TREATT

HALF YEAR RESULTS

For the Six Months Ended 31 March 2022

Daemmon Reeve – Chief Executive Officer

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GOOD REVENUE GROWTH; STRONG ORDER BOOK

- **Encouraging** revenue growth +9%
  - **Strong** performance across diversified portfolio
- As previously guided, **reversion** to historical H1/H2 margin profile
  - Post COVID-19 return reflecting beverage seasonality
  - Margin in H2 to be driven by higher margin healthier living categories
- Order book **momentum**; up more than 25% giving confidence in the outlook
  - Revenue guidance increased
  - Improving margin mix
- **Ongoing investment** in capacity, people and innovation

FINANCIAL HIGHLIGHTS

TREATT

£66.3m
Revenue
+9.0%

27.5%
Gross Margin
-750bps

£6.3m
Profit Before Tax[1]
-38.9%

8.21p
Earnings Per Share[1]
-36.5%

2.50p
Interim Dividend
+25.0%

[1] *Excluding exceptional items and in the case of earnings per share the related tax effect*

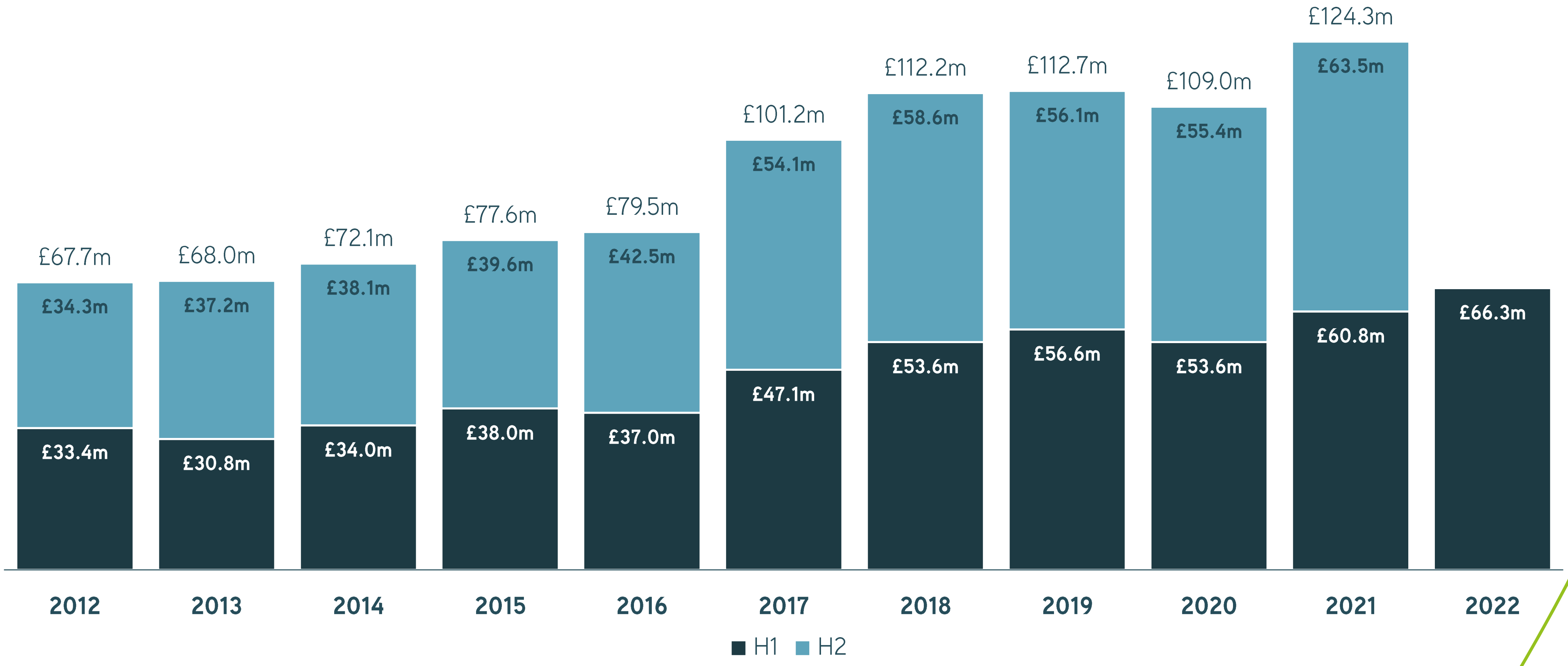
GROWTH ACROSS CATEGORY MIX

Category	H1 2022	H1 2021	% Growth in Sales	% of Revenue H1 2022	% of Revenue H1 2021
Citrus	£31.1m	£27.0m	14.8%	46.8%	44.5%
Synthetic Aroma	£13.2m	£11.0m	20.4%	19.9%	18.0%
Herbs, Spices & Florals	£6.4m	£5.2m	22.5%	9.7%	8.6%
Fruit & Vegetables	£6.3m	£5.9m	7.2%	9.5%	9.7%
Health & Wellness	£5.2m	£4.7m	9.9%	7.9%	7.8%
Tea	£4.1m	£7.0m	(40.9%)	6.2%	11.4%

- Citrus category performing well – added-value and favourable price mix
- Synthetic Aroma – growth benefitted from increased partnering with key customers
- Herbs Spices & Florals – COVID-19 impacted markets now re-opening, Japan being an important example, resulting in good performance in period
- Fruit & Vegetables – growth in premium beverage market continues
- Health & Wellness – performing well as demand for lower calorie beverages continues to grow
- Tea – strong performance from retail launches in H1 2021; mix now transitioning back to on-trade

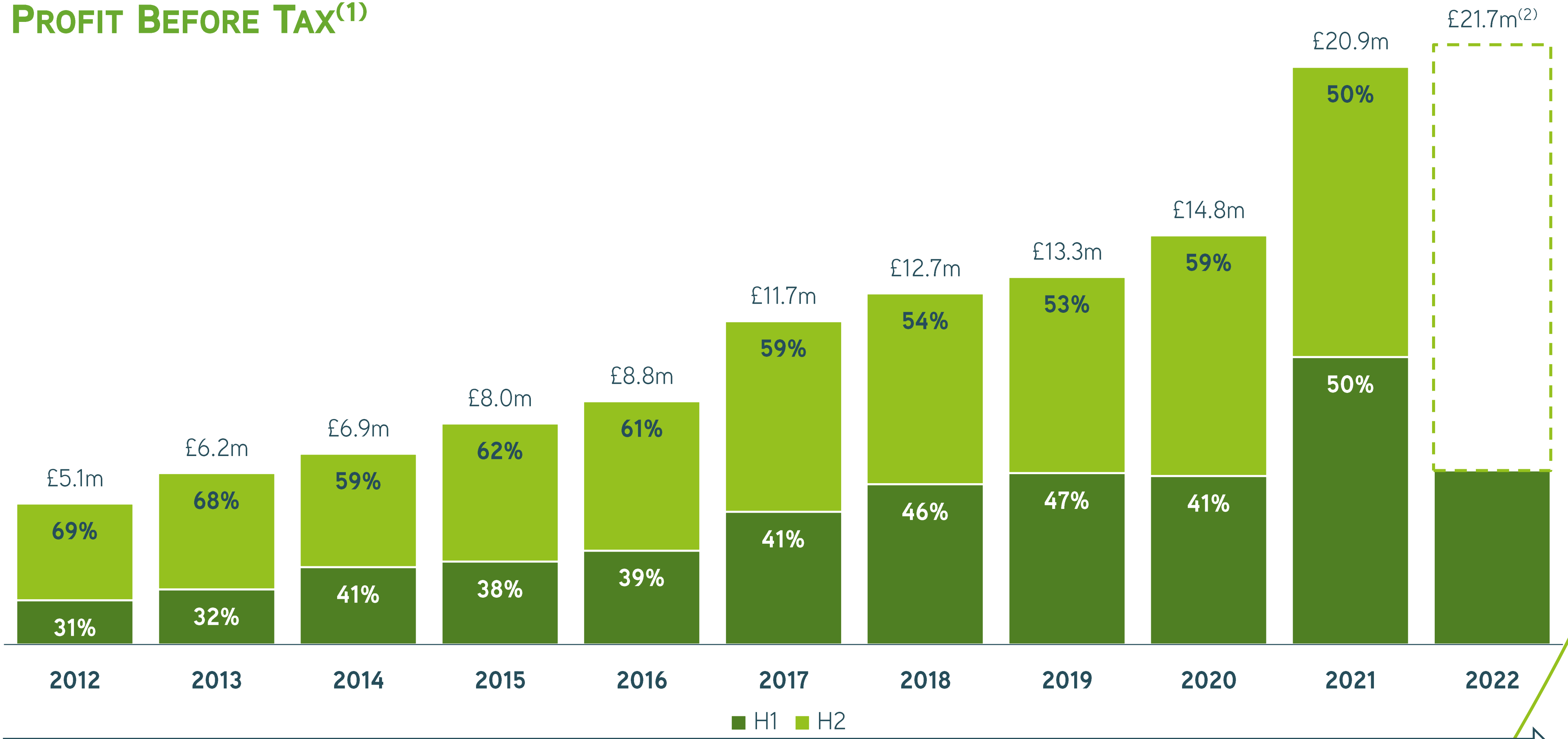
Financial Review

RECORD H1 REVENUE



REVERSION TO HISTORIC H1/H2 SPLIT

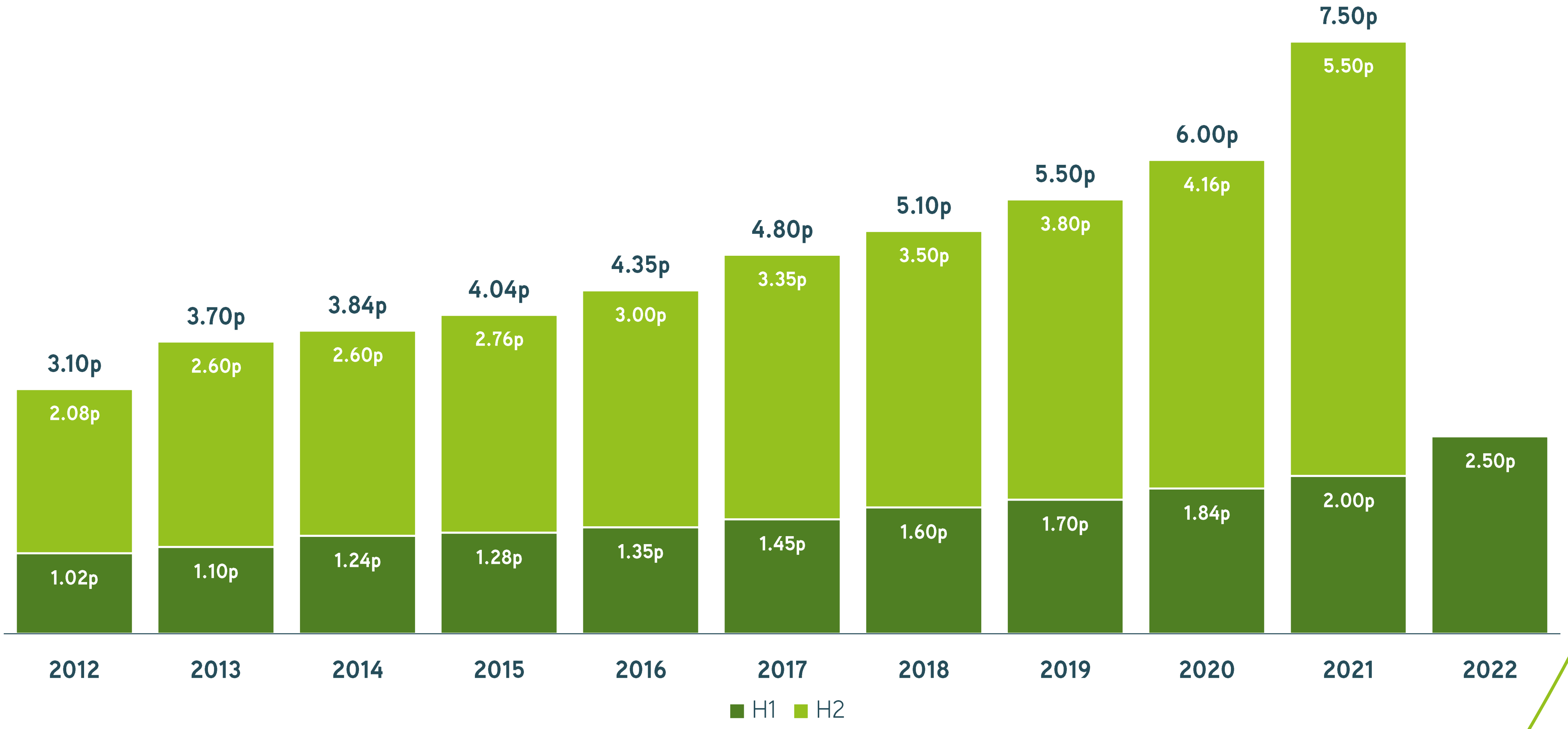
PROFIT BEFORE TAX(1)



Evolution continuing from Traded to Added-Value

[1] *Excluding exceptional items*
[2] *Treatt compiled consensus of four analyst forecasts for FY22 profit before tax and exceptional items*

DIVIDEND PER SHARE H1 2022: +25.0%



H1 2022 FINANCIAL REVIEW

Income Statement

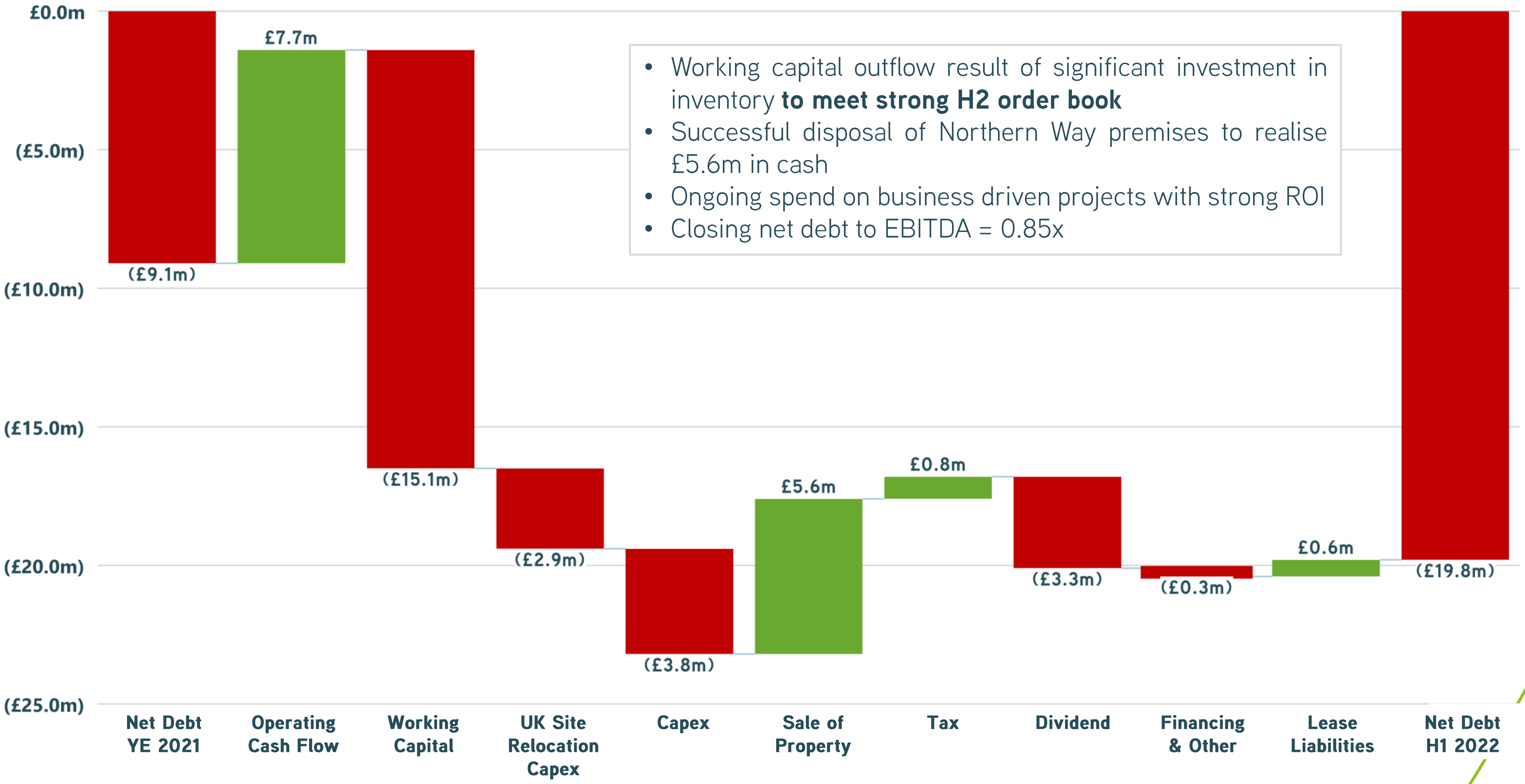
Period ended 31 March	2022 H1 £'000	2021 H1 £'000	Change %
Revenue	66,283	60,827	9.0%
Gross profit	18,247	21,287	(14.3%)
Gross profit margin	27.5%	35.0%	(750bps)
Administrative expenses	(11,668)	(10,719)	8.9%
Operating profit	6,579	10,568	(37.7%)
Operating profit margin	9.9%	17.4%	(750bps)
Net finance costs	(241)	(188)	28.2%
Adjusted profit before tax	6,338	10,380	(38.9%)
Exceptional items			
Gain on property sale	3,323	-	
UK relocation costs	(709)	(699)	1.4%
Profit before taxation	8,952	9,681	(7.5%)
Taxation	(1,275)	(2,486)	(48.7%)
Profit for the period	7,677	7,195	6.7%
Adjusted earnings per share (1)	8.21p	12.93p	(36.5%)

Key Points

- Encouraging revenue growth across the Group's portfolio
- Gross margin rates more reflective of a traditional H1 product mix
- Administration expenses up 8.9% reflects ongoing investment in capacity and innovation capability to fuel long-term growth: employee numbers up 15% to 432
- Exceptional items:
  - The Group successfully disposed of its premises on Northern Way on 28 February 2022, realising a net gain of £3.3m. The Group has leased back part of the premises for an expected period of 12-months for business continuity purposes
  - UK relocation expenses and the running costs of dual facilities

[1] *Excluding exceptional items*

CASH FLOW



- Working capital outflow result of significant investment in inventory **to meet strong H2 order book**
- Successful disposal of Northern Way premises to realise £5.6m in cash
- Ongoing spend on business driven projects with strong ROI
- Closing net debt to EBITDA = 0.85x

GUIDANCE

- Full year revenue guidance increased; expected to be up at least 15% on prior year
- Profit guidance maintained
- Long established Treatt experience in navigating fluctuating raw material prices
- Treatt is highly experienced in supply chain – lead times from suppliers impacted; holding high levels of inventory to ensure customer service not impacted
  - Well placed to win new business
- Inflation – impacts wages; general overheads; and approx. 5% COGS
- Raw material pricing – represents 95% of COGS; raw material specific, impacted by supply and demand
- Energy and transport costs:
  - Relatively low energy consumption due to our processes
  - Transport costs small proportion of COGS

Market Overview & Strategic Priorities

STRATEGY & INVESTING FOR FUTURE

Bringing relevance to growing addressable markets

- **Partnering** with customers to differentiate brands with authentic, premium extracts
- Provide flavour molecules for **alternative proteins**
- **Continued** growth in low calorie beverages
- **Ongoing demand** for ready-to-drink coffee, alcoholic beverages and functional drinks

Investing for future growth

- **New UK facility** is on course to transition most of our manufacturing activities over the next few weeks
- Ryan Govender **Chief Financial Officer** starting May
- **Strengthening management team:**
  - Wolfgang Tosch **Chief Innovation Officer** arrived December
  - **Global Technology Officer** joining August
- **Investment** in premium natural coffee extracts continues

MARKET RESILIENCE AND GROWTH OPPORTUNITIES

- In challenging economic times, premium beverages represent an **affordable luxury** with demand increasing
- Driven by **health-consciousness**, the move towards plant-based diets creates opportunity in alternative protein flavours, as well as low/no sugar and alcohol applications
- COVID-19 impacted channels **returning to pre-COVID levels**

ESG – OUR APPROACH TO SUSTAINABILITY

New ESG Framework being finalised with clear vision, objectives & KPI's that expand on this and shape ESG strategy to support our overall Business Strategy

Addressing 4 key material issues spanning across

1) People and Culture
2) Environment and Climate Change
3) Responsible Supply Chain
4) Communities

Key priorities addressing these issues to give us real focus for long-term difference – **People, Planet, Performance**

PEOPLE	PLANET	PERFORMANCE
Embedded ESG into our culture	Carbon emissions verification & collation	Creating a responsible supply chain
Reviewing our Social impact	Carbon reduction strategy	Reviewing non-financial KPIs
Purpose, values & behaviour	Implementing TCFD	Governance review

OUTLOOK

- **Strong** order book driving H2 performance
  - Return to H2 weighting – strong start made
  - Revenue guidance increased
  - Profit before tax and exceptional items for the current financial year in line with current market consensus
- Healthier living categories expected to drive **higher margins**
- Manufacturing **underway** at new UK facility
- **Coffee** category progressing
- **Confident** in the outlook and long-term prospects for the business

THANK YOU

ANY QUESTIONS?

APPENDICES

PRODUCT CATEGORIES

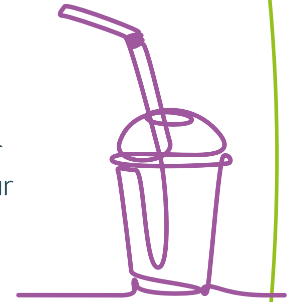
Our diverse and growing product range allows us to maximise commercial opportunities across the world

Herbs, Spices & Florals

Botanical ingredients are growing in popularity in several markets as 'naturalness' continues to be an increasing priority

Citrus

With a strong and established background in citrus, our range of natural and synthetic products are well aligned with consumer tastes



Health & Wellness

Consumers continue to look for 'better-for-you' products and our minimal label solutions are performing well in this space

Tea

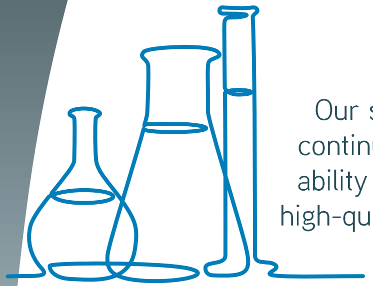
Tea is the second most widely consumed beverage in the world, after water, and our natural range of tea products continue to win

Fruit & Vegetables

Our natural distillates deliver on impact and minimal label requirements, both of which are increasingly important to customers

Coffee

Coffee has become one of the fastest growing beverage categories in the world and we are well positioned to take advantage



Synthetic Aroma

Our synthetic aroma business continues to perform well as our ability to deliver a consistent and high-quality service stands us apart from other players

PARTNERSHIP MODEL*

Building Long-Term Relationships for Organic Growth with Customers

Top 10 Customers

Ranking by Revenue FY21	Type of Products	No. Years as a Customer	Categories	Ranking by Revenue FY16
1	Flavour, Fragrance	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	3
2	Non-Alcoholic Beverage	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	1
3	Alcoholic Beverage	>10	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Synthetic Aromas	17
4	Flavour, Fragrance	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	4
5	Flavour, Fragrance	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	14
6	Consumer Goods	>10	Citrus, Herbs, Spices & Florals, Synthetic Aromas	2
7	Distributor	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	5
8	Flavour, Non-Alcoholic Beverage	>15	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals	25
9	Non-Alcoholic Beverage	>20	Citrus, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	11
10	Flavour, Fragrance	>25	Citrus, Tea, Health & Wellness, Fruit & Vegetables, Herbs, Spices & Florals, Synthetic Aromas	10

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*

* As of last full financial year

2022 CASH FLOW

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Period ended 31 March	H1 2022 £'000	H1 2021 £'000
Operating cash flow	7,697	11,709
Increase in inventories	(9,749)	(5,472)
Increase in receivables	(5,498)	(5,227)
Increase in payables	197	5,329
Cash generated from operations	(7,353)	6,339
Contributions to pension scheme	(225)	(225)
Taxation received/(paid)	811	(1,631)
Net cash from operating activities	(6,767)	4,483
Purchase of property, plant & equipment	(6,231)	(7,504)
Purchase of intangible assets	(474)	(180)
Proceeds of property sales	5,597	-
Free cash outflow	(7,875)	(3,201)
Dividends paid	(3,322)	(2,501)
Issue of share capital	1	-
Other financing activities	653	80
FX	(130)	61
Movement in net (debt)/cash	(10,673)	(5,561)
Net (debt)/cash at start of period	(9,114)	427
Net (debt)/cash at end of period	(19,787)	(5,134)

Key Points

- Working capital – outflow lead by significant investment in inventory to meet H2 order book
- £6.7m Capex – including £2.9m of new UK site capex. Transition of manufacturing activities to the new site is now commencing. Full transition by mid-2023
- Successful disposal of Northern Way premises to realise £5.6m in cash
- Free cash outflow of £9.9m excluding the net effect of capital spend and disposal proceeds
- Net debt is inclusive of lease liabilities of £0.5m (2021: £1.1m)

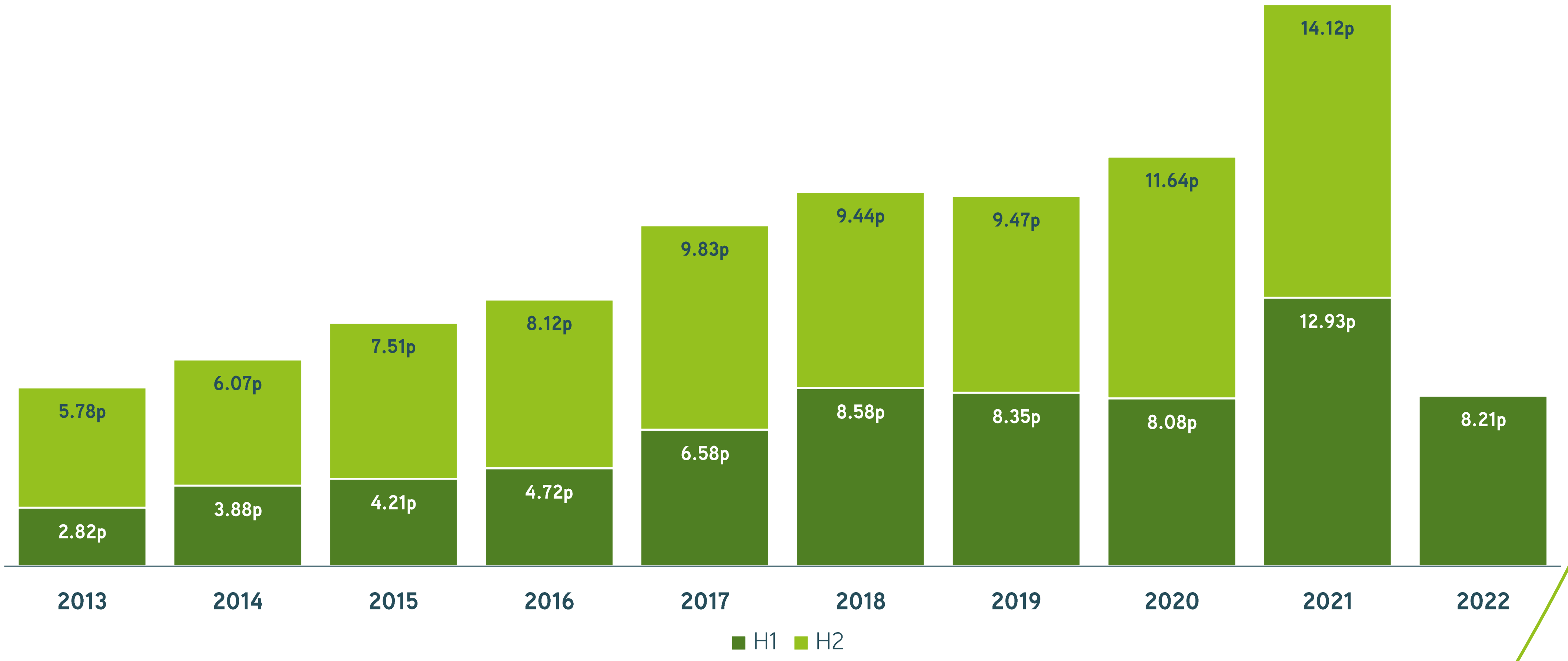
2022 BALANCE SHEET

	As at 31 March 2022	As at 30 September 2021
Fixed assets	£68.4m	£65.0m
Inventories	£57.8m	£47.3m
Receivables	£32.2m	£26.4m
Payables	(£17.3m)	(£17.0m)
Working capital	£72.7m	£56.7m
Taxation	(£1.5m)	£1.3m
Net (debt)/cash	(£19.8m)	(£9.1m)
Pension deficit	(£3.9m)	(£6.8m)
Other net (liabilities)/assets	(£0.9m)	(£0.8m)
Shareholder funds	£115.0m	£106.3m

Key Points

- Fixed asset spend on capital investment programme continues to progress
- The group's net debt position has increased largely due to the significant inventory build to meet H2 demand
  - Closing net debt to EBITDA = 0.85x
- IAS 19 pension deficit has decreased due to changes in assumptions, all of which are based on market conditions prevailing at the period end date. Contributions are to remain at £450k p.a.

EARNINGS PER SHARE[1]



1 2018 – 2020 EPS is shown from continuing activities

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

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 treble capacity in UK subject to product mix

2023 — **UK site fully operational**

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