

HALF YEAR RESULTS

FOR THE PERIOD ENDED 31 MARCH 2021



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EXECUTIVE SUMMARY

RECORD PERFORMANCE ON ALL KEY METRICS



REVENUE¹



+13.5%
£60.8m

PROFIT BEFORE TAX^{1,2}



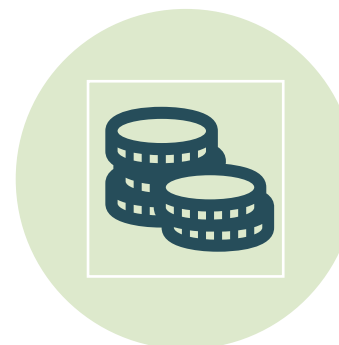
+71.4%
£10.4m

GROSS MARGIN GROWTH



+880bps

EARNINGS PER SHARE^{1,2}



+60.0%
12.93p

HEALTHIER LIVING CATEGORIES^{1,3} REVENUE



+57.1%

¹ From continuing activities

² Excluding exceptional items and in the case of earnings per share the related tax effect

³ Tea, Health & Wellness and Fruit & Vegetables

DELIVERING SUSTAINABLE GROWTH

FOR OUR STAKEHOLDERS



1. Diversifying across growing addressable markets

- 🌱 **Hard Seltzers** winning market share from unflavoured beer/wine
- 🌱 New **Coffee** platform providing read across capabilities in Tea
- 🌱 Pre-COVID trends remain in **natural**, better-for-you products

2. Strong growth in 'healthier living' categories

- 🌱 **Revenue growth of 57.1%** across Tea, Health & Wellness and Fruit & Vegetables
- 🌱 **Demand** from customers to differentiate products & align with new trends
- 🌱 Unrivalled **expertise** in the complex science of sugar reduction driving volume growth

3. Improving margins in core citrus category

- 🌱 New **extraction technology** creating more sophisticated, higher margin Citrus products
- 🌱 Continue to **diversify** from higher volume, minimally processed citrus, to more value-add ingredients
- 🌱 Raw material market prices have **recovered**

4. Investing for future growth

- 🌱 New UK HQ opened April 2021 - **phased move underway**
- 🌱 New capacity in US **being absorbed** – purchased additional 6 acres for future expansion
- 🌱 **Further strengthening** management team with new positions

ESG IS IN OUR DNA



🌱 Strategy:

- 🌱 To **maximise** potential value of ESG Programme
- 🌱 To **mitigate risks** and **explore opportunities** in line with our business strategy
- 🌱 **Embed** ESG in the business, recognising the current and forecasted changes in regulations, stakeholder expectations and best practice

🌱 H1 Implementation of Strategy:

- 🌱 Continuing to work with consultants to assist us with the **implementation** of our strategy
- 🌱 **Appointment** of Global Sustainability Manager (GSM)
- 🌱 Setting up of **Sustainability Working Group** to help GSM with championing and embedding sustainability across the business
- 🌱 Carried out initial **staff training** by corporate video

🌱 Next Priorities:

- 🌱 Further **training** for all staff and Board later in the year
- 🌱 **Mapping** our supply chain risks
- 🌱 **Defining** appropriate KPIs
- 🌱 **Assessing** climate change risks
- 🌱 Looking to **report** on Scope 3 Emissions



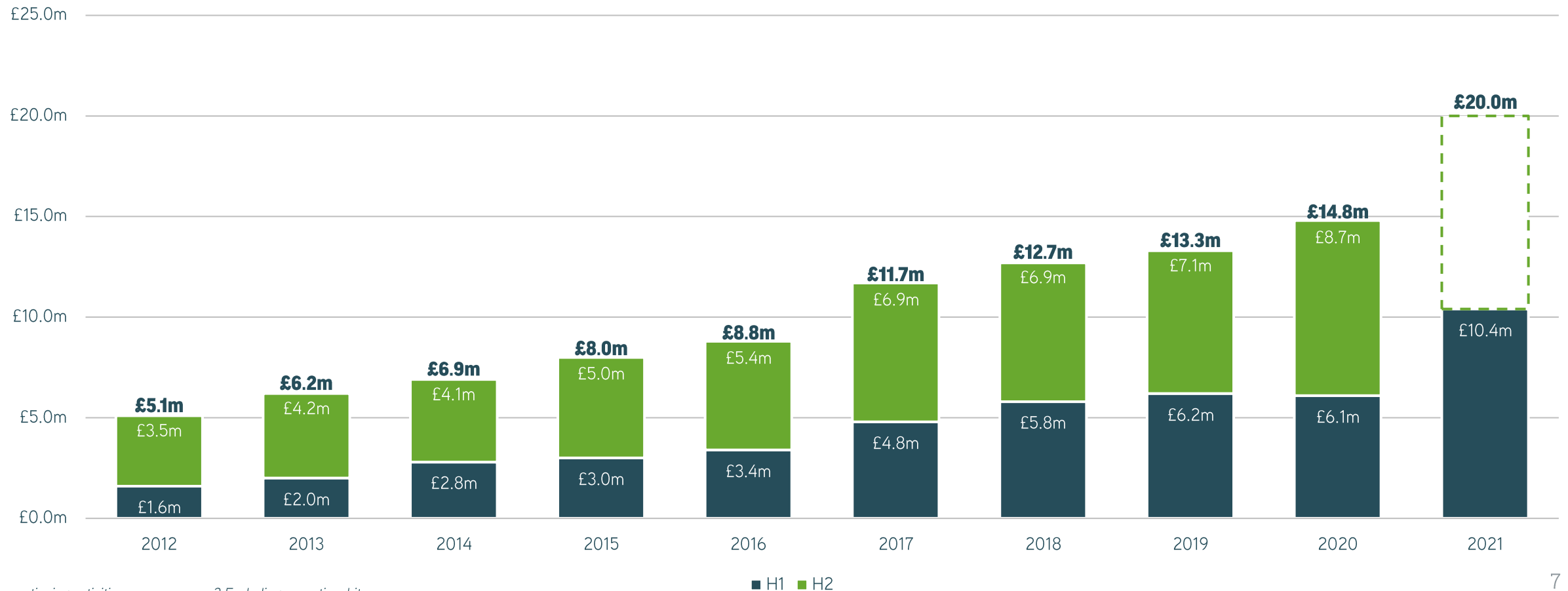
FINANCIAL REVIEW



TRACK RECORD OF PBT GROWTH



Profit Before Tax^{1,2}



¹ From continuing activities

² Excluding exceptional items

H1 2021 FINANCIAL REVIEW

INCOME STATEMENT



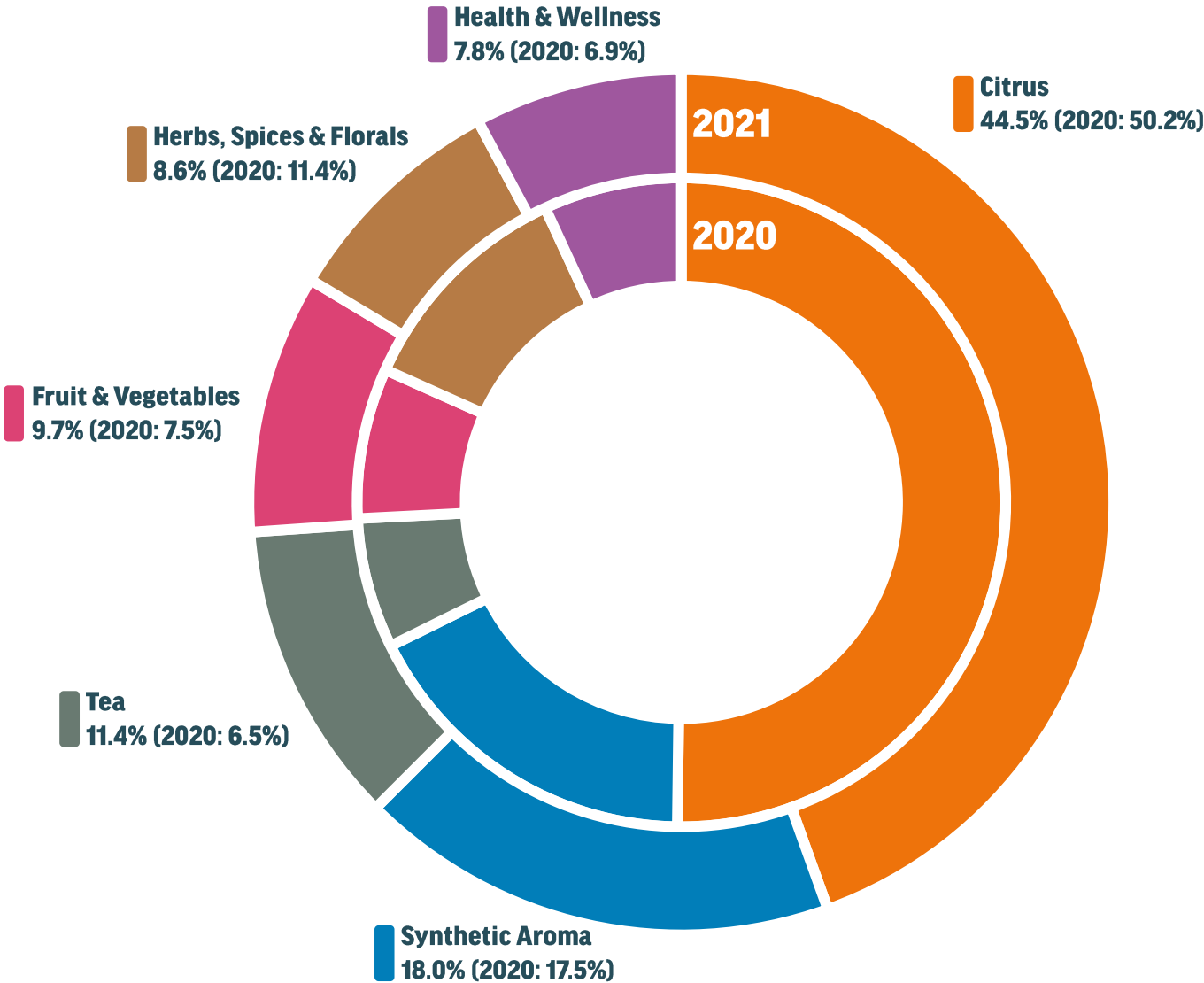
Year ended 30 September		2021 H1 £'000	2020 H1 £'000	Change %
Continuing Operations	Revenue	60,827	53,604	13.5% (1)
	Gross profit	21,287	14,043	51.6%
	Gross profit %	35.0%	26.2%	880bps (2)
	Administrative expenses	(10,719)	(7,966)	(34.6%) (3)
	Operating profit	10,568	6,077	73.9%
	Operating profit %	17.4%	11.3%	610bps
	Other gains	-	113	-
	Net finance costs	(188)	(134)	(40.3%)
	Profit before tax and exceptional items	10,380	6,056	71.4%
	Exceptional items	(699)	(475)	(47.2%) (4)
	Profit before taxation	9,681	5,581	73.5%
	Taxation	(2,486)	(1,200)	(107.2%)
	Profit for the period (continuing operations)	7,195	4,381	64.2%
	Loss from discontinued operations	-	(929)	-
Profit for the period		7,195	3,452	108.4%
Adjusted earnings per share ^{1,2}		12.93p	8.08p	60.0%

KEY POINTS

- 1) Strong growth in revenue of 13.5% in spite of global challenges with the pandemic, for example:
 - a) Impressive growth in Tea category of 93%, now 11% of total revenue
 - b) Notable growth in Fruit & Vegetables and Health & Wellness categories of 50% and 29% respectively
- 2) Growth in margin due to higher margin product mix and improvement in citrus margins
- 3) Administration expenses up 34.6% - reflects higher cost base of expanded US facility, increased demand-led recruitment and ongoing investment
- 4) Exceptional items related solely to UK relocation expenses, occupancy of new site commenced from late April with capacity uplift expected in next financial year

PRODUCT CATEGORY PERFORMANCE

% OF REVENUE 2021



Category	H1 2021	H1 2020	% Growth in Sales	% of Revenue
Citrus	£27.0m	£26.9m	0.4%	44.5%
Tea	£7.0m	£3.6m	93.0%	11.4%
Fruit & Vegetables	£5.9m	£4.0m	50.4%	9.7%
Health & Wellness	£4.7m	£3.7m	29.1%	7.8%
Herbs, Spices & Florals	£5.2m	£6.0m	(13.3%)	8.6%
Synthetic Aroma	£11.0m	£9.4m	16.1%	18.0%

SHIFTING CITRUS PRODUCT MIX TO IMPROVE MARGINS



*Lower margin, more
commoditised, higher volume,
co-product of beverage
ingredient manufacture*



Focus

*Higher margin, more
sophisticated ingredients
including higher proportion of
water-soluble, authentic
character extracts*

CASH FLOW



FY21 FINANCIAL GUIDANCE



REVENUE GROWTH¹



>14%

EBITDA GROWTH^{1,2}



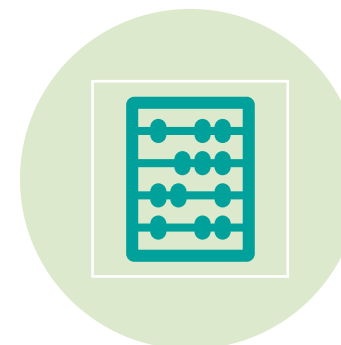
>35%

ADJUSTED EPS GROWTH^{1,2}



>30%

NET DEBT AT FINANCIAL YEAR END



£6m - £8m

¹ From continuing activities

² Excluding exceptional items and in the case of earnings per share the related tax effect



MARKET OVERVIEW & STRATEGIC PRIORITIES

GROWING ADDRESSABLE MARKETS



CASE STUDY: HARD SELTZERS EXPERIENCING VERY STRONG GROWTH

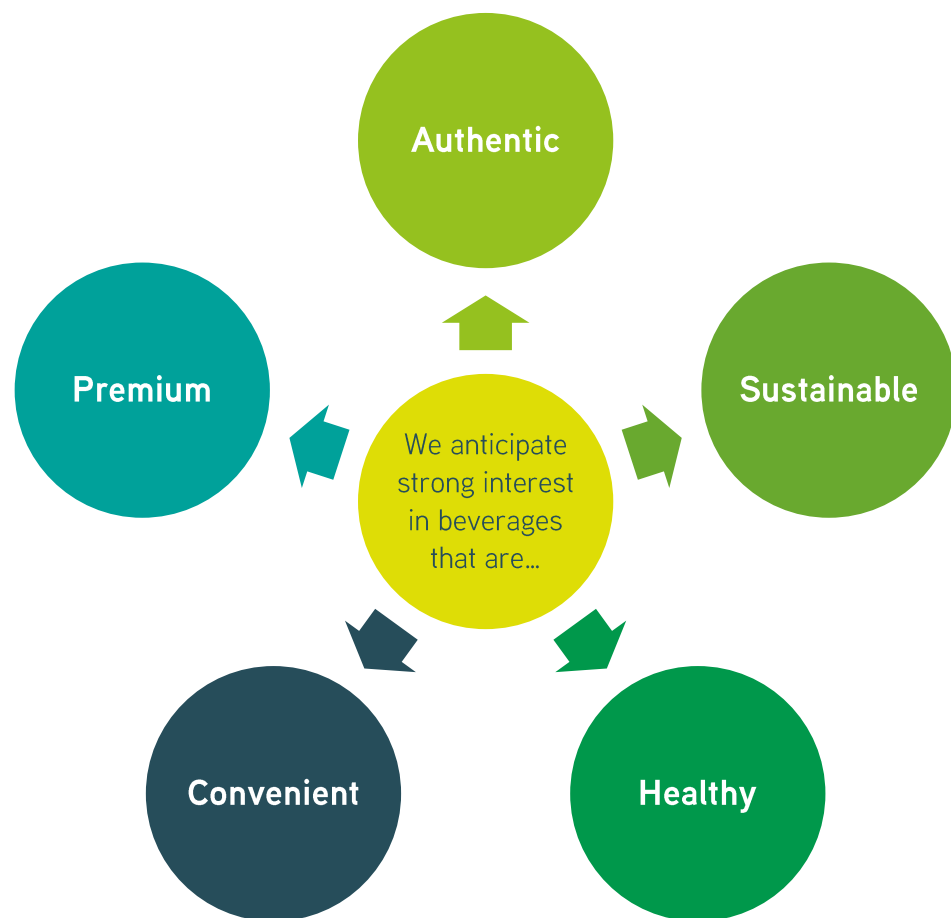


WHAT VALUE DOES TREATT BRING TO THIS TREND?

- 🌱 Supplying across multiple brands and categories
- 🌱 High quality ingredients in citrus, fruit & vegetables
- 🌱 An element of sophistication with our herbs, spices & floral ingredients such as chilli, ginger and lemongrass
- 🌱 Long standing expertise in tea – well placed to service this new trend
- 🌱 High impact flavours – in low/no sugar applications flavour can be less impactful, our health & wellness products boost these flavours

ADDING VALUE TO FUTURE BEVERAGE TRENDS





































































PROVIDING RELEVANCE TO OUR CUSTOMERS



Trend	What Consumer Wants	What Treatt Offers
Authentic	<ul style="list-style-type: none"> Clean-label Natural ingredients Recognisable source 	<ul style="list-style-type: none"> 100% natural True to raw ingredients Traceable and stable supply chain
Sustainable	<ul style="list-style-type: none"> Good for the planet Low carbon and water footprint products Positive socio-economic impact 	<ul style="list-style-type: none"> Evolving strategy Focus on: <ul style="list-style-type: none"> Sustainable manufacturing methods Follow all necessary governance around child slavery etc.
Healthy	<ul style="list-style-type: none"> 'Better-for-you' choices 	<ul style="list-style-type: none"> Strong natural portfolio of ingredients: <ul style="list-style-type: none"> Natural extracts Sugar reduction solutions Low/No alcohol application
Convenient	<ul style="list-style-type: none"> Ease of access - will continue to shape beverage formats 	<ul style="list-style-type: none"> Products extremely effective in a wide range of applications: <ul style="list-style-type: none"> Vitamin enhanced juice shots Ready-to-drink coffee Grab and go pre-made cocktails
Premium	<ul style="list-style-type: none"> COVID-19 restrictions strengthened demand for premium products and ingredients Continue to drive product development as consumers look to indulge 	<ul style="list-style-type: none"> Portfolio of ingredients are well aligned to the evolving premium beverage space Inherent high quality products

PARTNERSHIP MODEL

BUILDING LONG-TERM RELATIONSHIPS FOR ORGANIC GROWTH WITH CUSTOMERS

Top 10 Customers				
Ranking by Revenue H1 FY21	Type of Products	No. Years as a Customer	Categories	Ranking by Revenue FY15
1		>10	   	21
2	 	>25	     	2
3		>25	     	1
4	 	>25	     	4
5	 	>25	     	9
6		>10	  	3
7	 	>20	     	18
8	 	>15	    	33
9		>25	     	6
10		>20	    	7

KEY

Type of Products:



Flavour



Fragrance



Alcoholic Beverage



Non-Alcoholic Beverage



Consumer Goods



Distributor

Categories:



Citrus



Tea



Health & Wellness



Fruit & Vegetables



Herbs, Spices & Florals



Synthetic Aromas

UK SITE RELOCATION

POSITIONING OURSELVES FOR FUTURE GROWTH



- ⚡ Net £36m project – ROI 10-15% – 3 years after completion
- ⚡ Remaining spend of approximately £8.0m of capital expenditure and £1.9m of exceptional relocation costs
- ⚡ Includes £17m investment in plant & machinery, laboratories and new technologies
- ⚡ Building construction finished – fit-out underway
 - 💧 Built to 'BREEAM* Very Good' standard
- ⚡ Office facilities complete
 - 💧 Colleagues began transitioning April 2021
- ⚡ Operational fitout progressing well
 - 💧 Capacity to come onstream Calendar H1 2022





ENHANCING THE CUSTOMER EXPERIENCE



Offices



First Floor Collaboration Space



First Floor Collaboration Space



Angel Hotel Meeting Room

ENCOURAGING COLLABORATION

Automated Warehouse



Laboratories



Laboratories

MULTIPLE IMPROVED EFFICIENCIES

CURRENT TRADING & OUTLOOK



- Strong trading momentum continues into H2
- Demand to grow as on-trade and hospitality re-open
- China subsidiary to open later this FY to drive further growth in region
- Health trends driving growth in higher margin categories
- Strengthening management team to support future growth
- Board is optimistic that the current strong momentum will result in profit before tax and exceptional items for the current financial year of at least £20.0m, exceeding the current market consensus¹ of £18.0m**



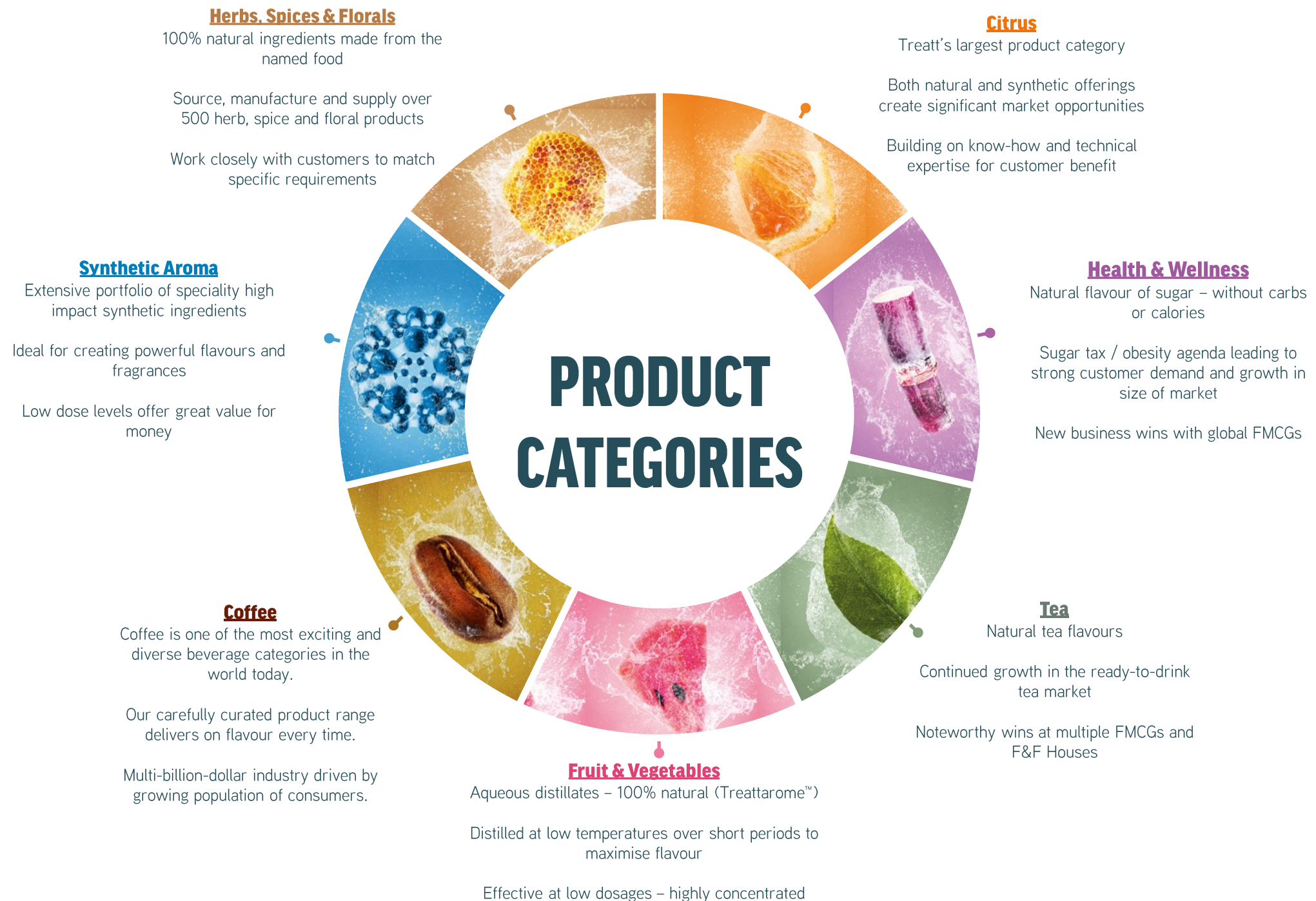
¹ Treant compiled consensus of analyst forecasts for FY21 of profit before tax and exceptional items

QUESTIONS?



APPENDICES





2021 CASH FLOW



Period ended 31 March	2021 H1 £'000	2020 H1 £'000
Operating cash flow	11,709	6,473 (1)
(Increase)/Decrease in inventories	(5,472)	2,244
Increase in trade and other receivables	(5,227)	(4,958)
Other working capital	5,329	1,607 (2)
Cash generated from operations	6,339	5,366
Taxation paid	(1,631)	(486)
Net cash from operating activities	4,708	4,880
Purchase of property, plant & equipment	(7,504)	(11,857) (3)
Purchase of intangible asset	(180)	(73)
Free cash flow	(2,976)	(7,050) (4)
Disposal of subsidiaries	-	(138)
Dividends paid	(2,501)	(2,275)
Other financing activities	(145)	17
FX	61	(54)
Movement in net cash	(5,561)	(9,500)
Net cash at start of period	427	15,299
Net (debt)/cash at end of period	(5,134)	5,799

KEY POINTS

- 1) Significant operating cash flow growth due to increased profitability, anticipating improvement to cash flow in H2
- 2) Working capital – net outflow of cash due to increased receivables from strong finish to the Period and increase in inventories held to meet future order book
- 3) Includes £6.0m relating to the UK relocation project which continues to progress
- 4) 2021 H1 free cash flow of £3.7m excluding new site capex and exceptional costs

2021 BALANCE SHEET



	As at 31 March 2021	As at 30 September 2020
Fixed assets	£58.0m	£52.7m ⁽¹⁾
Inventories	£40.2m	£36.1m
Debtors	£28.6m	£24.2m
Creditors	(£17.4m)	(£12.4m)
Working capital	£51.4m	£47.9m ⁽²⁾
Taxation	(£1.6m)	£0.1m
Net (borrowings)/cash	(£5.1m)	£1.1m ⁽³⁾
Pension deficit	(£7.6m)	(£10.2m) ⁽⁴⁾
Other net assets/(liabilities)	£0.3m	(£0.6m)
Shareholder funds	£95.4m	£91.1m

KEY POINTS

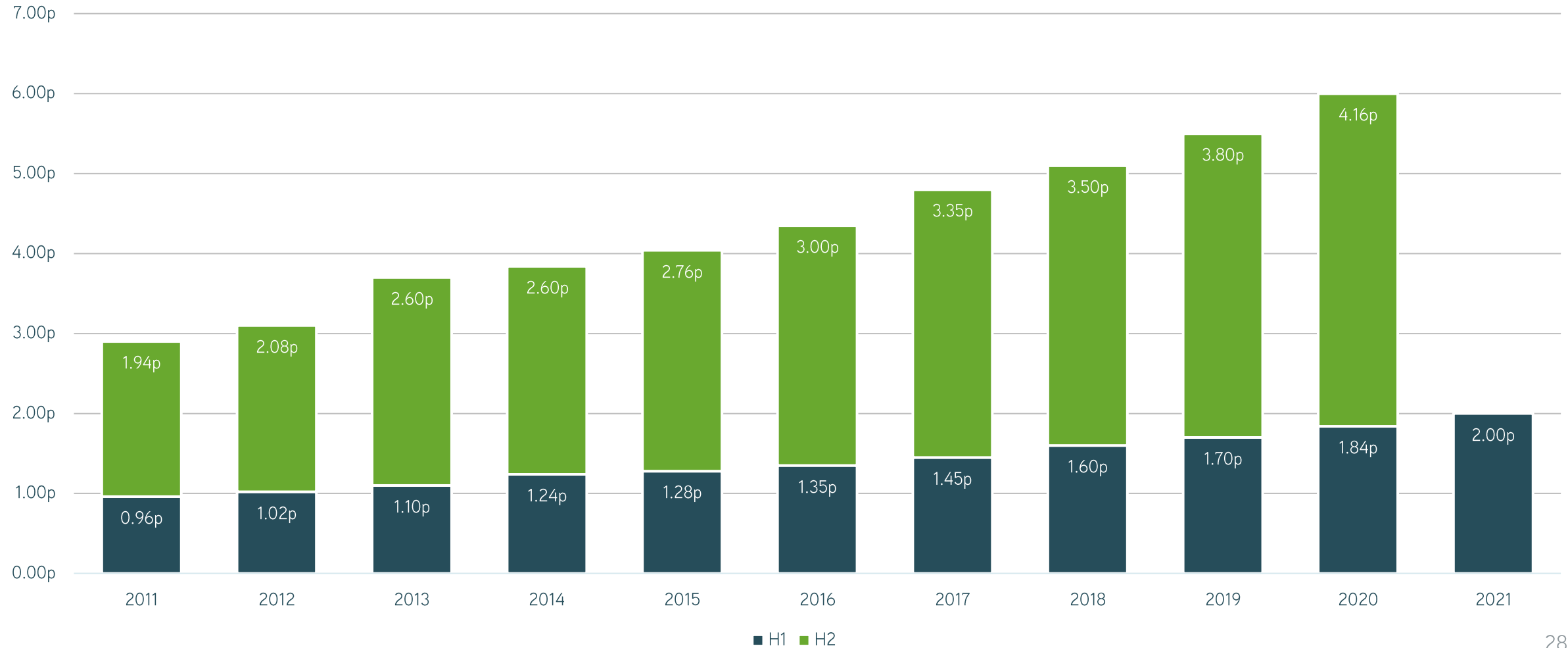
- 1) Continued spend on the capital investment programme – UK relocation progressing well and investment in capacity in the US is ongoing
- 2) Increases in working capital reflects increased trading in the Period – significant stock held to meet future order book
- 3) The Group is in a net debt position due to the continuation of the capital investment programme – the Group has undrawn borrowing facilities £21.1m
- 4) IAS 19 pension deficit has decreased in the Period – the result of higher discount rate on liabilities and positive investment returns on assets. Company contributions to the scheme are £450k p.a.

EARNINGS PER SHARE¹



¹ From continuing operations, excluding exceptional items

DIVIDEND PER SHARE



INVESTMENT INFRASTRUCTURE PHASE TIMELINE

- 🏡 2017 – initiated £48m Capital Investment Programme
 - 💧 Equity fund raise £20m
- 🏡 2019 – US \$15m expansion complete
 - 💧 Doubles our capacity for Health & Wellness, Fruit & Vegetables and Tea – currently 29% of Group revenue
- 🏡 2020 – UK build complete (fit-out underway)
- 🏡 2021 – Colleagues begin transition to new site
- 🏡 2022 – Operations to commence at new site
 - 💧 Improved margins over medium term due to operational efficiencies and investment in new technologies
 - 💧 Potential to double capacity in UK subject to product mix



