to foster the Company's business relationships with suppliers, customers and others	Business Model Page 10
	Stakeholder Engagement Page 68
	People and Culture Pages 24 to 32
D The impact of the Company's operations on the community and the environment	Business Model Page 10
	People and Culture Pages 24 to 32
	Sustainability Pages 33 to 51
	TCFD Pages 36 to 45

Section 172 Provision	Further detail can be found
E Maintaining a reputation for high standards of business conduct	Business Model Page 10
	TCFD Pages 36 to 45
	Risk Management Pages 52 to 57
	Audit Committee Report Pages 79 to 81
F The need to act fairly as between members of the Company	Business Model Page 10
	Stakeholder Engagement Page 68
	Remuneration Committee Report Pages 82 to 96

Operational engagement with stakeholders is reported to the Board by the Executive Directors and the Business Leadership Team, information is disseminated by way of reporting and in person. Reports submitted to the Board highlight positive, negative and potential effects to key stakeholders of the subject matter. This provides the Board with insight into the consequence of our business on our stakeholders. Board meetings include time dedicated to consideration and discussion of 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 37 and 38.

The icons in this statement illustrate how section 172 matters were considered by the Board:





Colleagues

Our colleagues are the vital ingredient to the success of the business and its culture as well as commitment to the Company's purpose and values which drive the performance of the business. We engage with our colleagues frequently and seek to create an environment in which all of our people feel happy, supported and empowered to excel every day. Our culture is supported by maintaining an open and active dialogue across the business underpinned by our values.

How we engaged	What we discussed	Outcomes
Employee Voice sessions with the Chair and/or designated employee Non-executive Director across all sites	Board changes, business strategy, investment, culture, communication, employee welfare and operating matters were amongst many topics discussed with our Chair and designated employee Directors	An opportunity for the Board to gain insights into culture, understand risks and opportunities and to continually monitor whether Treatt's culture, purpose and behaviours are aligned to our values Feedback from the sessions was considered at Board meetings with the Executive Directors and action taken where required by our management team
A global Engagement Survey	All elements of colleagues' experience at Treatt	Our Interim People Director presented the findings of the survey to colleagues at a global townhall and actions are being taken forward in response to the survey feedback. Detailed results from the survey were shared with the Board to provide insight on cultural alignment and progress from various initiatives. The survey was completed by 75% of colleagues so donations were made to Treatt's anchor charities in recognition of increased participation
Monthly meetings of the safety, health and environment (SHE) champions	Opportunity for SHE Champions and the Health and Safety Team to share frequent updates	Assurance to colleagues and stakeholders that our commitment to safety is of paramount importance to the Board. The Board is kept updated on all feedback from these meetings; it is one of the first items for review at Board meetings
7Cs Open House Event	All colleagues attended a roadmap-focused briefing on each of our 7Cs pillars	Each pillar was presented to colleagues to reiterate strategic aspirations by way of the 7Cs and an understanding of how each colleague can play a part in the delivery and success of our strategy
Informal "lunch with the Board" sessions across the business	Open discussion of challenges and opportunities and a chance for colleagues to get to know Board members and vice versa	A deeper understanding for the Board of the diverse and specialist skillsets across the business as well as challenges and opportunities and for colleagues of the Board's strategic focus areas
CEO succession Q&A sessions	Following the announcement of the CEO succession the Board discussed the succession plan and the expected timeline with colleagues	During a time of considerable change these sessions provided the opportunity to discuss change, to alleviate uncertainty and to ensure structural change did not negatively impact culture
CEO appointment information cascade	Following the announcement of David Shannon as our new CEO a recorded message from him was shared	Enabled colleagues to "meet" David before his start date
Informal "face-to face" sessions open to all colleagues	At a series of sessions across the year colleagues were able to meet David and heard his vision for Treatt, and enjoyed "coffee connections" with the Executive Directors and Business Leadership Team	An opportunity for informal engagement and encouragement of an open and transparent culture
A Q&A with David Shannon in Company magazine "The Loop"	Questions were put to David from colleagues	Enabled colleagues to find out more about David and what he brings to Treatt
A townhall attended by our Remuneration Committee Chair	Explanation of how Executive Director remuneration is set and links with overall strategies and pay for colleagues	Providing colleague insights into Executive remuneration
Introduction of the "Manager's Script" a messaging mechanism for all colleagues	The "Manager's Script" is disseminated monthly by way of team meetings across the business and ensures current and consistent messaging is shared promptly with all colleagues	Initiative developed following feedback from Employee Voice conversations and engagement surveys regarding communication



Colleagues continued

How we engaged	What we discussed	Outcomes
The Board completed mandatory training modules	Training modules covering Anti-Bribery, Anti-Facilitation of Tax Evasion, Confidentiality, Cyber Security, Data Protection, Labour and Human Rights, the Market Abuse Regime and Modern Slavery were undertaken	An understanding for the Board of how we maintain Treatt's high standards and values as well as insight into how colleagues are kept safe and encouraged to act in a compliant manner
Wellbeing and financial wellbeing workshops offered to all colleagues	Support extended to all colleagues to address pressures exacerbated by cost-of-living challenges and to encourage a healthy and practical approach to achieving work life balance	Investment in the wellbeing of all colleagues. The Board approved free and matching share awards under the Share Incentive Plan (SIP) and a grant of options under the all-employee share save schemes
"Inside the Factory" and "Inside the Control Room" sessions	Sessions open to all colleagues to encourage an understanding and appreciation of the diverse roles and expertise at Treatt	To encourage a one-team mentality. The Board conducted factory tours in both the UK and USA to gain a deeper understanding of operational issues and to show appreciation to our operations colleagues
Gender Pay Gap reporting	We shared the findings of our Gender Pay Gap reporting with all colleagues	As part of our commitment to transparency and equality we asked for colleagues' feedback on the report, which was subsequently shared with the Board
Equality, Diversity and Inclusion (ED&I) Allies Network	Following its formation in 2023 work was continued during the reporting period	Fosters appreciation for our diverse range of skills and individuals. See pages 27 and 28 for more information



Shareholders

It is vital 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	What we discussed	Outcomes
Held our AGM in January 2024 in person at Skyliner Way. The meeting was well attended by individual shareholders	<ul style="list-style-type: none"> Financial results and performance Our CEO Succession Plan and progress on recruitment of our new CEO Energy consumption China growth Pressures brought about by destocking Interest rate challenges Citrus prices Board time commitment and remuneration 	Ability for some of our retail shareholders to address questions directly to the Board followed by demonstrations in our world-class innovation laboratory
Investor roadshows were held following release of our preliminary and interim results announcements with many existing and prospective institutional shareholders	<ul style="list-style-type: none"> Financial results and performance Our CEO Succession Plan and progress on recruitment of our new CEO Sustainability ambitions and targets Progress in new markets Our five-year strategy Vision 2027 and progress against it Updated financial guidance for the year in review Growth in China Executive remuneration The softening of global destocking pressures 	<p>Updates were provided on trading results and outlook together with details of the new CEO once appointed. The Chair also addressed individual queries from shareholders during the year</p> <p>The Board proposed a final dividend for 2023 and approved an interim dividend for 2024. When considering dividend levels the Board considered its dividend policy, the impact on the Group's cash position, investment needs and relevant borrowing levels</p> <p>Presentations and webcasts were made available to all shareholders through the Group website</p>



Customers

It is fundamental 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	What we discussed	Outcomes
The Executive Directors and the management team met with a number of customers, with relevant Treatt specialists in attendance, during the course of the reporting period both at their premises and at Treatt sites	<ul style="list-style-type: none"> Customer perceptions of Treatt's strengths and where we could improve Our approach to sustainability and progress made during the year Heritage products and Treatt's value proposition 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 Reports to the Board on customer engagement 	<p>The strengthening of our Global Commercial Team</p> <p>The Board is kept updated of customer engagement and feedback to enable decision making and strategy that addresses customer requirements</p> <p>Encouragement to the Executive Directors and our Commercial Team to meet all of our key customers/target customers on a regular basis to understand their needs, their perceptions of Treatt and how we can grow our business with them</p>
Focused commercial discussion with our Global Sustainability Manager	We engaged with our Commercial Teams discussing actions taken in support of our customers' own carbon and water strategic targets	The discussions provided reassurance that we are supporting our customers' climate actions and supply chain transparency requirements



Suppliers

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

The Executive Directors have been involved in a number of supplier meetings during the reporting period, the Board indirectly engages with suppliers through our Executive Directors and Procurement Team, who are responsible for supply chain management.

How we engaged	What we discussed	Outcomes
Presentations and "Lunch with the Board" session with our Procurement Team, to promote "in-depth" conversations regarding our complex Supply Chain	<p>A deep dive into the team's activities, opportunities and challenges</p> <ul style="list-style-type: none"> 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 	Consideration of supplier engagement including the latest payment practices
Regular virtual and face-to-face meetings	Questionnaires were issued to all priority citrus suppliers regarding GHG emissions targets and water management, in line with risks disclosed in our TCFD disclosure pages 50 and 51	The responses provided risk mitigation for priority suppliers around critical sustainability issues
Continued our membership of Sedex and EcoVadis platforms	Provided us additional data insight to support our customers' Scope 3 disclosures	Representative of our ongoing commitment to our vital supplier base and to drive forward our own ESG strategy



Communities and environment

We care deeply about the communities and environment in which we operate; both are fundamental to our business and the supply of natural raw materials. We are working hard to embed sustainability into all aspects of life at Treatt to ensure long-term continuity and value for all our stakeholders and have spent time developing relationships to provide support and opportunities. It is vital 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.

Community relationships are managed locally with the input of the Executive Directors and with each subsidiary focusing on community groups, projects and initiatives which are important to our colleagues and the local communities in which we are embedded.

The ESG governance framework formed in 2023 underpins the vital work being undertaken on embedding and strengthening all challenges and opportunities across the Group relating to the environment, sustainability and our commitment to it.

How we engaged	What we discussed	Outcomes
Our ESG Board Advisory Panel kept the Board informed and updated as to progress made during the reporting period	TCFD, our pathway to net zero, future ambitions and budgetary requirements	The ESG governance framework has ensured regular detailed updates are provided to the Board and that environmental risks and opportunities are embedded in decision making and strategic thinking Following a year of our formal ESG governance framework we are able to measure progress and hold ourselves accountable
Listened to consumer expectations regarding preferences for sustainable products and product carbon footprinting	The appetite amongst our consumer base and customers for sustainable products and product carbon foot-printing	We appointed two colleagues from our Innovation and Commercial teams as "Co-Opted Panel Members" to our ESG Board Advisory Panel. Coming from a different generational cohort to the Board we want to ensure a diversity of thinking as well as technical insight from our own experts.
Discussed customer environmental strategies	The requirement for more granular environmental data to feed into Scope 3 reporting and supply chain transparency for much of our customer base	We signed up to the environmental data platform, Altruistic. The site provides SBTi/Net Zero target management and support for supplier Scope 3 to enhance our customer experience
Energy audit of our UK and US facilities	Considered different energy production projects	Solar panel investment approved and installation commenced in Suffolk
Introduction a group wide volunteering scheme	Introduced a wide range of community volunteering opportunities	We are a positive force for good in our communities
Strengthened existing relationships with charities local to our sites	Providing financial and non-financial donations to community projects and charities	Provides us a vital presence in our local communities
"Grow Your Dough"	A Group-wide fundraising event which challenged colleagues to find creative solutions to raise money	The initiative fostered a healthy competitive spirit and events run in line with our Values as well as sizeable donations to our local charity partners.



Vijay Thakrar
Chair – Nomination Committee

- Nomination Committee members**
- Vijay Thakrar**
Board Chair
 - Philip O'Connor**
Non-executive Director
 - Bronagh Kennedy**
Non-executive Director

4
Meetings in the year

100%
Meeting attendance

Nomination Committee experience	
Finance	2
Management	3
Industry	1
ESG	2
HR	1
Legal	1

“As Chair of the Nomination Committee I am pleased to present our report on the committee’s activity during reporting period 2024.”

Dear Shareholder,
Role and responsibilities

The committee is responsible for regularly reviewing the structure, size, composition and diversity of the Board and memberships of the Board’s committees as well as recommending appointments to the Board. The committee’s focus and discussions are communicated to the Board following each meeting.

More details are contained in the committee’s Terms of Reference which is reviewed annually and can be viewed on the Group’s website.

Membership and meetings

Throughout the reporting period membership of the committee has remained consistent, comprising the Chair and two independent Non-executive Directors. Detailed biographies of the committee are available on pages 60 and 61. Other Directors and members of management attend meetings by invitation as required.

The committee meets a minimum of three times per annum, and on an ad hoc basis as required. In 2024 there were four formal meetings and five ad hoc meetings. Director attendance on an individual basis is shown on page 64.

Evaluation and composition

The committee supports the Chair in reviewing the composition of the Board and its committees by way of annual evaluation. The committee manages and reviews a matrix which is used to monitor the skills and expertise of each Director and to ensure that the Board’s overall skill set is balanced.

The contents of the skills matrix are reviewed annually and identify opportunities for further training and feeds into Board succession planning and ensures the Board has a complementary and diverse set of strengths and experience. In the reporting period, a review was undertaken of the Board’s skills and experience along with an internal evaluation of the Board and its committees. The results are summarised on page 68.

Recruitment

The committee is responsible for recommending all Board appointments and as such undertook a robust CEO search process during the reporting period, more details are set out on page 78. In addition, for the period January to June 2024, the committee appointed an Interim CEO and Interim CFO.

Activities during the year

- The committee oversaw the terms under which the former CEO left Treatt
- The committee considered the options for day-to-day executive leadership of Treatt in anticipation of the former CEO’s departure and decided to appoint an Interim CEO and Interim CFO
- The committee held a number of ad hoc meetings in the reporting period in relation to the Group CEO succession, more details are set out on page 78
- The committee also arranged for the Interim CEO to revert to acting CFO and for the Interim CFO to revert to acting Group Finance & IT Director, upon the new CEO’s joining
- Continued review and development of the Board and its committee’s see page 67 for further information

- Oversight of Board and Business Leadership succession and resilience plans with consideration on short, medium and long-term planning and development of a succession pipeline
- Engagement with the wider workforce and subsequent appointment of two colleagues as "Co-opted Panel Members" to sit on the ESG Board Advisory Panel. Further details on this initiative are set out on page 75 within Section 172
- Annual review of the Committee's Terms of Reference
- Internal review of the effectiveness of the Committee
- Considered the time commitment required from the Board and noted it to be consistent at 30 days per annum on average for our Non-executive Directors and considerably more for the Non-executive Chair. Further details regarding Board commitment are set out on page 67 of the Corporate Governance Report

Focus for next year

- Continuing review and development of Board and committee membership
- Board evaluation, to include review of skills and experience of individual Board members as well as the Board as a whole
- Continued development of senior management resilience and succession plans and support to the Executive Directors on structure/organisation design matters
- To consider the balance of the Board as a whole

Diversity

The Board recognises the benefit of appropriate diversity to support its strategic objectives and provide a variety of thinking. Since 2018 seven Directors have been recruited to the Board, of which four have been women and two have been from a minority ethnic background i.e. only one has been a white male. All are from a humble social background and most were the first in their families to attend university. The Board is cognisant that it has not yet achieved Listing Rule gender diversity targets, as set out in the numeric tables below, but remains committed to doing so. On ethnicity, the Board notes that two of its Directors are from a non-white background.

As Board positions are refreshed the Board intends to progress towards 40% females while continuing to appoint candidates based on merit. In the overall interests of Treatt and its stakeholders owing to the size of the Board, which is proportionate to the size of the business, and the timings of the departures of previous directors, the appointment of a woman in a senior Board role has not yet been achieved. The Board is committed in the short-term to ensuring that the current levels of diversity are maintained, as a minimum, and in the long-term to achieve the Listing Rule diversity targets, underpinned by the Board's Diversity Policy.



P. 27

For more detail on the Board's approach to diversity across the Company

Numeric data – UK Listing Rule 9.8.6 (10)

In accordance with Listing Rule 9.8.6 (10) gender and ethnicity data in the format set out in LR9 Annex 2.1 as at 30 September 2024 is set out below.

Board members and senior management complete a diversity monitoring form to confirm which of the categories set out below they identify with.

Gender

	Number of Board Directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in business leadership team	Percentage of business leadership team
Men	5 ¹	71 ²	4	6	43
Women	2	29 ³	0	8	57
Not specified/prefer not to say	0	0	0	0	0

Ethnicity

	Number of Board Directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in business leadership team	Percentage of business leadership team
White British or other white (including minority-white groups)	5 ¹	71 ²	2	11	84
Mixed/Multiple ethnic groups	0	0	0	0	0
Asian/Asian British	2	29 ³	2	2	18
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

1 4 Following David Johnston's retirement after the January 2025 AGM.

2 67% following David Johnston's retirement after the January 2025 AGM.

3 33% following David Johnston's retirement after the January 2025 AGM.

Appointing a new Chief Executive Officer

The committee undertook a thorough search process to appoint a new Chief Executive Officer. While a number of very high-quality candidates were interviewed, the committee identified David Shannon as an outstanding candidate who possessed a compelling balance of experience, leadership and vision to lead the Treatt team into its next chapter of growth.



OCTOBER 2023

- On 20 October 2023 Treatt announced it was Daemmon Reeve's intention to retire on 31 December 2023
- The committee commenced a tender process to appoint a search partner to facilitate a thorough search
- The committee appointed Pure Executive¹ as its chosen search partner. Pure Executive have worked with Treatt and its Board in the past few years and have an excellent understanding of the business and culture. Pure Executive are signed up to the Voluntary Code of Conduct for Executive Search Firms
- A rigorous search commenced with extensive market mapping of potential candidates with diversity and culture as a key driver

NOVEMBER 2023

- The committee reviewed a long-list of 16 potential candidates

DECEMBER 2023

- The committee agreed on a shortlist of seven candidates to take forward to the interview stage
- The committee met each candidate in person

JANUARY 2024

- In January Ryan Govender and Alison Sleight stepped up as Interim CEO and CFO respectively
- The Committee recommended a final shortlist of two candidates to the whole Board to interview

FEBRUARY 2024

- Interviews for the final shortlist of candidates were held with Board members, followed by external executive/psychometric assessments and a feedback session with the committee and Board members where further data and measurement against the successful role profile were considered
- One-on-one meetings were held by the Chair and Interim CEO with all shortlisted candidates

MARCH 2024 TO MAY 2024



- Following a final review with the Board, the committee recommended the appointment of David Shannon
- David was announced as the successful candidate on 4 March 2024
- Shortly after David's appointment was announced a comprehensive induction programme was designed to ensure a structured transition into the role
- David was able to join an away day with the Business Leadership Team to consider Vision 2027 and to get to know key stakeholders in the business
- David also attended Treatt's UK site in the period to meet with the Board and staff colleagues and develop a more detailed understanding of the business

JUNE 2024 ONWARDS

- David joined Treatt on 3 June 2024 as CEO and Ryan resumed as CFO with Alison Sleight as Group Finance and IT Director
- David's first weeks were spent being introduced to the company and our colleagues, customers, suppliers, investors and our brokers

¹ Pure Executive is a subsidiary of Pure Recruitment Solutions Limited. Both Pure Executive and Pure Resourcing have previously provided recruitment services to Treatt but have no other connection to individual Directors or the Company.



Philip O'Connor
Chair – Audit Committee

Audit Committee members

Philip O'Connor (Chair)
Non-executive Director

Christine Sisler
Non-executive Director

4

Meetings in the year

100%

Meeting attendance

Audit Committee experience

Finance	2
Management	2
Industry	2
Operations	1

Dear Shareholder,

Membership, independence and experience

Treatt's Audit Committee, comprising two independent Non-executive Directors, reflects Code requirements for a smaller listed company.

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 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

“As Chair of the Audit Committee I am pleased to present our report on the committee's activity during reporting period 2024.”

- 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

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
- Considered the succession of the audit partner following her tenure and continuity with the BDO audit team
- 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 2024 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
- Reviewed the potential requirement for an internal audit function
- Consideration of a half-year review conducted by BDO
- 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

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 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 apprised of its key themes and to raise any issues early in the process. The 2024 Annual Report was reviewed at a committee meeting in November 2024 and following 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 2024 Annual Report were:

Global economic uncertainty and impact on going concern basis of accounting

The committee has remained alert to uncertainties arising both domestically and internationally from the current economic and geopolitical environment. The impact of these various challenges, including high citrus prices as well as the continued effect of de-stocking, continue to be closely monitored.

Appropriate financial modelling has been undertaken with these challenges 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 58 and 59 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 and the implementation of a cross-departmental inventory working group which updates the committee. Stock management reviews, informed by BDO recommendations resulting from prior audits, have enabled consideration and improvement of controls in place.

Defined benefit pension scheme

The choice of discount rate, inflation rate and life expectancy basis could materially affect the level of surpluses in the defined benefit pension scheme (the "Scheme"). The most recent actuarial valuation at 1 January 2024 was signed off in August 2024 and showed the Scheme to be in a funding surplus. The funding update at the year-end date calculated by the Scheme actuary, Barnett Waddingham, in accordance with IAS 19, showed that the Scheme also remained in a funding surplus for accounting purposes.

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 revisited 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 still appropriate. The Board concludes that no future funding will be required.

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

Additionally, the committee reviewed compliance with the disclosure requirements on Directors' remuneration and the Strategic Report.

Risk management and internal controls

Until the 2024 UK Corporate Governance Code comes into effect for the Company the committee continues to adhere to the 2018 UK Corporate Governance Code and the FRC Guidance on Audit Committees. Following recent reviews of Group risk, the last of which was in September 2024, 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 58 and 59. 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 52 to 57.

The committee annually reviews the requirement for an internal audit function. Work undertaken previously, with the assistance of KPMG, to improve risk management across the Group still underpins the risk framework, as detailed on page 53.

During the year consideration was given to a dedicated resource focused solely on Group internal controls and it was agreed that a proposal be brought to the Audit Committee for implementation in 2025.

During the planning phase of the external audit the auditors confirm their understanding of the internal controls relevant to the external audit. Where reliance is placed on internal controls testing is undertaken on those controls; if the examination leads the auditor to believe the controls are deficient the findings are reported to the 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 tender process in 2020 and BDO LLP (BDO) was selected as the Group's external auditor with effect from 29 May 2020. For the reporting period, 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 2024 and for the previous four 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 (revised in 2024); 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 2024 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

- Oversight, in conjunction with the Board, of new corporate governance requirements
- Further develop the Board's risk appetite and embed the risk management process
- Continue to receive updates regarding the pension scheme
- Consideration of Internal Audit plans
- To ensure a smooth transition to the new BDO audit partner following the conclusion of Tracey Keeble's tenure
- Consideration of independent review ahead of interim results



Bronagh Kennedy
Chair – Remuneration Committee

Remuneration Committee members

Bronagh Kennedy (Chair)

Non-executive Director

Vijay Thakrar

Board Chair

Christine Sisler

Non-executive Director

5

Meetings in the year

100%

Meeting attendance

Remuneration Committee experience	
Finance	2
Management	3
Industry	1
ESG	2
HR	1
Operations	1
Legal	1

Dear Shareholder,

The Chair's Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the financial year ended 30 September 2024.

Remuneration in context

The Group continues to operate within a challenging trading environment with elevated levels of interest rates and inflation across our markets. Despite this volatility, the business has delivered robust financial results and the key performance highlights included:

- Revenue increased by 3.8%
- The Group's profit before tax and exceptional items increased to £19.1m (2023: £17.3m) meeting expectations
- Adjusted basic earnings per share (EPS) increased to 24.47p (2023: 22.94p)
- Dividend per share increased to 8.41p (2023: 8.01p)

These encouraging results are testament to the resilience and determination of our people, our extensive product range and tightly controlled cost base. Further progress has also been made on our carbon reduction ambitions reducing our Scope 1 and 2 emissions, as detailed on page 36.

Employee experience

The committee is extremely mindful of cost-of-living challenges and during the year higher increases were provided to our lower paid employees to ensure all receive the real "Living Wage". The performance review process has also been enhanced to enable our managers to recognise significant achievements and contributions from their team members.

“As Chair of the Remuneration Committee I am pleased to present our Remuneration Committee report.”

I took part in a town hall meeting with Group employees where executive and all-employee rewards were discussed, to explain how executive remuneration aligns with wider company pay policy. The session, held via video conferencing, was recorded and shared for those that were unable to attend in real time.

Treatt operates a Share Incentive Plan (SIP) and a Save As You Earn scheme (SAYE) which allow eligible employees to invest in the business and share financially in the Company's success. As has been our practice since 2014 we will again be offering free shares to all UK and US qualifying employees.

This Directors' Remuneration report consists of three parts:

- The Chair's Remuneration Committee Report summarises the activities of the Remuneration Committee in 2024 and our approach to remuneration, key decisions made and the context for those decisions on pages 85 and 86
- The Directors' Remuneration Policy (the "Policy"), which sets out the remuneration framework that applies to the Executive Directors, the Chair and the other Non-executive Directors which is subject to shareholder approval at the 2025 AGM on pages 87 to 93
- The Annual Report on Remuneration, which is subject to an advisory shareholder vote at the 2025 AGM, sets out the details of payments made to Directors in respect of the year ended 30 September 2024 on pages 94 to 99

Board changes

As previously reported, Daemmon Reeve retired as Chief Executive Officer on 31 December 2023. The Board and Daemmon agreed retirement terms which were considered appropriate in the context of his long service. The Board agreed to waive the requirement for Daemmon to give twelve months' notice. Daemmon did not participate in the 2024 annual bonus and he did not retain any of the unvested in-flight LTIPs which he held at that time. All benefits ceased on 31 December 2023, with the exception of private medical insurance which continues on the same terms until 31 December 2024. Daemmon was subject to an ongoing duty of confidentiality, non-compete covenants, and non-solicitation of customers and employees through to October 2024.

As announced on 20 October 2023, Ryan Govender was appointed Interim CEO effective from 1 January 2024 and reverted to his CFO role on 3 June 2024. Ryan's pro-rated salary for the period served as interim CEO was equivalent to £390,000 p.a. and when he reverted back to his CFO role, his salary was adjusted to £280,000 p.a. (from £270,000 p.a.). The committee considered that this adjustment was appropriate owing to Ryan's strong performance whilst acting as our Interim CEO. The 2024 annual bonus for Ryan will be calculated reflecting the salary levels paid pro-rata to Ryan throughout the year.

David Shannon's package as our new CEO is aligned fully to the package which Daemmon had prior to his retirement, including a base salary of £435,000 p.a., a maximum annual bonus opportunity of 125% of base salary and inclusion in the annual LTIP at levels up to 150% of base salary. In the year of recruitment, David's participation in the annual bonus is pro-rata and no LTIP awards will be made until 2025. In addition, David's recruitment did not require the Company to make any buy-outs of bonuses or LTIPs from his previous employer.

Remuneration policy review

Our Directors' remuneration policy was last approved by our shareholders at our January 2022 AGM. As this policies must be renewed at least every three years under the UK Companies Act, we are required to ask our shareholders to approve a further Directors' remuneration policy at our January 2025 AGM as an item of normal course business.

Following a thorough review of our current policy approved at the January 2022 AGM, the Committee determined that it was appropriate to ask our shareholders for their approval for the existing Directors' remuneration policy to be rolled-forward with no material changes, noting the following:

- Our current policy received strong shareholder support at our 2022 AGM (approved by 96.81% of shareholders' voting)
- The company has had significant changes in executive leadership in the last twelve months
- In these circumstances, seeking to make changes to a policy previously supported by shareholders and which we regard as "fit for purpose" at the current time does not seem appropriate

Our proposal to roll-forward the current policy means that no increases to incentive plan opportunities are being proposed for Treat Executive Directors. The committee is also satisfied that the policy gives sufficient flexibility at the current time to operate our incentive plans effectively (annual bonus and three-year shares-based LTIP), for example through the choice of performance metrics applied.

Performance and reward outcomes for 2024

Annual bonus

The 2024 Executive bonus outcome was 17.5% of the maximum bonus achievable. In accordance with the remuneration policy 25% of the bonus was deferred into an award of ordinary shares for two years. Bonus outcomes were discussed with the Audit Committee.

Long-term incentive plan (LTIP) awards

There are no LTIPs held by current Executive Directors due to vest in 2024.

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 (no LTIPs to vest)

There were no other exercises of judgement or discretion by the committee.

Looking ahead to 2025

Although we face a period of leadership transition, 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 2025.

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 payout under the annual bonus scheme in respect of non-financial measures unless minimum financial targets have been achieved.

In our Directors' remuneration report for 2023 we disclosed our proposal to reposition Ryan's salary as our CFO over a period of two financial years. His salary from appointment in July 2022 had been £230,000. This was adjusted to £270,000 in 2024, with a potential second phased increase to £300,000 in 2025. We made this proposal to reflect Ryan's strong performance and contribution.

As we mentioned previously, when Ryan reverted to his CFO role following his work as our Interim CEO, we adjusted his salary to £280,000 p.a. Now, having again reflected on Ryan's progress and contribution as well as his additional role from January 2025 as European Managing Director, announced on 16 October 2024, we have implemented the final phase of Ryan's increase in base salary to £300,000 p.a. The committee is satisfied that this remains an appropriate step to take. Our CEO's salary for 2025 remains unchanged from appointment at £435,000 p.a.

Conclusion

The Remuneration Committee carefully considered the experiences of all key stakeholders, as well as overall Group performance, when making decisions on executive pay. It believes that the 2024 outcomes on pay are a fair reflection of the Company performance.

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 Remuneration Policy at our forthcoming AGM. I will be available at the AGM to answer any questions you may have and look forward to seeing those attending.

Bronagh Kennedy

Chair – Remuneration Committee

Policy section

Policy report

The following sets out the proposed remuneration policy, which is subject to a binding shareholder vote at the AGM on 30 January 2025 and, if approved by shareholders, will apply to payments made on and from this date, including bonuses for 2025 year.

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, 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

Changes from the previous policy

The committee is responsible for ensuring that the remuneration of Executive Directors and senior management is aligned to the Group's strategic objectives. It is key that the Group is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Group's strategic objectives, in accordance with a remuneration policy which is aligned with the long-term interests of the Company's shareholders.

The current intention is that the framework of this remuneration policy will apply for three years from the date of the 2025 AGM.

Executive Directors' remuneration

The committee will continue to review its policy and the individual elements of the remuneration package annually to ensure that they remain effective, in line with good practice, and support delivery of the strategy and long-term success of the Group.

The following table sets out a summary of each element of the Executive Directors' remuneration, how it operates, the maximum opportunity available, and applicable performance metrics.

Executive Directors' remuneration

Element: base salary

Purpose and link to strategy

Helps recruit and retain high-calibre executive directors
Provides a competitive salary relative to the size of the Group

Operation

Salary levels will relate to the nature of the role, skill and experience of the individual, market positioning and pay and conditions in the Group

Salaries are reviewed annually by the committee with changes taking effect for twelve months from 1 October, unless a change in responsibility requires an interim review

Any change in salary is influenced by increases in the salaries of other Group employees, changes to the complexity of the role, personal performance and a periodic review of market conditions for similar roles in comparable organisations

Maximum opportunity

Any salary increases are applied in line with the outcome of annual reviews

Annual increases should not normally exceed the average salary increase of employees within the Group. Exceptions can be made when a review is required by a change in role or responsibility, or where there is a significant change in the role and/or size, value or complexity of the Group which has resulted in material market misalignment

Performance metrics

Not applicable

Changes from previous policy

No changes

Executive Directors' remuneration continued

Element: benefits

Purpose and link to strategy

Helps recruit and retain high-calibre Executive Directors

Operation

Entitlement to the following benefits on the same terms as employees in the country in which the Director is resident:

- Private healthcare, life assurance, permanent health insurance, car allowance and all-employee share schemes
- Any new benefits introduced to staff generally shall be provided to Directors on equal or comparable terms

Maximum opportunity

Except as otherwise stated these are on the same terms as the benefits received by other employees in the country in which the Director is resident

Performance metrics

Not applicable

Changes from previous policy

No changes

Element: pension

Purpose and link to strategy

Helps recruit and retain high-calibre Executive Directors and to provide a competitive package

Operation

Entitlement to receive employer contributions into a defined contribution pension scheme on the same terms as employees in the country in which the Director is resident. This can be received as a cash amount where the lifetime allowance is reached (cash payments are further reduced for the impact of employers' NICs)

Maximum opportunity

UK employees – 9% base salary contribution (no personal contribution required)

Performance metrics

Not applicable

Changes from previous policy

No changes

Element: annual bonus (notes 1 – 6)

Purpose and link to strategy

Provides an element of at-risk pay, which incentivises delivery of performance in the current financial year

Encourages and rewards actions consistent with the annual priorities of the Group

Aligns Directors' interests with shareholders and other stakeholders

Operation

The rules of the Executive Directors' Bonus Scheme and the performance targets are reviewed annually

Annual bonuses are calculated by reference to the achievement of performance targets for the financial year and each Director is entitled to a percentage of salary based upon this calculation, subject to the maximum opportunity

Bonuses are subject to determination by the committee in accordance with scheme rules after year-end:

- 75% of outcomes are paid in cash, with payments normally made in December
- 25% of outcomes are deferred in shares for two years (provided that if the value to be deferred is £10,000 or less, the whole outcome may be paid in cash)

Maximum opportunity

125% of salary per annum

Performance metrics

Bonuses are predominantly based on the growth in Group profit before tax and exceptional items compared to the prior financial year, which aligns with all-employee bonus schemes across the Group

Up to 25% of bonus may be based on non-financial performance measures

Bonus payments against financial performance are based on a sliding scale. No bonus is payable unless a minimum level of financial performance is achieved

Different performance measures and/or weightings may be used for the annual bonus in future years to help drive the strategy of the business during the period of this policy, although the Remuneration Committee would expect to consult with major shareholders before making material changes to the current performance measures

Changes from previous policy

No changes

Element: Long-term incentive plan (LTIP) (notes 1 – 6)

Purpose and link to strategy

Incentivises Directors to achieve returns for shareholders over a longer time frame

Aligns Directors' interests with shareholders

Operation

The committee will consider awards of shares under the LTIP annually and will review the quantum of awards to ensure that they are in line with market rates

Awards will be made at nil cost, with vesting dependent on the achievement of performance conditions over a period determined by the committee, which shall be a minimum of three years

Awards will be subject to a two-year holding period following vesting, net of any tax liability arising on either vesting or exercise

The committee may also exercise the specific discretions contained within the rules of the scheme, as approved by shareholders

Maximum opportunity

150% of salary per annum based on market value of shares at date of grant

Performance metrics

The vesting of the awards will normally be based on growth in appropriately selected financial performance metrics exceeding a minimum level during the period from date of grant to date of vesting

Targets are set by the committee for each award on a sliding scale basis. No more than 25% of awards will vest for threshold performance, with full vesting taking place for equalling or exceeding maximum performance conditions

Different performance measures and/or weightings may be used for future LTIP awards to help drive the strategy of the business during the period of this policy, although the Remuneration Committee would expect to consult with major shareholders before making material changes to the current performance measures applied

Awards lapse if performance criteria are not met at the end of the three-year performance period

Changes from previous policy

No changes

Executive Directors' remuneration continued

Non-executive Directors' remuneration

Element: shareholding requirement

Purpose and link to strategy

Aligns Directors' interests with shareholders

Operation

Minimum shareholding requirements:

- CEO – 200% of basic salary
- CFO – 200% of basic salary

Directors are required to retain shares acquired under share-based incentive awards until the shareholding requirements are met, over a reasonable period save that they are permitted to sell sufficient shares to pay any exercise price and all applicable taxes due in respect of that award

Directors are subject to a post-cessation shareholding requirement of 200% in year one and 100% in year two.

Maximum opportunity

Not applicable

Performance metrics

Not applicable

Element: malus and clawback

Purpose and link to strategy

To ensure Executive Directors do not benefit from errors or misconduct

Operation

Malus and clawback provisions are included in relation to LTIPs and bonus to enable an award to be reduced or cancelled or to require the return of some or all of an award after vesting, in the following circumstances:

- a material misstatement, error or misrepresentation of the Company's financial results;
- any error or incorrect statement or fact and/or information or assumption used in determination of vesting or in assessing a "performance condition";
- circumstances of misconduct;
- company insolvency or corporate failure;
- serious reputational damage as determined by the Remuneration Committee; or
- corporate failure on the part of the participant.

Maximum opportunity

Not applicable

Performance metrics

Not applicable

Element: fees

Purpose and link to strategy

Helps recruit high-calibre Non-executive Directors

Rewards additional responsibility by virtue of position as Chair of the Board or chair of a committee

Operation

Excluding the Chair, subject to an aggregate limit within the Articles of Association (currently £300,000 as approved by shareholders at the Annual General Meeting in January 2020)

Reviewed annually for each Non-executive Director with changes taking effect from 1 October

The Chair's fees are reviewed by the committee and the other Non-executives' fees are reviewed by the Board (excluding the Non-executives)

Any change in fees is influenced by increases in the salaries of other Group employees, personal performance and a periodic review of market conditions for similar roles in comparable organisations

Additional fees may be paid in respect of increased responsibility or time commitment required by the role or in respect of invoiced consultancy fees, where relevant

Maximum opportunity

Any fee increases are applied in line with the outcome of annual reviews

Notes:

- 1 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. However, the committee considers that the level of performance required for the annual bonus is appropriately stretching. The bonuses of staff and senior management are restricted to a maximum of between 18% and 50% of base salary depending on seniority, role and market conditions.
- 2 Performance targets for LTIP awards are set by the committee at the date of grant of the options to ensure that they are appropriately stretching. The committee considers adjusted basic EPS and adjusted return on average capital employed (ROACE) to be appropriate measures of financial performance, capturing revenue growth, operating margins and returns on capital. EPS and ROACE targets are consistent with the Board's strategy.
- 3 Subject to the achievement of the applicable performance conditions, Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Directors' remuneration policy detailed in this report.
- 4 For both annual bonus and LTIP, while performance conditions will generally remain unchanged once set, the Remuneration Committee has the ability to amend the measures, weightings and targets in exceptional circumstances (such as a major transaction) where the original conditions would cease to operate as intended.
- 5 The committee retains discretion, consistent with market practice in regard to the operation and administration of the annual bonus and LTIP, including:
 - the timing and size of awards (within the overall limits of this policy);
 - the determination of performance measures and targets and resultant vesting;
 - when dealing with a change of control (e.g. the timing of testing performance conditions) or restructuring of the Group;
 - determination of a good/bad leaver based on the rules of each plan and the appropriate treatment chosen; and
 - adjustments in certain circumstances, such as rights issues, corporate restructuring events and special dividends.
- 6 Consistent with the latest Corporate Governance Code, the Remuneration Committee may apply discretion to override formulaic outcomes for both annual bonus and LTIP if the outcomes are considered inconsistent with the underlying performance of the Group.

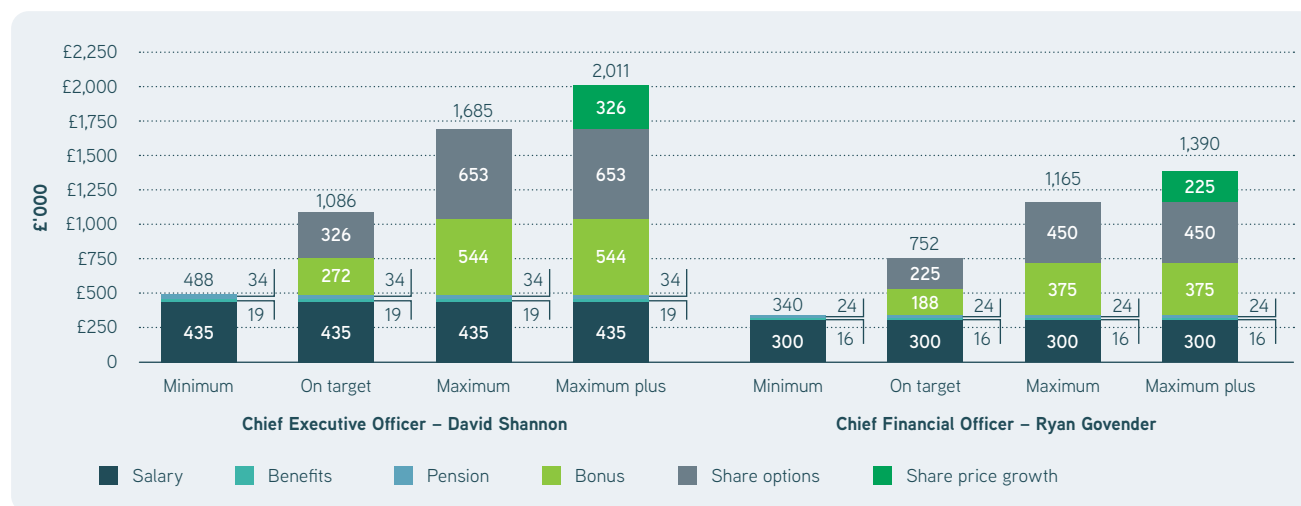


Illustration of remuneration policy

The graph above provides estimates of the potential future reward for each of the Executive Directors based on their current roles, the remuneration policy outlined on pages 85 to 87 and base salaries as at 1 October 2024.

The assumptions used in preparing the graph are as follows:

Minimum

- Basic salary, pension or cash in lieu of pension and benefits, no bonus and no vesting of the LTIP

On target

- Basic salary, pension or cash in lieu of pension, benefits
- A bonus of 62.5% of salary for both the CEO and CFO and an LTIP of 75% of basic salary for the CEO and CFO (being notional vesting of 50% of LTIP award)

Maximum

- Basic salary, pension or cash in lieu of pension, benefits
- A bonus of 125% of salary for both the CEO and CFO and an LTIP of 150% of basic salary for the CEO and CFO (being notional vesting of 100% of LTIP award)

Maximum plus

- As maximum, plus effect of 50% share price growth compared to share price at the date of grant for the LTIP value

Comparison of Directors' remuneration policy with arrangements for employees

This policy sets out the remuneration structure applicable to Directors of the Group. Salary levels and incentive arrangements applicable to other Group employees are determined by reference to local employment conditions for comparative roles.

The committee receives regular updates on salary and bonus levels across the Group and is aware of how the remuneration of Directors compares to employees. Budgeted salary increases for Group employees are taken into consideration when determining increases for the Executive Directors.

Employees are provided with a competitive benefits package including healthcare, life assurance and pension. Consistent with Executive Directors, employees are eligible to participate in an annual bonus scheme with conditions linked to the performance of their operating subsidiary and the Group overall. Employee share ownership is encouraged across the Group and participation, particularly in the UK, is strong.

The Share Incentive Plan is designed to further encourage employee share ownership. Eligible employees, including Executive Directors, are able to participate in the all-employee share schemes on equal terms. Executive Directors and key employees with the greatest potential to influence achievement of the Group's strategic objectives are provided with share options or long-term incentives designed to encourage strong Group performance.

The Remuneration Committee Chair has attended a town hall meeting to provide an overview of the policy and how Executive Director remuneration policy relates to wider employee remuneration. Further engagement with employees takes place across the business through open-door sessions held with the Chair and the designated Non-executive Director for employee engagement. Further details can be found on page 64. This enables the Board to understand the views of employees on a variety of subjects, including executive remuneration, and allows the Board, where requested, to clarify how executive pay aligns to and supports our overall strategy and aligns to wider Company pay policy.

Recruitment of Executive Directors

The committee expects any new Executive Director to be engaged on terms that are consistent with the policy. However, it cannot anticipate the circumstances in which any new Executive Director may be recruited, and the committee may determine that it is in the interests of the Company and shareholders to secure the services of a particular individual, which may require it to take account of the terms of that individual's existing employment.

The committee will ensure that:

- Salary will be set to reflect the skills and experience of the incoming Director and the market rate for the role to be undertaken
- Existing benefits and incentives of the Group will be used with participation on the same basis as existing Directors using existing Treatt performance conditions when appropriate
- Payment of relocation expenses, where relevant, will be reasonable and detailed in the relevant remuneration report (and will be limited to a period of two years from first appointment)
- In the event of an internal promotion, any commitments made prior to promotion may continue to be honoured when they would otherwise be inconsistent with this policy

- Discretion may be exercised in exceptional circumstances and existing entitlements with a current employer, such as bonus and share schemes, may be bought out on a like-for-like basis and subject to comparable performance conditions and time vesting requirements, where appropriate. Any buy-out awards will be subject to the maximum value of any outstanding awards forgone by the recruit (but are not subject to a formal cap)

In determining the remuneration of a new Director, the committee will balance shareholder expectations, current best practice and the circumstances of any new Director. It will strive to pay more than is necessary to recruit the right candidate and will give full details in the next Remuneration Report.

Directors' contracts

Executive Directors

The committee reviews the contractual terms of new and existing Executive Directors to ensure that they reflect best practice and are designed to attract and retain suitable candidates. The committee considers that a rolling contract terminable on twelve months' notice by either party is appropriate.

Summary of Directors' service contracts as at 30 September 2024:

	Date of contract	Notice period
David Shannon	3 June 2024	12 months
Ryan Govender	23 May 2022	12 months

Summary of the key elements of Directors' service contracts:

Element	Terms
Notice period	12 months by either party
Termination payment	Standard provision for payment in lieu of notice which may be paid monthly
Salary	Reviewed annually with effect from 1 October each year
Benefits	Private healthcare, life assurance, car allowance, permanent health insurance and pension Participation in discretionary incentive arrangements determined by the committee

The Directors' contracts are available for inspection at the Company's registered office during normal business hours.

Future contracts are to provide for remuneration obligations comparable to those set out above, taking into consideration role and responsibility.

Non-executive Directors

All Non-executive Directors are subject to the same terms and conditions of appointment which provide for the payment of fees for their services in connection with Board and Board committee meetings. In their non-executive capacities, they do not qualify for participation in any of the Group's bonus, share option or other incentive schemes, and they are not eligible for pension scheme membership.

The terms and conditions of the appointment of Non-executive Directors are available for inspection at the Company's registered office during normal business hours.

Payments for loss of office

In accordance with the 2018 UK Corporate Governance Code, notice periods shall not exceed a maximum of twelve months.

In normal circumstances, it is expected that termination payments for Executive Directors should not exceed current salary, pension and benefits for the notice period. When determining termination payments in the event of early termination, the committee will take into account a variety of factors including length of service, personal and Group performance, the Director's obligation to mitigate their loss, statutory compensation to which a Director may be entitled and legal fees and other payments which may be payable under a settlement agreement. As part of a settlement agreement, the Company may reimburse reasonable legal costs incurred in connection with a termination of employment and/or agree to make a contribution towards outplacement services, if the committee considers it appropriate.

A Director who leaves will cease participation in annual bonus normally, although a 'good leaver' may be eligible to continue participation in the bonus scheme at the discretion of the committee, and have a pro-rata bonus for the part of the year worked.

For a "good leaver", the committee may use its discretion not to defer part of the pro-rata bonus outcome in shares and also allow deferred shares to be retained and vest after two years.

Directors who leave have no entitlement to performance-related share-based incentives, the unvested portion of which will generally lapse following termination of employment. However, where it is considered appropriate to allow a Director 'good leaver' treatment, a time pro-rated proportion of outstanding share plan 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.

In certain circumstances, such as injury, disability, or death, a time pro-rated number of share awards, may vest subject to an assessment of the performance conditions and may be exercised within six months of leaving the Group (and the committee may disapply holding periods).

External appointments

Whilst neither of the Executive Directors currently serve as Non-executive Directors on the boards of other companies, it is recognised that such appointments would provide an opportunity to gain broader experience outside of Treatt which would benefit the Group. In the event that the Directors are offered such positions and providing that they are not likely to lead to a conflict of interest or significant constraints on time, Executive Directors may, with the prior approval of the Board, accept one Non-executive appointment and retain the fees received.

Shareholder views

The Remuneration Committee maintains a regular dialogue with its major shareholders and will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of executive remuneration remains appropriate. The committee will also consult with major shareholders prior to any further material changes to the remuneration policy, which might be necessary in the future.

Implementation report

Membership and meetings

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 five 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

Activities since the last report

- Approval of the 2024 Directors' Remuneration Report
- Consideration of whether there should be any changes to the Remuneration Policy due for approval at the 2025 AGM
- Agreement of the bonuses payable for the 2024 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 2025 financial year
- Determination of the salary increases of members of the Business Leadership Team for the 2025 financial year
- Consideration of workforce remuneration and related policies, to ensure alignment of incentives, as set out below
- 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
- Consideration of the launch of the UK Save as You Earn Scheme and US Employee Stock Purchase 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 advisers

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 £27,076 (2023: £22,452) 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 68 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 2025

Element of remuneration policy	Implementation of policy for 2025
BASE SALARIES	David Shannon – £435,000 (2024: 435,000) Ryan Govender – £300,000 (2024: £270,000)
BENEFITS	Unchanged from 2024. Private healthcare; life assurance; permanent health insurance; car allowance; all-employee share schemes
PENSIONS	David Shannon – 9% of salary* Ryan Govender – 9% of salary*
ANNUAL BONUS	<p>Maximum is 125% of base salary for Executive Directors for 2025 targets, which are based on:</p> <ul style="list-style-type: none"> Group profit before tax and exceptionals** calibrated by reference to the performance of the Group in 2024 (80% weighting) Non-financial targets and objectives set by the Remuneration Committee (20% weighting) <p>The bonus outcomes for 2025 will be paid:</p> <ul style="list-style-type: none"> 75% in cash after finalisation of the Group's audited results for 2025 25% subject to deferral in shares for two years (subject to £10,000 minimum value of deferral) <p>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</p> <p>Details of the targets will be set out retrospectively in next year's Remuneration Report</p>

* Contributions are paid as cash and reduced for the impact of Employers' NICs, giving an actual contribution rate of 7.9% of salary.

** 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 2025
LONG-TERM INCENTIVE PLAN (LTIP)	<p>Annual LTIP award to Executive Directors of shares worth 150% of base salary (calculated using share prices at the time of award)</p> <p>2025 awards will be subject to performance conditions measured over three financial years to 2027</p> <p>The performance condition will be:</p> <ul style="list-style-type: none"> Based on the compounded annual growth in adjusted basic earnings per share ('EPS') (80% weighting) measured from 2024 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 the growth of 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% <p>After performance vesting at three years, LTIP awards are subject to a further two-year holding period</p>
SHARE RETENTION POLICY	<p>David Shannon – 200% of basic salary Ryan Govender – 200% of basic salary</p> <p>At 30 September 2024 David Shannon held shares worth 2.3% of basic salary and Ryan Govender held shares worth 1.5% of basic salary</p>
MALUS AND CLAWBACK	Applies to all performance-related elements of Executive Directors' remuneration
CHAIR AND NON-EXECUTIVE DIRECTORS' FEES	<p>The base fees for the Chair and Non-executive Directors for 2025 are as follows:</p> <ul style="list-style-type: none"> Chair – £150,000 (2024: £124,000)* <p>For all other Non-executive Directors:</p> <ul style="list-style-type: none"> Base fee – £51,000 (2024: £51,000) Audit Committee Chair – £10,000 (2024: £10,000) Remuneration Committee Chair – £10,000 (2024: £10,000) Senior Independent Director – £10,000 (2024: £10,000) ESG Board Advisory Panel Chair – £5,000 (2024: £5,000) Treatt USA Adviser – £5,000 (2024: £5,000)

* Chair's fee rise was awarded following consideration of the financial performance of the Company during the year.

The following section of this report provides details of the implementation of the policy for the year ended 30 September 2024.

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.

	David Shannon ¹		Ryan Govender ²		Daemmon Reeve ³	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed pay:						
Salary	145	–	323	235	109	435
Taxable benefits ⁴	4	–	12	15	4	16
Pension ⁵	13	–	29	21	9	34
Total fixed pay	162	–	364	271	122	485
Variable pay:						
Annual bonus	31	–	71	98	–	182
Share options vesting in the financial year ⁶	–	–	–	–	104	359
Total variable pay	31	–	71	98	104	541
Total single figure of remuneration	193	–	435	369	226	1,026

- 1 David Shannon was appointed as an Executive Director on 3 June 2024.
- 2 Ryan Govender was appointed Interim CEO effective 1 January 2024 and reverted to his CFO role on 3 June 2024. Ryan's pro-rated salary for the period served as Interim CEO was equivalent to £390,000 p.a. and when he reverted to his CFO role, his salary was adjusted to £280,000 p.a. (from £270,000 p.a.).
- 3 Daemmon Reeve retired as an Executive Director on 31 December 2023.
- 4 Taxable benefits provided to Executive Directors relate to private medical insurance and car allowances.
- 5 Pension contributions for Daemmon Reeve relate to pay in lieu of pension after deduction of employers' NI.
- 6 Details of share options which vested in the year are shown on page 92. The percentage of the value which vested during the year which related to share price growth was 0%, as the share price had decreased 40% between the grant and exercise date of the options.

Details relating to the annual bonus for Executive Directors

The total annual bonus award for Executive Directors is calculated based on the compound 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 0% 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 21.9% (2023: 26.9%) of the bonus relating to the achievement of financial objectives should be paid.

	Percentage bonus attainable	2024 PBTE £'000
Threshold	0%	18,000
Maximum	100%	23,000
Actual achieved	21.9%	19,093

The amounts payable in respect of non-financial objectives were determined with reference to key objectives included in the table below, 60 to 70% of non-financial objectives were achieved, however as the minimum performance threshold of £19.4m PBTE was not met, the Remuneration Committee determined that no element (2023: 60%) of the bonus relating to the achievement of non-financial metrics is payable, irrespective of the progress made against the objectives.

Objective	Target %	Achieved %	Actions completed
Performance culture	3.0%	See above	Engagement survey participation Increase in total training hours
Corporate strategy	12.0%	See above	Reduction in cost base Further reduction in net debt Improvement in working capital
Equality, inclusion and diversity (ED&I)	5.0%	See above	Further development of ED&I programme Promotion of cultural diversity
Sustainability	5.0%	See above	Progress against net zero pathway SBTi emissions reduction target set Relaunched sustainability strategy as part of Vision 2027
Total	25.0%	0.0%	

Percentage bonus awarded

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

	2024	2023
David Shannon ¹	17.5%	N/A
Ryan Govender	17.5%	33.5%
Daemmon Reeve ²	N/A	33.5%

- David Shannon was appointed as an Executive Director on 3 June 2024, his bonus was pro-rated for period of service.
- Daemmon Reeve retired as an Executive Director on 31 December 2023, he did not participate in the 2024 bonus.

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
Ryan Govender	LTIP 2024 ²	Executive	13 Dec 2023	£4.11	405	0%	30 Sept 2026
	SAYE 2024 ³	All-employee	11 July 2024	£4.44	18	N/A	N/A

- Face value is calculated based upon share price at date of grant as shown above.
- Executive LTIPs are granted at nil cost, subject to performance conditions.
- 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 2024 LTIP awards had performance conditions linked to adjusted basic earnings per share (EPS) and return on average capital employed (ROACE) as follows:

- 80% on the compounded annual growth of adjusted EPS over the performance period; range between 5.0% p.a. (nil vesting) to 17.0% (full vesting)
- 20% on the growth of ROACE; range between 13.0% (nil vesting) to 17.0% (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 2023	Granted during the year	Exercised during the year	Forfeited during the year	At 30 Sept 2024
Ryan Govender	Sept 2026 – Feb 2027	566.0p	1,272	–	–	(1,272)	–
	Sept 2027 – Feb 2028	371.0p	–	4,000	–	–	4,000
	Dec 2025 – Dec 2032	Nil	44,431	–	–	–	44,431
	Dec 2026 – Dec 2033	Nil	–	98,540	–	–	98,540
			45,703	102,540	–	(1,272)	146,971
Daemmon Reeve ¹	Sept 2025 – Feb 2026	610.0p	2,950	–	–	(2,950)	–
	Dec 2023 – Dec 2030	Nil	45,571	–	(23,241)	(22,330)	–
	Feb 2025 – Feb 2032	Nil	52,232	–	–	(52,232)	–
	Dec 2025 – Dec 2032	Nil	82,386	–	–	(82,386)	–
			183,139	–	(23,241)	(159,898)	–

- Daemmon Reeve retired as an Executive Director on 31 December 2023.

The aggregate amount of gains made by the Directors on the exercise of share options in the year was £103,771 (2023: £358,703).

There have been no further changes in the interests of the Directors to subscribe for, or acquire shares between 1 October 2024 and 19 November 2024, the latest date practicable to obtain the information prior to publication of this document.

The market price of the shares at 30 September 2024 was £4.49 and the range during the financial year was £3.70 to £5.18. All market price figures are derived from the Daily Official List of the London Stock Exchange.

Former Directors' share interests 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 to 30 September 2024 a total of 14,774 shares were exercised, a total of 74,202 shares have vested but are yet to be exercised.

Daemmon Reeve was awarded 11,086 shares under the deferred bonus share plan. The shares will vest in December 2025 and are not subject to performance conditions.

Non-executive Directors (audited)

	Fees (fixed pay)	
	2024 £'000	2023 £'000
Vijay Thakrar ¹	124	104
David Johnston	56	51
Philip O'Connor	71	68
Christine Sisler	55	52
Bronagh Kennedy ²	61	42
Tim Jones ³	–	41
Yetunde Hofmann ⁴	–	20
	367	378

- 1 Vijay Thakrar was appointed as Chair on 27 January 2023.
- 2 Bronagh Kennedy was appointed on 27 January 2023.
- 3 Tim Jones stepped down from his position as Chair and as a Non-executive Director on 27 January 2023.
- 4 Yetunde Hofmann stepped down on 27 January 2023.

Pensions (audited)

Daemmon Reeve, the former Chief Executive Officer who retired on 31 December 2023, 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.	
		2024 £	2023 £
Daemmon Reeve	24 Sept 2036	17,354	15,865

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:

	2024 £'000	2023 £'000
David Shannon ¹	13	–
Ryan Govender	29	21
Daemmon Reeve ²	9	34

- 1 David Shannon was appointed as an Executive Director on 3 June 2024.
- 2 Daemmon Reeve retired as an Executive Director on 31 December 2023.

Pension contributions for Daemmon Reeve included pay in lieu of pension after deduction of employers' NI in order to be cost neutral to the Group.

Directors' interests (audited)

The Directors who held office at 30 September 2024 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	
	2024 Number	2023 Number	2024 Number	2023 Number	2024 Number	2023 Number
Executive Directors						
David Shannon	2,324	–	–	–	–	–
Ryan Govender	1,014	976	142,971	44,431	4,000	1,272
Non-executive Directors						
Vijay Thakrar	7,006	7,006	–	–	–	–
Philip O'Connor	6,550	6,550	–	–	–	–
Bronagh Kennedy	522	522	–	–	–	–

Between 1 October 2024 and 19 November 2024, 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 2024 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		
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	Target % of base salary
David Shannon ³	10	–	435	–	2%	–	200%
Ryan Govender	5	5	280	235	2%	2%	200%

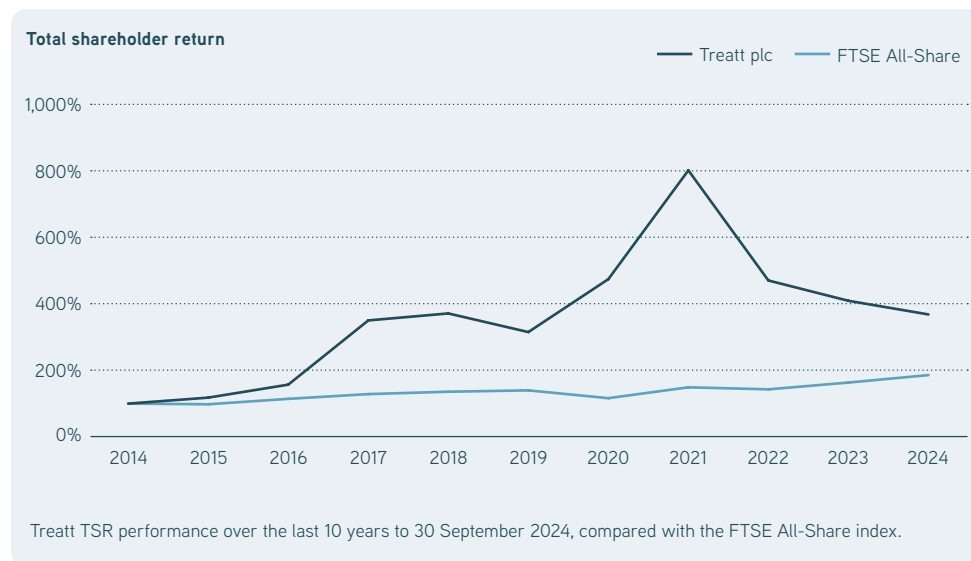
1 Based upon a share price of £4.49 as at 30 September 2024.

2 Base salary is the basic gross annualised pay for the corresponding year. In Ryan Govender's case, base salary is the annual salary at 30 September 2024.

3 David Shannon was appointed as an Executive Director on 3 June 2024.

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.



CEO remuneration

The following table provides historical data on remuneration in respect of the Director who held the role of Chief Executive Officer at the end of each of the financial years covered by the performance graph.

Year	Director name	Total remuneration (£'000)	Annual bonus as % of maximum	Share options vesting as % of maximum
2024	David Shannon	193	17.5%	N/A
2023	Daemmon Reeve ¹	1,026	33.5%	76%
2022	Daemmon Reeve	1,466	8.2%	100%
2021	Daemmon Reeve	741	100.0%	N/A
2020	Daemmon Reeve	1,219	100.0%	100%
2019	Daemmon Reeve	1,501	62.5%	100%
2018	Daemmon Reeve	1,757	92.5%	100%
2017	Daemmon Reeve	603	100.0%	N/A ²
2016	Daemmon Reeve	580	88.0%	N/A ²
2015	Daemmon Reeve	470	92.0%	100% ³

1 Daemmon Reeve retired as an executive Director on 31 December 2023. His remuneration for the financial year ended 30 September 2024 was £226,000, the share options vesting as a percentage of maximum was 51%, and he was not eligible for any bonus in the year.

2 There were no options which vested during the year.

3 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:

	2024 £'000	2023 £'000	Movement
Total remuneration ¹	20,207	21,542	(6.2%)
Dividends ²	4,924	4,802	2.5%
Current tax ³	4,260	3,139	35.7%

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 2022.

The three ratios below are calculated by reference to the colleagues at the 25th, 50th and 75th percentile:

Year	Method used	25th percentile	50th percentile	75th percentile
2024	Option B	22:1	18:1	13:1
2023	Option B	35:1	32:1	24:1
2022	Option B	48:1	44:1	31:1

The total remuneration of these employees is also disclosed below:

Comparison group	Total remuneration £	Base salary £
Employee A – 25th percentile	29,326	28,539
Employee B – 50th percentile	36,436	35,729
Employee C – 75th percentile	49,336	44,619

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 2024 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.

The CEO total remuneration is calculated as the aggregate of remuneration received in respect of their position as CEO of Daemmon Reeve, who served until 31 December 2023, Ryan Govender who served as Interim CEO until 2 June 2024 and then David Shannon who served for the remaining period to 30 September 2024. The calculation is shown below:

Director name	Salary, pension and benefits £'000	Annual bonus £'000	Share options vesting £'000	Total remuneration £'000
David Shannon	162	31	–	193
Ryan Govender	185	36	–	221
Daemmon Reeve	122	–	104	226
				640

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 offers 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.

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 2024.

	% change from 2023 to 2024			% 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	Salary or fees	Bonus	Taxable benefits
Employees ¹²	7.6%	(48.8%)	(6.1%)	10.3%	64.1%	(1.0%)	9.0%	(58.6%)	31.6%	4.2%	56.5%	10.3%	4.9%	22.9%	6.5%
Executive Directors:															
David Shannon ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ryan Govender ⁴	37.8%	(36.6%)	(23.7%)	2.0%	N/A	39.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Daemmon Reeve ⁵	0.0%	N/A	0.0%	11.5%	355.0%	0.5%	14.7%	(88.2%)	0.2%	1.0%	1.0%	0.1%	2.1%	63.6%	0.2%
Non-executive Directors:															
Vijay Thakrar ⁶	19.2%	N/A	N/A	101.8%	N/A	N/A	8.0%	N/A	N/A	1.0%	N/A	N/A	N/A	N/A	N/A
David Johnston	9.8%	N/A	N/A	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	4.2%	N/A	N/A	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	6.0%	N/A	N/A	7.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bronagh Kennedy ⁷	46.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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 2024.

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 0.0% of salary (2023: 12.5%) and UK all-employee bonuses were 4.2% of salary (2023: 0.0%).

3 David Shannon was appointed on 3 June 2024.

4 Ryan Govender was appointed on 1 July 2022, the percentage change from 2022 to 2023 is shown pro-rated. Ryan was appointed interim CEO effective 1 January 2024 and reverted to his CFO role on 3 June 2024, Ryan's pro-rated salary for the period served as CEO was equivalent to £390,000 p.a. and when he reverted to his CFO role, his salary was adjusted to £280,000 p.a. (from £270,000 p.a.).

5 Daemmon Reeve retired as an Executive Director on 31 December 2023, the percentage change from 2023 to 2024 is shown pro-rated, he did not participate in the 2024 annual bonus.

6 Vijay Thakrar was appointed as Chair on 27 January 2023.

7 Bronagh Kennedy was appointed on 27 January 2023.

Statement of voting

At the Annual General Meeting held on 25 January 2024, the votes cast in respect of the resolution to approve the Directors' Remuneration Report, were as follows:

Directors' Remuneration Report	For 94.51%	Against 5.49%	Votes withheld 20,341
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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, were as follows:

Remuneration Policy	For 96.81%	Against 3.19%	Votes withheld 1,258,243
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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 4 December 2024.

Alison Sleight

Company Secretary
4 December 2024

Other statutory information

The Directors present their report and the audited financial statements for the Group for the year ended 30 September 2024.

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 62 to 68, 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.

Governance

Annual General Meeting

The Annual General Meeting will be held at Treatt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR on Thursday 30 January 2025. The Notice of Meeting and explanatory notes are given on pages 144 to 152. 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).

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.

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 page 67.

David Johnston confirmed his intention to retire from the Board following the AGM in January 2025.

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 65.

Directors

The Directors of the Company are shown on pages 60 to 61.

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.

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 and uncertainties associated with the Group's activities are given in the Strategic Report on pages 56 to 61.

Going concern and viability

The going concern and viability statement is set out on pages 62 to 63.

Political donations

The Group made no political donations in 2024 (2023: £nil).

Powers of Directors and purchase of own shares

At the forthcoming Annual General Meeting in 2025 the Company will be seeking a renewal of the shareholder authority for the Directors to purchase up to 5% 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 2025 Annual General Meeting to renew the power given to the Directors to issue new shares up to an aggregate nominal value, of up to 5% of the existing issued share capital by disapplying pre-emption rights.

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 148 to 156.

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.

Operations and performance

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.

Results and dividends

The results of the Group for the year are set out on page 110. Reported profit before tax for the year was £18.4m (2023: £13.5m). Profit before tax and exceptional items was £19.1m (2023: £17.3m).

The Directors recommend a final dividend of 5.81p (2023: 5.46p) per ordinary share. This, when taken with the interim dividend of 2.60p (2023: 2.55p) per share paid on 15 August 2024, gives a total dividend of 8.41p (2023: 8.01p) per share for the year ended 30 September 2024.

Shares and shareholders

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.

Structure of share capital

The Parent Company's share capital comprises 61,209,761 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.

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 19 November 2024 (the latest practicable reporting date prior to publication of this document).

Group	Number	Issued %	Voting %
abrdn plc	5,956,413	9.73	9.80
BlackRock Inc.	5,285,153	8.63	8.69
Hargreaves Lansdown Asset Management	3,049,391	4.98	5.01
Canaccord Genuity Group Inc.	2,928,658	4.78	4.82
Ameriprise Financial	2,582,664	4.21	4.25
Liontrust Asset Management	2,428,251	3.96	3.99
Berenburg Bank	2,295,937	3.75	3.77
James Sharp & Co	2,000,662	3.26	3.29
Invesco	1,918,419	3.13	3.15

Treant 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 2024 the trustee, Apex Financial Services (Trust Company) Limited held 96,819 shares (2023: 162,539). No shares (2023: nil) were purchased by the EBT during the year ended 30 September 2024. During the year no shares (2023: 200,000) 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.

Treant share incentive plan (SIP)

The Company outsources the administration of the UK SIP to Link Asset Services Trustees (the SIP Trust), who, at 30 September 2024, held 361,328 shares (2023: 379,822), 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.

Additional disclosures

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 74 to 78.

Directors' interests in shares

The interests of Directors in shares of the Company are shown in the Directors' Remuneration Report on page 96.

Employees

The Group's disclosures on employees have been included within the Sustainability section on pages 26 to 34. The Group's policies on equal opportunities recruitment can be found on page 29.

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 74 to 78.

Future business developments

Further details on these are set out in the Strategic Report on pages 11 to 13.

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 31 and 32.

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 47.

Taskforce on Climate-related Financial Disclosures (TCFD)

The Group's report in line with recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) report can be found on pages 35 to 47.

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 Parent Company and 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.

Statement as to disclosures of information to the 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 4 December 2024.

Alison Sleight
Company Secretary
4 December 2024

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 2024 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 2024 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 material accounting policy information. 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 5 years, covering the years ended 30 September 2020 to 30 September 2024. 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 the cash flow forecasts and critically assessed the integrity of the forecast model and its consistency with approved forecasts;
- We scrutinised sensitivity analysis and reverse stress testing prepared by the Directors in relation to the Group's cash flow forecasts with reference to the covenants in place over the existing financing facilities. The reasonableness of such scenarios modelled was consistent with our knowledge and experience of the entity;
- We assessed the Group's compliance with covenants during the year, at the year end and through the going concern period of 12 months from the date on which the financial statements are approved to check the Group's ability to comply with the covenant requirements going forward; and

- We considered the completeness and accuracy of the disclosures made 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	97.8% (2023: 98.6%) of Group profit before tax 97.7% (2023: 98.6%) of Group revenue 99.4% (2023: 99.6%) of Group total assets
Key audit matters	Valuation of inventory which is consistent with prior years
Materiality	Group financial statements as a whole £920,000 (2023:£677,000) based on 5% (2023: 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.

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 and targeted procedures on revenue. All audits and desktop procedures were completed by the Group engagement team.

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;
- 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 and viability assessments.

We also assessed the consistency of managements disclosures included as 'Statutory Other Information' on pages 97 to 100 with the financial statements and within 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	
<p>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.</p>	<p>The Group has significant inventory balances, which as a result of the nature of the inventories held, 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.</p> <p>As a result, this was determined to be a key audit matter.</p>	<p>Our audit work included but was not limited to:</p> <ul style="list-style-type: none"> • Checked that the categories of direct costs and overheads relevant to the manufacturing process, were appropriately absorbed into inventory and that these were appropriate under International Accounting Standard 2 – Inventories (IAS 2); • Challenged judgements applied by management when setting overhead recovery rates, including the percentage applied to the overheads to be absorbed and reviewing the underlying assumptions applied in the calculations; • Considered the variance between budgeted and actual overhead recovery to check that the proportion of overheads absorbed was accurate based on the actual utilisation of the manufacturing facilities throughout the year; • In order to check the allocations of costs through the production process, we recalculated and verified a sample of overheads absorbed back to works orders and budgeted utilisation; • Verified for a sample of completed works orders that the corresponding overhead recovery charge was recorded accurately; • Critically assessed management's policy in respect of the recognition of inventory provisions to determine its appropriateness in relation to the age, nature and condition of the Group's inventory and the requirements of the applicable accounting standards; • 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; • A review of post year-end activity including sales made in October 2024 and open customer orders to check that inventory items had been sold above the cost they were held at year end. For those that were not, checked they were included in the provision at year end, or would not have a material impact on the year-end inventory valuation. <p>Key observations:</p> <p>We identified that management's judgements and estimates used in the allocation of overheads and provisions to be appropriate and in line with the requirements of IAS 2.</p>

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 49% and 76% (2023: 66% and 67%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £447,000 to £696,000. (2023: from £445,000 to £454,000). In the audit of each component, we further applied performance materiality levels of 70% (2023: 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 £30,500 (2023:£23,500). 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	
	2024 £	2023 £	2024 £	2023 £
Materiality	920,000	677,000	447,000	445,000
Basis for determining materiality	5% of profit before tax		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 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.	
Performance materiality	644,000	474,000	313,000	311,500
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 misstatement and management's attitudes towards proposed misstatements.			

Corporate governance statement

The UK 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	<ul style="list-style-type: none"> 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 59; 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 58.
Other Code provisions	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on page 100; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 52 to 57; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 53; 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	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>

Corporate governance statement	<p>In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.</p> <p>In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information.</p> <p>In our opinion, based on the work undertaken in the course of the audit information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.</p> <p>We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> 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.

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, those charged with governance and the Audit Committee and our 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 and employment tax in each significant jurisdiction;
- 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.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; Review of management's response to any known or suspected instances of fraud in the period, including understanding improvements made to the internal control environment;
- 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 both the parent company and individual 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 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, the 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 of controls, our procedures included targeting journal transactions with a specific criteria, with a focus on unusual transactions based on our knowledge of the business and agreeing these to supporting documentation and a review of payroll data to identify any possible duplicate employees or inappropriate payments to employees who have joined or left the business;
- With regards 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 is 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 the 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 for indications of management bias (Please refer to the key audit matter section of our report for more detail).

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

4 December 2024

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 2024

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	Notes	2024			2023		
		Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Revenue	4	153,066	–	153,066	147,397	–	147,397
Cost of sales		(108,580)	–	(108,580)	(102,573)	–	(102,573)
Gross profit		44,486	–	44,486	44,824	–	44,824
Administrative expenses	8	(24,617)	(328)	(24,945)	(26,503)	(2,655)	(29,158)
Relocation expenses	8	–	(302)	(302)	–	(1,145)	(1,145)
Operating profit/(loss)¹	5	19,869	(630)	19,239	18,321	(3,800)	14,521
Finance income	7	229	–	229	112	–	112
Finance costs	7	(1,005)	–	(1,005)	(1,089)	–	(1,089)
Profit/(loss) before taxation		19,093	(630)	18,463	17,344	(3,800)	13,544
Taxation	9	(4,164)	102	(4,062)	(3,405)	803	(2,602)
Profit/(loss) for the year attributable to owners of the Parent Company		14,929	(528)	14,401	13,939	(2,997)	10,942
		Adjusted²		Statutory	Adjusted²		Statutory
Earnings per share							
Basic	11	24.47p		23.61p	22.94p		18.01p
Diluted	11	24.34p		23.48p	22.81p		17.91p

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 2024

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	Notes	2024 £'000	2023 £'000
Profit for the year attributable to owners of the Parent Company		14,401	10,942
Items that will or may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		(6,156)	(6,188)
Current tax on foreign currency translation differences	9	–	(33)
Deferred tax on foreign currency translation differences	9	(257)	301
Fair value movement on cash flow hedges	23	195	269
Deferred tax on fair value movement	9	(49)	–
		(6,267)	(5,651)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension scheme	27	1,294	1,381
Deferred tax on actuarial gain	9	(323)	(345)
		971	1,036
Other comprehensive expense for the year		(5,296)	(4,615)
Total comprehensive income for the year attributable to owners of the Parent Company		9,105	6,327

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 2024

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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

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 2023		1,223	23,484	(2)	(42)	7,463	105,120	137,246
Profit for the year		-	-	-	-	-	14,401	14,401
Other comprehensive income:								
Exchange differences		-	-	-	-	(6,156)	-	(6,156)
Fair value movement on cash flow hedges	23, 29	-	-	-	195	-	-	195
Actuarial gain on defined benefit pension scheme	27	-	-	-	-	-	1,294	1,294
Taxation relating to items above	9	-	-	-	(49)	(257)	(323)	(629)
Total comprehensive income		-	-	-	146	(6,413)	15,372	9,105
Transactions with owners:								
Dividends	10	-	-	-	-	-	(4,924)	(4,924)
Share-based payments	26	-	-	-	-	-	492	492
Movement in own shares in share trusts		-	-	2	-	-	-	2
Gain on release of shares in share trusts		-	-	-	-	-	116	116
Issue of share capital	24	2	-	(2)	-	-	-	-
Taxation relating to items recognised directly in equity	9	-	-	-	-	-	(23)	(23)
Total transactions with owners		2	-	-	-	-	(4,339)	(4,337)
30 September 2024		1,225	23,484	(2)	104	1,050	116,153	142,014

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 2024

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Parent Company	Notes	Share capital £'000	Share premium account £'000	Own shares in share trusts £'000	Retained earnings £'000	Total equity £'000
1 October 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
Profit for the year		-	-	-	4,491	4,491
Total comprehensive income		-	-	-	4,491	4,491
Transactions with owners:						
Dividends	10	-	-	-	(4,924)	(4,924)
Movement in own shares in share trusts		-	-	2	-	2
Share-based payments	15, 26	-	-	-	492	492
Gain on release of shares in share trusts		-	-	-	116	116
Issue of share capital	24	2	-	(2)	-	-
Total transactions with owners		2	-	-	(4,316)	(4,314)
30 September 2024		1,225	23,484	(2)	19,492	44,199

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

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	Notes	Group		Parent Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
ASSETS					
Non-current assets					
Intangible assets	12	2,534	2,752	–	–
Property, plant and equipment	13	69,808	71,526	–	–
Right-of-use assets	14	379	538	–	–
Investment in subsidiaries	15	–	–	39,066	38,574
Post-employment benefits	27	5,578	3,723	–	–
		78,299	78,539	39,066	38,574
Current assets					
Inventories	16	51,878	62,396	–	–
Trade and other receivables	17	37,078	32,969	5,300	5,580
Current tax assets		430	300	–	–
Derivative financial instruments	23	380	8	–	–
Cash and bank balances	18	1,786	809	407	359
		91,552	96,482	5,707	5,939
Total assets		169,851	175,021	44,773	44,513
LIABILITIES					
Current liabilities					
Borrowings	19	(2,134)	(10,642)	–	–
Provisions	20	(245)	(102)	–	–
Trade and other payables	21	(18,695)	(20,700)	(574)	(491)
Lease liabilities	14	(172)	(176)	–	–
Derivative financial instruments	23	–	(176)	–	–
Current tax liabilities		(1,324)	(755)	–	–
		(22,570)	(32,551)	(574)	(491)
Net current assets		68,982	63,931	5,133	5,448

GROUP AND PARENT COMPANY BALANCE SHEETS continued

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	Notes	Group		Parent Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Non-current liabilities					
Lease liabilities	14	(219)	(373)	–	–
Deferred tax liabilities	22	(5,048)	(4,851)	–	–
		(5,267)	(5,224)	–	–
Total liabilities		(27,837)	(37,775)	(574)	(491)
Net assets		142,014	137,246	44,199	44,022
EQUITY					
Share capital	24	1,225	1,223	1,225	1,223
Share premium account	25	23,484	23,484	23,484	23,484
Own shares in share trusts		(2)	(2)	(2)	(2)
Hedging reserve		104	(42)	–	–
Foreign exchange reserve		1,050	7,463	–	–
Retained earnings		116,153	105,120	19,492	19,317
Total equity attributable to owners of the Parent Company		142,014	137,246	44,199	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.

The Parent Company reported a profit for the year of £4,491,000 (2023: £3,850,000).

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2024 and were signed on its behalf by:

Vijay Thakrar

Chair

4 December 2024

Ryan Govender

Chief Financial Officer

GROUP AND PARENT COMPANY STATEMENTS OF CASH FLOWS

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	Notes	Group		Parent Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash flow from operating activities					
Profit before taxation		18,463	13,544	4,491	3,850
Adjusted for:					
Depreciation of property, plant and equipment and right-of-use assets	13, 14	4,640	4,277	–	–
Amortisation of intangible assets	12	426	399	–	–
Impairment charge on intangible assets	12	–	228	–	–
Loss on disposal of property, plant and equipment		28	241	–	–
Net finance costs/(income) excluding post-employment benefit expense	7	1,000	1,087	(341)	–
Share-based payments	26	512	1,222	–	–
Increase in fair value of derivatives		(353)	(230)	–	–
Employer contributions to defined benefit pension scheme	27	(338)	(450)	–	–
Dividend income settled via intercompany account		–	–	(284)	(1,541)
Post-employment benefit income	27	(224)	(110)	–	–
Operating cash flow before movements in working capital		24,154	20,208	3,866	2,309
Movements in working capital:					
Decrease in inventories		7,231	2,507	–	–
(Increase)/decrease in receivables		(5,651)	3,004	35	(21)
(Decrease)/increase in payables		(939)	(2,054)	84	35
Cash generated from operations		24,795	23,665	3,985	2,323
Taxation paid		(3,727)	(2,174)	–	–
Net cash generated from operating activities		21,068	21,491	3,985	2,323

GROUP AND PARENT COMPANY STATEMENTS OF CASH FLOWS continued

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	Notes	Group		Parent Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash flow from investing activities					
Proceeds on disposal of property, plant and equipment		36	1,557	–	–
Increase in intercompany loan balance		–	–	869	124
Purchase of property, plant and equipment		(5,425)	(5,507)	–	–
Purchase of intangible assets	12	(243)	(207)	–	–
Interest received	7	5	2	–	–
Net cash (used in)/generated from investing activities		(5,627)	(4,155)	869	124
Cash flow from financing activities					
Repayment of borrowings and loans		(9,952)	(17,737)	–	–
Proceeds from bank borrowings		1,559	10,642	–	–
Repayment of lease liabilities	14	(176)	(161)	–	–
Interest paid	7	(992)	(1,080)	–	–
Dividends paid	10	(4,924)	(4,802)	(4,924)	(4,802)
Proceeds on issue of shares	24	2	6	2	6
Sale of own shares by share trusts		116	623	116	623
Net cash used in financing activities		(14,367)	(12,509)	(4,806)	(4,173)
Net increase/(decrease) in cash and cash equivalents		1,074	4,827	48	(1,726)
Effect of foreign exchange rates		(97)	(198)	–	–
Movement in cash and cash equivalents in the year		977	4,629	48	(1,726)
Cash and cash equivalents at beginning of year		809	(3,820)	359	2,085
Cash and cash equivalents at end of year		1,786	809	407	359
Cash and cash equivalents comprise:					
Cash and bank balances	18	1,786	809	407	359
		1,786	809	407	359

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 2024

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The statement of reconciliation of net cash flow to movement in net debt does not form part of the primary statements.

	2024 £'000	2023 £'000
Movement in cash and cash equivalents in the year	977	4,629
Repayment of borrowings and loans	9,952	17,737
Proceeds from bank borrowings	(1,559)	(10,642)
Reduction/(increase) in lease liabilities	158	(153)
Cash outflow from changes in net debt in the year	9,528	11,571
Effect of foreign exchange rates	115	466
Movement in net debt in the year	9,643	12,037
Net debt at beginning of year	(10,382)	(22,419)
Net debt at end of year	(739)	(10,382)

Analysis of movement in net debt during the year:

	At 1 October 2023 £'000	Cash flow £'000	Non-cash movements £'000	Foreign exchange movements £'000	At 30 September 2024 £'000
Cash and bank balances	809	1,074	–	(97)	1,786
Bank overdrafts	–	–	–	–	–
Cash and cash equivalents	809	1,074	–	(97)	1,786
Bank borrowings and term loan	(10,642)	8,393	–	115	(2,134)
Lease liabilities	(549)	176	(22)	4	(391)
Net debt	(10,382)	9,643	(22)	22	(739)

	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	(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)

The Group reconciliation of net cash flow to movement in net debt, together with notes 1 to 31, form part of these financial statements.

1. General information

Treant 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 153.

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. Material accounting policies

The material 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 Treant 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 52 to 57 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 in the prior year, agreeing a £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. At the year-end date, the Group had net debt of £0.7m (2023: £10.4m) and headroom on facilities of £43.3m.

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 adverse changes, by 10% or more, in revenues, margins and foreign exchange rates both separately and simultaneously. These assumptions represent a manifestation of the aforementioned business risks that could 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. Through the modelling of these scenarios, it was found that the Group would retain sufficient headroom on its total facilities and comply with its banking covenants throughout the tested periods, even in a scenario when all three adverse assumptions were tested simultaneously.

3. Material accounting policies continued

Going concern continued

A further “reverse stress test” scenario was modelled to find a sustained reduction in gross profit across the Group that would give rise to a breach of the Group’s covenant conditions and the Group’s headroom on facilities within the viability period. Under this particularly extreme reverse-engineered scenario, it was determined that a sustained reduction in gross profit of around 55% compared with the previously forecasted levels over the viability period, with no mitigating measures put in place, would result in a breach of the financial covenants in R C Treatt’s facility limit by around June 2026, followed by a breach of overall Group facility limits in December 2027. Such a scenario was found to be the equivalent of Group losses before taxation of £15m or more for each year of the viability period.

The possibility of these severe scenarios materialising is considered extremely 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.

Revenue recognition

Revenue represents amounts receivable net of trade discounts, VAT and other sales-related taxes. Revenue is recognised in these financial statements when control over the goods is transferred to the customer, which is usually upon shipment or in line with specific terms agreed with individual customers. 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. The point at which control passes, or the goods are assigned, is considered to be the point at which the Group’s performance obligation has been satisfied, therefore when revenue should be recognised, 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 capitalised, and subsequently 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.

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.

3. Material accounting policies continued

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.

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 defined 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.

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: 5–10 years

Some new higher-value laboratory equipment has been estimated to have a useful life of ten years based on our previous experience with similar equipment. This is a change from previous years' policy.

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 expense the cost of the asset, less estimated residual value, as follows:

- Software: 4–12 years
- Development costs: 5–10 years

3. Material accounting policies continued

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.

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.

3. Material accounting policies continued

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.

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 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.

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.

3. Material accounting policies continued

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.

Overhead absorption and inventory provisions

Estimates are made of the operating costs directly attributable to the manufacture of our products, and the annual utilisation hours of our manufacturing equipment, in setting overhead absorption rates to include the costs of conversion in the value of our inventory (in accordance with IAS 2, "Inventories"). These rates are reviewed over the course of the financial year based on actual operating costs and equipment utilisation and adjusted accordingly. Estimates are also 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.

3. Material 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.

Climate change

In preparing these financial statements, the Group has considered the impact of climate change in the context of the risks and opportunities identified in the Task Force on Climate-related Financial Disclosures (TCFD) on pages 36 to 45 and the Group's sustainability targets. We note that although the risks arising from climate change are material for the Group, these risks are more likely to manifest in the medium to long-term, and at present climate change has had no material impact on the Group's judgements and estimates. We will continue to assess how climate change and its impact may affect the judgments and estimates made in the Group's 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 Executive 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	2024 £'000	2023 £'000
United Kingdom	8,099	8,039
Rest of Europe	4,950	5,937
– Germany		
– Ireland	18,114	14,653
– Other	14,676	13,006
The Americas	58,001	61,407
– USA	14,403	12,549
– Other	11,426	9,525
Rest of the World	23,397	22,281
	153,066	147,397

All Group revenue is in respect of the sale of goods. No country included within "Other" contributes more than 5% of the Group's total revenue. The Group revenue generated by customers accounting for more than 10% each of the Group's overall revenue is £25,492,000 (2023: £15,472,000).

Non-current assets by geographical location, excluding post-employment benefit surplus are:

Non-current assets by destination	2024 £'000	2023 £'000
United Kingdom	45,698	44,800
United States	26,925	29,908
China	98	108
	72,721	74,816

5. Operating profit for the year

Operating profit¹ for the year is stated after charging/(crediting):

Group	2024 £'000	2023 £'000
Depreciation of property, plant and equipment and right-of-use assets	4,640	4,277
Amortisation of intangible assets ²	426	399
Impairment of intangible assets	–	228
Loss on disposal of property, plant and equipment	28	137
Research and development costs	1,473	1,742
Research and development tax credits	(45)	–
Net foreign exchange gain ³	717	341
Cost of inventories recognised as an expense ⁴	93,677	87,411
Write down of inventories recognised as an expense	785	2,230
Shipping costs	2,888	2,503
IT and telephony costs	1,038	1,110
Insurance costs	1,255	1,450
Energy and utility costs	1,446	1,416

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 the auditor's remuneration is as follows:

	2024 £'000	2023 £'000
Fees payable to the Parent Company's auditors and their associates for the audit of:		
– the Parent Company and Group accounts	116	85
– the Group's subsidiaries pursuant to legislation	257	198
Total audit fees	373	283
Fees payable to the Parent Company's auditors and their associates for other services to the Group:		
– other assurance services	18	16
Total non-audit fees	18	16

6. Employees

Number of employees

During the year the average number of staff employed by the Group, including Directors, was as follows:

Group	2024 Number	2023 Number
Technical and production	161	184
Administration and sales	209	217
	370	401

The total number of staff employed by the Group at the year-end date is 379 (2023: 365), no staff were employed by the Parent Company in the current or prior year. During the year, the Directors shown on pages 52 to 57 were employed by R C Treatt & Co Limited.

Employment costs

The following costs were incurred in respect of the above:

Group	2024 £'000	2023 £'000
Wages and salaries	18,994	20,305
Social security costs	1,592	1,850
Pension costs (see note 27)	1,213	1,237
Share-based payments (see note 26)	512	1,222
	22,311	24,614

The value of other short-term non-monetary benefits was £1,362,000 (2023: £1,498,000).

6. Employees continued

Directors

During the year, the aggregate emoluments in respect of the Executive and Non-executive Directors was as follows:

Group	2024 £'000	2023 £'000
Directors in aggregate:		
Emoluments in respect of qualifying services	679	950
Fees paid to Non-executive Directors in respect of qualifying services	367	378
Taxable benefits in respect of qualifying services	20	31
Share-based payments expense in respect of qualifying services	69	252
Pension contributions to money purchase schemes	51	55
	1,186	1,666

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 84 to 96.

7. Finance income and costs

Group	2024 £'000	2023 £'000
Finance income		
Other interest received	5	2
Post-employment benefit income (see note 27)	224	110
	229	112
Finance costs		
Bank interest paid	678	757
Other bank finance costs	314	323
Lease liabilities finance expense (see note 14)	13	9
	1,005	1,089

8. Exceptional items

The exceptional items referred to in the income statement can be categorised as follows:

Group	2024 £'000	2023 £'000
UK relocation project:		
Relocation expenses	302	1,145
Less: tax effect of relocation expenses	(20)	(205)
Restructuring:		
Restructuring expenses	328	2,655
Less: tax effect of restructuring expenses	(82)	(598)
	528	2,997

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 final stages of the manufacturing fit-out at the Skyliner Way premises.

Restructuring costs principally comprise further termination payments and associated advisory costs relating to those employees impacted by the transition to the new senior leadership structure. 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 £2,048,000 were made in respect of the restructuring costs, thereby concluding the cash flow impact of the restructure.

9. Taxation

Analysis of tax charge in income statement

Group	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profits for the year	–	(32)
Adjustments to UK tax in respect of previous periods	–	(41)
Overseas corporation tax on profits for the year	4,230	3,577
Adjustments to overseas tax in respect of previous periods	30	(365)
Total current tax	4,260	3,139
Deferred tax:		
Origination and reversal of temporary differences	(120)	(141)
Effect of change of tax rate on opening deferred tax	(77)	(29)
Adjustments in respect of previous periods	(1)	(367)
Total deferred tax (see note 22)	(198)	(537)
Tax on profit on ordinary activities	4,062	2,602

Analysis of tax charge in other comprehensive income

Group	2024 £'000	2023 £'000
Current tax:		
Foreign currency translation differences	–	33
Total current tax	–	33
Deferred tax:		
Cash flow hedges	49	–
Foreign currency translation differences	257	(301)
Defined benefit pension scheme	323	345
Total deferred tax	629	44
Total tax expense recognised in other comprehensive income	629	77

Analysis of tax charge/(credit) in equity

Group	2024 £'000	2023 £'000
Current tax:		
Share-based payments	–	(28)
Deferred tax:		
Share-based payments	23	(25)
Total tax charge/(credit) recognised in equity	23	(53)

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 25.0% (2023: 22.0%). The differences are explained below:

Group	2024 £'000	2023 £'000
Profit before tax multiplied by standard rate of UK corporation tax at 25.0% (2023: 22.0%)	4,616	2,980
Effects of:		
Expenses not deductible in determining taxable profit	116	276
Adjustments in respect of overseas state taxes	309	363
Benefits of overseas tax incentives	(320)	(304)
Research and development tax credits	(19)	(20)
Difference in tax rates on overseas earnings	(654)	49
Adjustments to tax charge in respect of prior years	29	(732)
Effect of change of tax rate on opening deferred tax	–	(47)
Deferred tax not recognised	(15)	37
Total tax charge for the year	4,062	2,602

The adjustments in respect of prior years relate to the finalisation of previous years' tax computations.

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10. Dividends

Equity dividends on ordinary shares

Parent Company and Group	Dividend per share for years ended 30 September				
	2024 Pence	2023 Pence	2022 Pence	2024 £'000	2023 £'000
Interim dividend	2.60p ³	2.55p ²	2.50p ¹	1,589	1,552
Final dividend	5.81p ⁴	5.46p ³	5.35p ²	3,335	3,250
	8.41p	8.01p	7.85p	4,924	4,802

1 Accounted for in the year ended 30 September 2022.

2 Accounted for in the year ended 30 September 2023, totalling £4,802,000 as reported.

3 Accounted for in the year ended 30 September 2024, totalling £4,924,000 as reported.

4 The proposed final dividend for the year ended 30 September 2024 of 5.81p will be voted on at the Annual General Meeting on 30 January 2025 and will therefore be accounted for in the financial statements for the year ending 30 September 2025.

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	2024	2023
Profit after taxation attributable to owners of the Parent Company (£'000)	14,401	10,942
Weighted average number of ordinary shares in issue ('000)	61,006	60,762
Basic earnings per share (pence)	23.61p	18.01p

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	2024 No ('000)	2023 No ('000)
Weighted average number of shares	61,210	60,916
Weighted average number of shares held in the EBT	(204)	(154)
Weighted average number of shares used for calculating basic EPS	61,006	60,762
Executive share option schemes	269	301
All-employee share options	69	45
Weighted average number of shares used for calculating diluted EPS	61,344	61,108
Diluted earnings per share (pence)	23.48p	17.91p

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	2024 £'000	2023 £'000
Profit after taxation attributable to owners of the Parent Company	14,401	10,942
Adjusted for:		
Exceptional items – restructuring costs (see note 8)	328	2,655
Exceptional items – relocation expenses (see note 8)	302	1,145
Taxation thereon	(102)	(803)
Adjusted earnings	14,929	13,939
Adjusted basic earnings per share (pence)	24.47p	22.94p
Adjusted diluted earnings per share (pence)	24.34p	22.81p

12. Intangible assets

Group	Development costs £'000	Software licences £'000	Total £'000
Cost:	989	2,674	3,663
1 October 2022	(43)	(1)	(44)
Additions	69	138	207
Disposals	–	(26)	(26)
30 September 2023	1,015	2,785	3,800
Exchange adjustment	(41)	(12)	(53)
Additions	114	129	243
30 September 2024	1,088	2,902	3,990
Amortisation:			
1 October 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
Exchange adjustment	(15)	(3)	(18)
Charge for year	50	376	426
30 September 2024	402	1,054	1,456
Net book value:			
30 September 2024	686	1,848	2,534
30 September 2023	648	2,104	2,752

Included within development costs are ongoing projects totalling £428,000 (2023: £329,000) which are not yet subject to amortisation.

Impairment charges

The Group reviews development assets under construction for impairment indicators annually, and when testing is required, the recoverable amount of the assets is assessed. During the year, the Group recognised impairment charges of £nil (2023: £228,000).

13. Property, plant and equipment

Group	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Laboratory equipment £'000	Total £'000
Cost:					
1 October 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
Exchange adjustment	(1,320)	(1,896)	(369)	(80)	(3,665)
Additions	–	3,635	1,423	365	5,423
Disposals	–	(61)	(218)	(23)	(302)
30 September 2024	35,254	41,345	8,002	2,575	87,176
Depreciation:					
1 October 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
Exchange adjustment	(204)	(715)	(105)	(40)	(1,064)
Charge for year	596	2,736	828	315	4,475
Disposals	–	(47)	(167)	(23)	(237)
30 September 2024	2,973	10,836	2,701	858	17,368
Net book value:					
30 September 2024	32,281	30,509	5,301	1,717	69,808
30 September 2023	33,993	30,805	5,021	1,707	71,526

Included within freehold land and buildings is £6,136,000 (2023: £6,361,000) of land which is not depreciated.

Included in property, plant and equipment are plant and machinery assets in the course of construction of £7,048,000 (2023: £5,449,000), fixtures, fittings and equipment in the course of construction totalling £775,000 (2023: £215,000) and laboratory equipment in the course of construction totalling £161,000 (2023: £145,000) which are not yet being depreciated.

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13. Property, plant and equipment continued

Sustainability strategy

During the year ended 30 September 2024, the Group invested £689,000 in capital projects in line with its carbon reduction strategy and net zero pathway (see pages 34 and 35). In making such investments the Group considered whether they would give rise to any impairment or adjustments to the useful lives of existing assets, and concluded that they do not.

Capital commitments

The value of capital expenditure in respect of property, plant and equipment contracted for but not yet provided for in these financial statements is as follows:

	2024 £'000	2023 £'000
Capital commitments		
Contracted but not provided for	1,708	802

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	Plant & machinery £'000	Total £'000
Net carrying value:		
1 October 2022	375	375
Exchange adjustment	(6)	(6)
Additions	308	308
Depreciation charge	(139)	(139)
30 September 2023	538	538
Exchange adjustment	(3)	(3)
Additions	9	9
Depreciation charge	(165)	(165)
30 September 2024	379	379

Lease liabilities

Group	2024 £'000	2023 £'000
Lease liabilities:		
At start of year	549	396
Exchange adjustment	(4)	(3)
Additions	9	308
Lease liabilities finance expense	13	9
Repayments of lease liabilities	(176)	(161)
Balance at end of year	391	549
Of which:		
Current lease liabilities	172	176
Non-current lease liabilities	219	373

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% (2023: 3.4%).

The Group's leasing activities 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	2024 £'000	2023 £'000
Maturity analysis – undiscounted lease payments:		
Within one year	172	176
In one to two years	118	171
In two to five years	121	225
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 £nil (2023: £95,000).

15. Investments in subsidiaries

Parent Company	£'000
Cost:	
1 October 2022	37,385
Capital contribution to subsidiaries	1,189
30 September 2023	38,574
Capital contribution to subsidiaries	492
30 September 2024	39,066

Parent Company	2024 £'000	2023 £'000
Subsidiary:		
R C Treatt & Co Limited – 100% (2023: 100%)	29,228	28,761
Treatt USA Inc – 100% (2023: 100%)	9,397	9,372
Treatt Trading (Shanghai) Company Limited – 100% (2023: 100%)	441	441
	39,066	38,574

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. Inventories

Group	2024 £'000	2023 £'000
Raw materials	18,218	24,119
Work in progress and intermediate products	21,859	25,130
Finished goods	11,801	13,146
	51,878	62,396

Inventories are stated net of provisions for impairment of £3,018,000 (2023: £2,855,000).

Gross inventory with a carrying value of £33,182,000 (2023: £38,772,000) has been pledged as security in relation to all US borrowings, and gross inventory with a carrying value of £19,260,000 (2023: £24,075,000) has been pledged as security in relation to all UK borrowings under the asset-based lending structure, as detailed in note 19.

17. Trade and other receivables

Current	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables ¹	34,443	31,114	–	–
Amounts owed by subsidiaries	–	–	5,258	5,503
Other receivables	605	306	42	77
Prepayments	2,030	1,549	–	–
	37,078	32,969	5,300	5,580

¹ This includes £2,717,000 (2023: £1,624,000) 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 of the 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.

17. Trade and other receivables continued

The average credit period taken for trade receivables is as follows:

Group	2024	2023
Average debtor days	78	82

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	2024 £'000	2023 £'000
Impairment provision:		
At start of year	216	816
Released in year	(174)	(728)
Provided in year	84	134
Foreign exchange	(1)	(6)
Balance at end of year	125	216

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 35.4% (2023: 30.7%) 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.

The ageing profile of impaired trade receivables is as follows:

Group	2024 £'000	2023 £'000
Number of days past the due date:		
1–30	–	–
31–60	–	–
Over 60	125	216

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 16 to 19. The currency exposure within trade receivables of the principal foreign currencies, was as follows:

Group	2024 £'000	2023 £'000
US Dollar	28,370	23,326
Euro	2,846	2,848
Chinese Yuan	184	317

Trade receivables with a carrying value of £15,304,000 (2023: £14,214,000) have been pledged as security in relation to all US borrowings, and trade receivables with a carrying value of £18,954,000 (2023: £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 19.

18. Cash and bank balances

Group and Parent Company

Cash and bank balances of £1,786,000 (2023: £809,000) 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 £407,000 (2023: £359,000). 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.

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19. Borrowings

Current

Group	2024 £'000	2023 £'000
UK asset-based lending facility	352	10,305
US line of credit	1,782	337
	2,134	10,642

Loans and borrowings

In the UK, the Group has access to a £25.0m (2023: £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 has access to a \$25.0m (2023: \$25.0m) three-year line of credit with Bank of America. US borrowings are 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 £20,927,000 (2023: £21,285,000).

Borrowings are repayable as follows:

Group	2024 £'000	2023 £'000
In one year or less	2,134	10,642

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 2024, the Group had total borrowing facilities of £43,672,000 (2023: £45,490,000) of which £nil (2023: £nil) expires in one year or less at the balance sheet date. At 30 September 2024 the Group had access to £43,324,000 (2023: £35,658,000) of financing facilities including its own cash balances at that date.

20. Provisions

Group	2024 £'000	2023 £'000
Onerous contract provision:		
At start of year	102	397
Utilised in year	(100)	(342)
Additional provision in year	249	75
Foreign exchange	(6)	(28)
Balance at end of year	245	102

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.

21. Trade and other payables

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current				
Trade payables	14,241	13,131	66	172
Other taxes and social security costs	315	404	–	–
Accruals and other creditors	4,139	7,165	508	319
	18,695	20,700	574	491

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 16 to 19. The currency exposure within trade payables of the principal foreign currencies, was as follows:

Group	2024 £'000	2023 £'000
US Dollar	12,817	10,134
Euro	215	687
Chinese Yuan	210	227

22. Deferred taxation

Group	2024 £'000	2023 £'000
UK deferred tax liability	(2,823)	(1,647)
Overseas deferred tax liability	(2,225)	(3,204)
Deferred tax liabilities	(5,048)	(4,851)

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 rates applicable to the Group's UK and US subsidiaries were unchanged from prior year, 25.0% (2023: 25.0%) in the UK and 21.3% (2023: 21.3%) in the US.

A reconciliation of the net deferred tax liability is shown below:

Group	UK deferred tax					Overseas deferred tax		Total £'000
	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	
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)
Credit to equity:								
For the year	-	-	-	39	-	-	(14)	25
1 October 2023	(931)	(3,665)	27	232	2,690	(3,901)	697	(4,851)
Credit/(charge) to income statement:								
For the year	(141)	(678)	-	(92)	423	84	524	120
In respect of prior period	-	(64)	-	28	-	37	-	1
For change in tax rate	-	-	-	-	-	77	-	77
Credit/(charge) to other comprehensive income:								
For the year	(323)	-	(49)	-	(257)	-	-	(629)
Charge to equity:								
For the year	-	-	-	(23)	-	-	-	(23)
Foreign exchange differences	-	-	-	-	-	257	-	257
30 September 2024	(1,395)	(4,407)	(22)	145	2,856	(3,446)	1,221	(5,048)

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23. Derivative financial instruments

Group	2024 £'000	2023 £'000
Current:		
Derivative financial assets	380	8
Derivative financial liabilities	–	(176)

The gains on derivative financial instruments were as follows:

Group	2024 £'000	2023 £'000
Income statement:		
Foreign exchange contracts	808	386
Other comprehensive income:		
Foreign exchange contracts	195	269

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	2024		2023	
	£'000	Number	£'000	Number
At start of year	1,223	61,129,589	1,217	60,864,564
Issued in year	2	80,172	6	265,025
At end of year	1,225	61,209,761	1,223	61,129,589

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 nil (2023: 200,000) ordinary shares to the Employee Benefit Trust (EBT), and 80,000 (2023: 65,000) 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 2024 is 97,000 (2023: 162,000) and the number of shares held in the SIP is 361,000 (2023: 380,000).

25. Share premium account

Parent Company and Group	2024 £'000
Balance at 1 October 2023 and 30 September 2024	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	2024 £'000	2023 £'000
Share option schemes – see (a) below	113	816
Share incentive plans – see (b) below	379	373
	492	1,189
Effect of movement in foreign exchange rates	20	33
	512	1,222

(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.

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 2024	Number exercised in year	Exercise price per share	Date option exercisable
UK SAYE ¹ Scheme 2020	–	9,900	409.0p	Sep 2023 – Feb 2024
UK SAYE ¹ Scheme 2021	8,337	–	932.0p	Sep 2024 – Feb 2025
UK SAYE ¹ Scheme 2022	47,693	–	610.0p	Sep 2025 – Feb 2026
UK SAYE ¹ Scheme 2023	51,646	–	566.0p	Sep 2026 – Feb 2027
UK SAYE ¹ Scheme 2024	140,400	–	371.0p	Sep 2027 – Feb 2028
US ESPP ² Scheme 2024	10,505	–	394.0p	July 2025
UK LTIP ³ Scheme 2016	2,735	–	–	Jun 2019 – Jun 2026
UK LTIP ³ Scheme 2017	974	–	–	Jun 2020 – Jun 2027
UK LTIP ³ Scheme 2019	7,190	–	–	Jun 2022 – Jun 2029
UK LTIP ³ Scheme 2020	5,239	–	–	Jun 2023 – Jun 2030
UK LTIP ³ Scheme 2021	1,234	3,936	–	Jun 2024 – Jun 2031
US LTIP ³ Scheme 2021	–	10,341	–	Jun 2024 – Feb 2025
UK LTIP ³ Scheme 2022	28,696	–	–	Dec 2025 – Dec 2032
US LTIP ³ Scheme 2022	73,206	–	–	Jun 2025 – Feb 2026
UK LTIP ³ Scheme 2023	86,176	–	–	Dec 2026 – Dec 2033
US LTIP ³ Scheme 2023	77,923	–	–	Dec 2026 – Dec 2033
UK Executive ⁴ Options 2018	29,941	–	–	Dec 2021 – Dec 2028
UK Executive ⁴ Options 2019	34,987	–	–	Dec 2022 – Dec 2029
UK Executive ⁴ Options 2020	9,274	23,241	–	Dec 2023 – Dec 2030
UK Executive ⁴ Options 2022	44,431	–	–	Dec 2025 – Dec 2032
UK Executive ⁴ Options 2023	98,540	–	–	Dec 2026 – Dec 2033

- 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.
- 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.
- 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.
- Details of the Executive options are provided in the Directors' Remuneration Report.

The fair value per option granted calculated using the Black-Scholes model, and the assumptions used in the share-based payments calculations, are as follows:

All-employee share schemes:	US ESPP 2024	SAYE 2024	US ESPP 2023	SAYE 2023
Share price at date of grant	463.8p	463.8p	594.0p	594.0p
Contractual life	1.0 years	3.5 years	1.0 years	3.5 years
Expected life	1.0 years	3.1 years	1.0 years	3.1 years
Expected volatility	37.3%	46.2%	56.5%	47.9%
Risk-free interest rate	4.4%	3.9%	4.9%	4.9%
Dividend yield	1.7%	1.7%	1.1%	1.1%
Expected cancellations	10.0%	10.0%	10.0%	10.0%
Expected forfeitures	10.0%	15.0%	18.0%	15.0%
Fair value per option at date of grant	97.4p	164.7p	191.7p	272.2p

Key-employee share schemes:	UK LTIP 2023	US LTIP 2023	UK Exec 2023	UK LTIP 2022	UK Exec 2022
Share price at date of grant	418.0p	418.0p	418.0p	660.0p	660.0p
Contractual life	10.0 years	3.2 years	10.0 years	10.0 years	10.0 years
Expected life	3.2 years	3.2 years	3.2 years	3.2 years	3.2 years
Expected volatility	46.0%	46.0%	46.0%	48.0%	48.0%
Risk-free interest rate	4.5%	4.5%	4.5%	3.4%	3.4%
Dividend yield	1.8%	1.8%	1.9%	1.2%	1.2%
Expected cancellations	0.0%	0.0%	0.0%	0.0%	0.0%
Expected forfeitures	83.1%	85.1%	80.1%	84.0%	88.8%
Fair value per option at date of grant	415.1p	415.1p	415.1p	635.0p	635.0p

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.

26. Share-based payments continued

(a) Share option schemes continued

Details of movements in share options during the year were as follows:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
All share schemes				
Outstanding at start of year	751,745	£2.06	780,841	£2.28
Granted during the year	413,544	£1.38	360,017	£1.38
Forfeited during the year	(284,721)	£0.94	(38,611)	£0.87
Exercised during the year	(47,418)	£0.11	(299,312)	£1.56
Lapsed during the year	(24,097)	£7.37	(32,328)	£2.17
Cancelled during the year	(49,926)	£10.82	(18,862)	£7.90
Outstanding at end of year	759,127	£1.67	751,745	£2.06
Exercisable at end of year	99,911	£1.24	89,850	£1.03

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 4.8 years (2023: 5.5 years). The weighted average actual market share price on the date of exercise for share options exercised during the year was 429.1 pence (2023: 626.7 pence) and the weighted average fair value of options granted during the year was 322.0 pence (2023: 542.4 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 (2023: £750) of "Free Shares", and US employees \$1,000 (2023: \$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 (2023: 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		Number of nil cost RSUs	
	2024	2023	2024	2023
Outstanding at start of year	105,750	142,290	24,498	25,556
Granted during the year	62,611	51,859	18,624	15,128
Vested during the year	(43,876)	(67,954)	(6,306)	(10,766)
Forfeited during the year	(6,915)	(4,335)	(3,276)	(5,326)
Released during the year	(6,242)	(16,110)	(90)	(94)
Outstanding at end of year	111,328	105,750	33,450	24,498

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.

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	2024 £'000	2023 £'000
Defined contribution schemes	1,213	1,233
Other pension costs	-	4
	1,213	1,237

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 latest actuarial valuation as at 1 January 2024, the prior year figures were calculated by updating the results of the previous valuation which was at 1 January 2021.

27. Post-employment benefits continued

Defined benefit pension scheme continued

The actuarial valuation as at 1 January 2024 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 2024, 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 advisers 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	2024	2023
Discount rate	5.20%	5.75%
Rate of inflation (RPI)	3.25%	3.40%
Rate of inflation (CPI)	2.75%	3.00%
Rate of increase in pensions in payment – CPI max 5%	2.70%	2.90%
Rate of increase in pensions in payment – CPI max 3%	2.20%	2.40%
Rate of increase in pensions in payment – CPI max 2.5%	1.95%	2.15%
Commutation allowance	20.0%	20.0%
Proportion married (at retirement or earlier death)	75.0%	75.0%
GMP equalisation allowance	0.5% of liability value	0.5% of liability value
Rate of increase in salaries	N/A	N/A
Mortality table	S3PA tables with CMI 2023 projections using a long-term improvement rate of 1.25% p.a.¹	S3PA tables with CMI 2019 projections using a long-term improvement rate of 1.25% p.a.
Life expectancy for male aged 65 in 20 years' time	23.0	23.7
Life expectancy for female aged 65 in 20 years' time	25.6	26.1
Life expectancy for male aged 65 now	21.7	22.3
Life expectancy for female aged 65 now	24.2	24.7

¹ A weight parameter of 0.25% p.a. is applied in the 2024 assumption. The 2020 and 2021 weight parameters are 0% and the 2022 and 2023 weight parameters are 15%.

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 2024. The valuation revealed that there was a funding surplus in the scheme as at that date of £2,399,000, being a funding level of 112%, based on these results the Group agreed with the Trustees on 26 July 2024 to cease deficit funding contributions from that date. Total deficit funding contributions were made during the year of £337,500 (2023: £450,000). The weighted average duration of the defined benefit obligation is approximately 13 years.

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27. Post-employment benefits continued

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 pension surplus has been recognised on the Group balance sheet.

Group	2024 £'000	2023 £'000
Scheme assets:		
Equities	3,462	9,616
Buy and maintain	–	–
Gilts	11,390	3,683
Bonds	5,011	4,501
Multi-asset credit	1,464	2,659
Cash ¹	1,489	–
Fair value of scheme assets	22,816	20,459
Present value of funded obligations (scheme liabilities)	(17,238)	(16,736)
Surplus in the scheme recognised in the balance sheet	5,578	3,723
Related deferred tax	(1,395)	(931)
Net pension surplus	4,183	2,792
Changes in scheme liabilities:		
Balance at start of year	(16,736)	(19,430)
Interest cost	(939)	(1,007)
Benefits paid	811	3,111
Remeasurement gains/(losses):		
– Experience gain/(loss) on liabilities	210	(325)
– Gain from changes to demographic assumptions	237	–
– Actuarial (loss)/gain arising from changes in financial assumptions	(821)	915
Balance at end of year	(17,238)	(16,736)

¹ Cash was held at 30 September 2024 as part of a restructuring of the Scheme's investment strategy, which was completed by 9 October 2024.

Group	2024 £'000	2023 £'000
Changes in scheme assets:		
Balance at start of period	20,459	21,212
Interest on scheme assets	1,163	1,117
Employer contributions	337	450
Benefits paid	(811)	(3,111)
Remeasurement gains:		
– Return on plan assets (excluding amounts included in interest expense)	1,668	791
Balance at end of year	22,816	20,459

Group	2024 £'000	2023 £'000
Amount charged to finance costs:		
Interest on scheme assets	1,163	1,117
Interest on scheme liabilities	(939)	(1,007)
Net income recognised in income statement	224	110
Amount recognised in statement of comprehensive income:		
Gain on scheme assets in excess of interest	1,668	791
Experience gain/(loss) on liabilities	210	(325)
Gain from changes to demographic assumptions	237	–
Actuarial (loss)/gain from changes to financial assumptions	(821)	915
Remeasurement gain recognised in statement of comprehensive income	1,294	1,381
Actual return on scheme assets	2,831	1,908
Cumulative remeasurement gain recognised in statement of comprehensive income	2,777	1,483

The approximate effect of a change of assumptions on surplus values at 30 September 2024:

	Reduce surplus by: £'000
Reduce discount rate by 0.25% p.a.	526
Increase inflation and all related assumptions by 0.1% p.a.	113
Increase life expectancy by one year	481

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.

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 for the financial year and has 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 \$2,294,000 (£1,713,000) (2023: \$202,000 (£166,000)) and £nil (2023: £10,193,000) 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 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 has access to a \$25.0m (2023: \$25.0m) three-year line of credit facility with Bank of America. 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 16 to 19.

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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial assets				
Measured at amortised cost:				
Trade receivables ¹	31,726	29,490	–	–
Other receivables	605	306	42	77
Cash and cash equivalents	1,786	809	407	359
Amounts owed by subsidiaries	–	–	5,258	5,503
Financial instruments measured at fair value through other comprehensive income:				
Trade receivables ² (level 3)	2,717	1,624	–	–
Derivative financial instruments measured at fair value through profit and loss:				
Forward currency contracts (level 2)	380	8	–	–
	37,214	32,237	5,707	5,939

- 1 Trade receivables at amortised cost are shown net of lifetime expected credit losses.
- 2 Trade receivables "held to collect and sell" may be either held to maturity or sold and realised immediately, these receivables are measured at face value as the impact of any fair value adjustments i.e discounting and credit risk, are not material.

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial liabilities				
Measured at amortised cost:				
Trade payables	14,241	13,131	66	172
Accruals and other creditors	4,139	7,165	508	319
UK asset-based lending facility	352	10,305	–	–
US line of credit	1,782	337	–	–
Lease liabilities	391	549	–	–
Derivative financial instruments measured at fair value through profit and loss:				
Forward currency contracts (level 2)	–	176	–	–
	20,905	31,663	574	491

29. Financial instruments continued

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 17. 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 18. 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 the quality and quantity of inventories 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 19. 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	13,098	1,143	–	–	–
Accruals and other creditors	3,833	306	–	–	–
UK asset-based lending facility	352	–	–	–	–
US line of credit	1,782	–	–	–	–
Derivative financial instruments:					
Forward currency contracts	53	327	–	–	–

Group trade payables, accruals 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.

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. These foreign currency 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 is charged at BSBY plus 1.55%.

29. Financial instruments continued

Interest rate risk management continued

The Group's net cash/(debt) position by currency at year-end, is as follows:

Group	Floating rate financial assets/(liabilities)		Fixed rate financial liabilities	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank balances and revolving credit facilities:				
Sterling	947	416	–	–
US Dollars	(1,621)	(128)	–	–
Euro	4	1	–	–
Other	674	183	–	–
Asset-based lending facility:				
Sterling	(15)	(10,090)	–	–
US Dollars	–	(140)	–	–
Euro	(337)	(75)	–	–
Lease liabilities:				
Sterling	–	–	(391)	(549)
Total net debt	(348)	(9,833)	(391)	(549)

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, then profit before taxation for the year ended 30 September 2024 would have decreased as follows:

	Group		Parent Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Impact on profit before tax of 100bps interest rate movement	(100)	(280)	–	–

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 16 to 19.

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 2024	Average contract rate	Nominal currency '000	Contract GBP £'000	Fair value gain £'000
US Dollars:				
Forward contracts to sell USD within 1–3 months	1.2711	\$990	£779	40
Forward contracts to sell USD within 3–6 months	1.2669	\$4,150	£3,276	229
Forward contracts to sell USD within 6–9 months	1.2888	\$3,100	2,395	90
Euros:				
Forward contracts to sell EUR within 1–3 months	1.1732	€1,150	£979	14
Forward contracts to sell EUR within 3–6 months	1.1749	€750	£638	6
Forward contracts to sell EUR within 6–9 months	1.1724	€250	£213	1
				380

29. Financial instruments continued

Foreign currency risk management continued

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 3–6 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 3–6 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)

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 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	2024 £'000	2023 £'000
Revenue	808	386
Other comprehensive income	195	269
	1,003	655

The reconciliation of the hedging reserve per the statement of changes in equity is as follows:

Group	Hedging reserve £'000
1 October 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)
Fair value movement on:	
Cash flow hedges of probable future receipts	(613)
Transfer from hedging reserve to:	
Profit and loss account	808
Amounts recognised in other comprehensive income	195
Taxation relating to items above	(49)
30 September 2024	104

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	2024 £'000	2023 £'000
Net foreign currency financial assets:		
US Dollar	7,002	4,602
Euro	2,324	2,229
Other	653	256
	9,979	7,087

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 September 2024

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29. Financial instruments continued

Foreign currency risk management continued

A currency sensitivity analysis has been performed on the financial assets and liabilities to sensitivity of a 10% movement 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	2024 £'000	2023 £'000
Impact of 10% strengthening of US Dollar against Sterling	778	511
Impact of 10% strengthening of Euro against Sterling	258	248

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 96.

Group	2024 £'000	2023 £'000
Salaries and other short-term employee benefits	699	981
Fees paid to Non-executive Directors in respect of qualifying services	367	378
Employer's social security costs	137	196
Pension contributions to money purchase schemes	51	55
Share-based payments expense in respect of qualifying services	69	252
	1,323	1,862

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 96.

Parent Company

Transactions with subsidiaries:

Parent Company	2024 £'000	2023 £'000
Interest received from:		
R C Treatt & Co Limited	340	–
Dividends received from:		
R C Treatt & Co Limited	284	1,541
Treatt USA Inc	4,640	3,261

Balances with subsidiaries:

Parent Company	2024 £'000	2023 £'000
Amounts owed to Parent Company:		
R C Treatt & Co Limited	5,245	5,503
Treatt USA Inc	13	–
	5,258	5,503

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.

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.

31. Alternative performance measures continued

The derivation of this percentage, along with the statutory equivalent measure, is shown below:

ROACE – APM measure

Group	Page reference	2024 £'000	2023 £'000	2022 £'000
Total equity	112	142,014	137,246	133,850
Net debt	115	739	10,382	22,419
Capital employed		142,753	147,628	156,269
Interim total equity ¹		137,647	129,685	114,988
Interim net debt ¹		10,345	17,704	19,787
Interim capital employed¹		147,992	147,389	134,775
Average capital employed²		146,124	150,429	135,486
Adjusted operating profit³	107	19,869	18,321	15,773
ROACE %		13.6%	12.2%	11.6%

The previous five years' measure of ROACE can be found in the Key Performance Indicators section, on page 14.

ROACE – statutory measure

Group	Page reference	2024 £'000	2023 £'000
Average capital employed ²		146,124	150,429
Profit before taxation	107	18,463	13,544
ROACE %		12.6%	9.0%

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.

- 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 at www.treatt.com.
- Average capital employed for a given year is calculated as the average of the opening, interim and closing capital employed.
- Adjusted operating profit for ROACE purposes is operating profit before exceptional items as defined in the Group income statement.

The derivation of this ratio, along with its statutory equivalent measure is shown below:

Net debt to adjusted EBITDA – APM Measure

Group	Page reference	2024 £'000	2023 £'000
Profit before taxation	107	18,463	13,544
Exceptional items	107	630	3,800
Profit before taxation and exceptional items	107	19,093	17,344
Interest receivable	107	(229)	(112)
Interest payable	107	1,005	1,089
Depreciation of property, plant and equipment and right-of-use assets	113	4,640	4,277
Amortisation of intangible assets	113	426	399
Adjusted EBITDA		24,935	22,997
Net debt	118	739	10,382
Net debt to adjusted EBITDA		0.03	0.45

The previous five years' measure of net debt to adjusted EBITDA can be found in the Key Performance Indicators section, on page 14.

Net debt to adjusted EBITDA – Statutory measure

Group	Page reference	2024 £'000	2023 £'000
Profit before taxation	107	18,463	13,544
Interest receivable	107	(229)	(112)
Interest payable	107	1,005	1,089
Depreciation of property, plant and equipment and right-of-use assets	113	4,640	4,277
Amortisation of intangible assets	113	426	399
EBITDA		24,305	19,197
Net debt	115	739	10,382
Net debt to EBITDA		0.03	0.54

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 adviser 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 30 January 2025 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 28 January 2025, 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 shareholderenquiries@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 30 January 2025, 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 2024.

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 first of these, 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 2024. You can find the Implementation Section of the Directors' Remuneration Report on pages 90 to 96 within the Directors' Remuneration Report on pages 82 to 96.

Resolution 3 – Remuneration Policy

3. To approve the remuneration policy.

That the remuneration policy be and is hereby approved.

Explanatory note

As referred to under resolution 2 above, two resolutions are required to be put to shareholders on separate sections of the Directors' Remuneration Report. The second of these is a binding resolution, passed by a majority, to approve the Company's remuneration policy. The Act, implemented by the Enterprise and Regulatory Reform Act 2013, provides that a listed company may not make a remuneration payment to a Director of the Company unless the payment is consistent with the Company's remuneration policy, as approved by shareholders, or the payment is approved by a shareholders' resolution.

Once approved, a remuneration policy only requires shareholder approval every three years, unless any revisions are required. The last remuneration policy was approved at the Company's AGM in 2022 and is therefore required to be approved by shareholders in 2025. The changes to the policy are set out on pages 90 to 96 of the Directors' Remuneration Report. The policy, which is set out on pages 82 to 96 of the Directors' Remuneration Report, will apply to all payments made to Directors from the date the policy is approved by shareholders. In the event that this resolution is not passed at the AGM, the version of the remuneration policy approved by shareholders in 2022 will continue in force.

Resolution 4 – Final dividend

4. To approve a final dividend of 5.81 pence per share on the ordinary shares of the Company for the year ended 30 September 2024.

Explanatory note

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 5.81p 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 7 February 2025. If approved, the date of payment of the final dividend will be 13 March 2025. An interim dividend of 2.60 pence per ordinary share was paid on 15 August 2024. This represents an increase of 0.40 pence per share, or 5.0%, on the total 2023 dividend.

Resolutions 5 to 10 – Election or re-election of Directors

5. To elect David Shannon as a Director of the Company.
6. To re-elect Ryan Govender as a Director of the Company.
7. To re-elect Christine Sisler as a Director of the Company.
8. To re-elect Philip O'Connor as a Director of the Company.
9. To re-elect Vijay Thakrar as a Director of the Company.
10. To re-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 60 and 61. 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, David Shannon was appointed as Chief Executive Officer and as a Director of the Company on 3 June 2024. As announced in November, David Johnston has confirmed that he will retire from the Board following the AGM therefore is not seeking re-election.

Resolution 11 – Re-appointment of auditors

11. 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 12 – Auditor's remuneration

12. 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 13 – Approval of Save As You Earn Plan

13. THAT the Directors be and are hereby authorised:

To approve the continuation of the Treatt plc Save As You Earn Share Option Scheme, the principle terms of which are summarised in Appendix 1 to this Notice of Meeting, and the rules of which are produced to this meeting, 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 effect its continuation and, at their discretion, to continue or adopt similar all-employee plans as they deem appropriate for the benefit of employees and Directors of the Company and its subsidiaries which are located outside the United Kingdom.

Explanatory note

The Company has operated the all-employee Save As You Earn Share Option Scheme ("SAYE Scheme") since its first approval by shareholders in 2000. The SAYE runs alongside the existing all employee Share Incentive Plan, under which all eligible employees of the Group are given the opportunity to acquire shares in the Company on a tax efficient basis in order to align the interests of employees with those of shareholders and further foster employee share ownership. The SAYE Scheme rules were approved by shareholders for a period of ten years which expires on 30 January 2025. Accordingly, this resolution seeks approval for the continuation of the SAYE Scheme. The main provisions of the Treatt Save As You Earn Share Option Scheme are summarised in Appendix 1 at the end of this Notice of Meeting.

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 £408,065 (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 £816,130 (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 2026, or at close of business on 30 April 2026 (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 2026 or, if earlier, on 30 April 2026 (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 £408,066 (representing approximately one-third (33.33%) of the total issued ordinary share capital of the Company as at 19 November 2024, 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 £816,131 (representing approximately two-thirds (66.66%) of the total issued ordinary share capital of the Company as at 19 November 2024, 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 15 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 £61,209; and
- 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 10% 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 2026 or at close of business on 30 April 2026 (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 16 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 £61,209 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which is equivalent to approximately 5% of the Company's issued ordinary share capital as at 19 November 2024, the latest practicable date prior to publication of this Notice and (ii) up to a nominal amount of 10% 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 2026 or, if earlier, 30 April 2026 (the date which is 15 months after the date of passing of the resolution). The Directors are aware of the Pre-Emption Group's most recent Statement of Principles on Disapplying Pre-emption Rights published in November 2022. However, at this time, the Directors consider it appropriate to retain the previous limits of 5% of the issued ordinary share capital of the Company in resolutions 15 and 16 and have not adopted the increased limits. The Directors will keep emerging market practice under review.

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 £61,209 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 10% 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 2026 or at close of business on 30 April 2026 (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

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 £61,209, being approximately 5% of the Company's issued ordinary share capital as at 19 November 2024, the latest practicable date prior to publication of this Notice, and (ii) up to an additional 10% 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 5% referred to in resolution 15.

If given, the authority will expire at the conclusion of the next AGM of the Company in 2026 or, if earlier, 30 April 2026 (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 twelve 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 6,120,976 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 2026, or at close of business on 30 April 2026 (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 19 November 2024, 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 19 November 2024, the latest practicable date prior to publication of this Notice, was 896,632. The proportion of issued share capital that they represented at that time was 1.46% and the proportion of issued share capital that they will represent if the authority to purchase shares (existing and being sought) is used is 1.63%.

If given, the authority will expire at the conclusion of the next AGM of the Company in 2026 or, if earlier, 30 April 2026 (the date which is 15 months after the date of passing of the resolution).

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

Alison Sleight

Company Secretary
4 December 2024

Registered Office:
Skyliner Way
Bury St Edmunds
Suffolk
IP32 7FR

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.

Appendix 1

Summary of provisions of the Treatt plc save as you earn share option scheme.

This resolution proposes the continuation of the Treatt plc Save As You Earn Share Option Scheme ("SAYE Scheme") for employees. A summary of the proposed rules of the SAYE Scheme is provided in Appendix 1 below.

Tax-advantaged share plans complying with HMRC rules are a valuable mechanism for incentivising and engaging eligible UK employees, aligning their interests with those of the Company's shareholders. Shareholders approved the SAYE Scheme in 2015, and it is now coming to the end of its ten-year life. This resolution seeks approval to continue the SAYE Scheme with effect from the passing of the resolution. The SAYE Scheme has been updated to reflect current market practice and legislative changes. The resolution also permits the Company to continue existing and to adopt new all-employee share plans based on the SAYE Scheme for the benefit of staff overseas. The Company intends to continue the Employee Stock Purchase Plan ("ESPP") for US employees, which is also coming to the end of its ten-year life.

Copies of the rules of the SAYE Scheme and the ESPP are available on the Treatt website at www.treatt.com and will be available for inspection at the Annual General Meeting.

The operation of the SAYE Scheme will continue to be supervised by the Board of Directors of the Company (the "Board"). It is intended that the SAYE Scheme will meet the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"), as amended and re-enacted from time to time, in order to provide UK tax-advantaged options to UK employees. If, for any reason, the SAYE Scheme does not comply with the requirements of Schedule 3 to ITEPA, the Board may continue to operate the SAYE Scheme even without the associated tax advantages.

Grants of options

Invitations to apply for option grants may be issued to all eligible employees at the discretion of the Board. Invitations may be issued only:

- (i) during the period of 42 days following the date of approval of the continuation of the SAYE Scheme by the Company;
- (ii) during the period of 42 days following the announcement of results of the Company for any financial period;
- (iii) on any other date on which the Directors consider that exceptional circumstances justify the issue of invitations; or
- (iv) if any statute, order or regulation prevents the Company from issuing invitations, within 42 days of that restriction being removed.

Options shall be granted within 30 days of determination of the exercise price per share under the terms of the invitation.

Options are not transferable, except on death. All employees (including Executive Directors) of the Company and any designated participating subsidiaries who meet the eligibility criteria and who are UK resident taxpayers may participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any save as you earn share option scheme may not exceed the statutory maximum (currently £500 in aggregate per month). The Board may set a lower limit in relation to any particular grant. The price per share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent (or such lesser percentage as may be permitted by the legislation) of the middle-market quotation of a share on the London Stock Exchange (or a preceding three day average price) on a date specified in an invitation to participate in the SAYE Scheme (or the date immediately preceding the issue of an invitation); and (ii) if the option relates only to new issue shares, the nominal value of a share.

Exercise of options

Options will normally be exercisable for a six-month period from the third anniversary of the commencement of the related savings contracts, after which they will lapse. Earlier exercise is permitted, however, in the following circumstances:

- if the optionholder ceases to be an employee by reason of death, injury, disability, redundancy, retirement, if the optionholder's office or employment is with a company which ceases to be under the control of the Company, or if the business or part of the business that the optionholder works for is transferred to a person who is not an associated company of the Company; and
- in the event of a takeover, amalgamation, reconstruction or winding-up of the Company.

Except where stated above, options will lapse when an optionholder ceases to hold an office or employment within the Company's group. Shares will be allotted or transferred to optionholders within 30 days of exercise.

Overall SAYE Scheme limits

The SAYE Scheme may operate over new issue shares, treasury shares or shares purchased in the market. In any ten-year rolling period, the number of shares issued and issuable by the Company under the SAYE Scheme and any other employees' share scheme may not exceed 10 per cent of the issued ordinary share capital of the Company. Treasury shares count as new issue shares for the purposes of this limit.

Variation of capital

If there is a variation in the Company's share capital, the Board may make such adjustment as it considers appropriate to the number of shares under option and the option price.

Rights attaching to shares

Any shares allotted when an option is exercised under the Scheme will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the SAYE Scheme

The Board may amend the provisions of the SAYE Scheme in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of optionholders in respect of the rules governing eligibility to participate, the overall limits on the issue of shares or the transfer of treasury shares, the individual limitations on option grants, the basis for determining optionholders' rights to acquire shares, the adjustment of options on a variation of capital and the amendment power itself. The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the SAYE Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for optionholders or for any company in the Company's group.

Overseas plans

The shareholder resolution to approve the continuation of the SAYE Scheme will allow the Board, without further shareholder approval, to continue or establish further plans for overseas territories, any such plan to be similar to the SAYE Scheme, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the SAYE Scheme.

Pensions

Benefits under the SAYE Scheme will not be pensionable.

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 28 January 2025 (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 28 January 2025, 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 shareholderenquiries@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 30 January 2025 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 Proxymity 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 28 January 2025 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.

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 not always 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 19 November 2024 the Company's issued share capital consists of 61,209,761 ordinary shares. The number of shares held in the Employee Benefit Trust and Treadt Share Incentive Plan, under which voting rights are waived, is 456,089. The total number of voting rights in the Company as at 19 November 2024 (the latest practicable date prior to publication of this Notice) is 60,753,672.

A statement of Directors' share transactions, copies of the Directors' service contracts and letters of appointment of the Non-executive Directors and the Treadt plc 2025 Save As You Earn 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, Treadt plc, Skyliner Way, Bury St Edmunds, Suffolk, IP32 7FR.

Directors

Vijay Thakrar

Chair and Non-executive Director

David Shannon

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

Alison Sleight

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

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60 Great Portland Street,
London, W1W 7RT

Auditors

BDO LLP

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Franciscan House,
51 Princes Street,
Ipswich, IP1 1UR

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KPMG LLP

Botanic House,
98-100 Hills Road,
Cambridge, CB2 1JZ

Crowe LLP

124 South Florida Avenue, Suite 1,
Lakeland, Florida 33801-4629

Solicitors

Ashurst LLP

London Fruit & Wool Exchange,
1 Duval Square,
London, E1 6PW

Greene & Greene Solicitors

80 Guildhall Street,
Bury St Edmunds,
Suffolk, IP33 1QB

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 year 2024

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	4 December 2024
Final dividend for 2024 paid	13 March 2025

Financial year 2025

Interim results to 31 March 2025 announced	13 May 2025*
Interim dividend for 2025 goes "ex-dividend"	4 July 2025*
Record date for 2025 interim dividend	5 July 2025*
Last day for dividend reinvestment plan election	25 July 2025*
Interim dividend for 2025 paid	15 August 2025*
Financial year ended	30 September 2025
Results for year to 30 September 2025 announced	2 December 2025*
Final dividend for 2025 paid	12 March 2026*

* These dates are provisional and may be subject to change.



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This product is made using recycled materials limiting the impact on our precious forest resources, helping reduce the need to harvest more trees. The outer cover of this report has been laminated with a biodegradable film. Around 20 months after composting, an additive within the film will initiate the process of oxidation.

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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.



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