TREATT

FULL YEAR RESULTS

for the year ended 30 September 2024

Contents

TREATT PLC
FULL YEAR RESULTS
YEAR ENDED 30 SEPTEMBER 2024

Strong performance, poised to accelerate growth

Treatt, the manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the beverage, flavour and fragrance industries, announces today its audited results for the financial year ended 30 September 2024.

	Financial year ended 30 September 2024	**Financial year ended 30 September 2023**	**Change**
Revenue	**£153.1m**	£147.4m	+3.8%
Gross profit	**£44.5m**	£44.8m	(0.8)%
Gross profit margin	**29.1%**	30.4%	(130)bps
Profit before tax and exceptional items	**£19.1m**	£17.3m	+10.1%
Profit before tax	**£18.5m**	£13.5m	+36.3%
Adjusted EBITDA[1]	**£24.9m**	£23.0m	+8.4%
Adjusted basic earnings per share[2]	**24.47p**	22.94p	+6.7%
Basic earnings per share	**23.61p**	18.01p	+31.1%
Total dividend per share	**8.41p**	8.01p	+5.0%
Net debt	**£0.7m**	£10.4m	(92.9)%
Adjusted net operating margin	**13.0%**	12.4%	+60bps
Adjusted return on average capital employed[3]	**13.6%**	12.2%	+140bps
Return on average capital employed	**12.6%**	9.0%	+360bps

[1] EBITDA is calculated as operating profit plus depreciation and amortisation. The adjusted measure excludes exceptional items.
[2] Adjusted earnings per share measures exclude exceptional items and the related tax effect.
[3] Return on average capital employed is calculated by dividing operating profit before exceptional items (as shown in the Group income statement) by the average capital employed in the business, which is calculated 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. The adjusted measure excludes exceptional items.

FINANCIAL HIGHLIGHTS:

- Revenue growth of 4% (6% in constant currency), driven by strong H2 revenue growth of 13% reflecting organic growth from new business wins and a normalisation in industry demand
- Full year revenue was marginally lower than anticipated (by 1.4%) as extreme weather in the US delayed a large shipment at year-end, shifting associated revenue into 2025
- Record adjusted EBITDA of £24.9m, growth of 8% (FY23: £23.0m), reflecting strong cost disciplines and other self-help measures embedded
- Profit before tax and exceptional items growth of 10% (13% in constant currency) to £19.1m (2023: £17.3m), slightly ahead of Board expectations
- Year-end net debt significantly reduced to £0.7m (2023: £10.4m), reflecting the robust cash generation and investment discipline
- Full year dividend of 8.41p up 5%, reflecting our progressive dividend policy

OPERATIONAL HIGHLIGHTS:

- Strong Heritage growth, with a focus on utilising capacity, growing volumes with strategic customers and price increases in Citrus due to sustained higher commodity prices. Treatt remains a key strategic supplier to flavour houses as demand normalised in Synthetic Aroma

- China continues growth momentum; new Shanghai innovation facility approved to accelerate localised innovation and customer collaboration

- Strong growth in Tea underpinned by multiple branded wins in North America; progressing with investment in pilot plant to accelerate new product trials and scale up across our Premium segment

- Focus on driving revenue growth, including recruitment of experienced industry experts based closer to our customers.

David Shannon, CEO of Treatt, commented:

"I'm pleased to be delivering a strong set of results for the year, my first since joining Treatt in June.

"We made great progress, with growth in both sales and profit, boosted by a really strong revenue performance in the second half, up 13%. And I am particularly pleased that we have brought net debt right down thanks to our strong cash generation, with further momentum to be cash positive in the new financial year. This performance not only reflects good conversion of the order book and the strong cost discipline that's now embedded across the Group, but also normalising demand trends and the benefits of investment. We have invested for growth, expanding our commercial teams, bringing them closer to customers, and are close to opening our new Shanghai innovation centre, in line with our strategic focus in the region.

"Since I started, my reasons for joining Treatt have been reinforced. I have seen firsthand that it has a great reputation in the market. This is a strong business with a leading market position, perhaps no surprise, as it is full of talented people. We punch above our weight, with innovative products offering, cutting edge technologies and deep, longstanding relationships with our customers.

"I'm excited about the future and I see clear opportunities to build on what has been achieved so far. We will look to enhance our agility and explore new areas within existing, adjacent and new markets. We are well positioned for the future and I look forward to working with the talented team to achieve Treatt's longer term ambitions."

Analyst and investor conference call

A conference call for analysts and investors will be held at 9a.m. today, 4 December 2024. For dial-in details, please contact MHP at treatt@mhpc.com.

Enquiries:

Treatt plc	**+44 (0)1284 702500**
David Shannon	Chief Executive Officer
Ryan Govender	Chief Financial Officer
Joint Broker	
Investec Bank plc	+44 (0)20 7597 5970
Patrick Robb	
David Anderson	
Joint Broker	
Peel Hunt Plc	+44 (0)20 7418 8900
George Sellar	
Finn Nugent	

Financial PR

MHP +44 (0)20 3128 8339
Tim Rowntree
Eleni Menikou

About the Group

Treatt is a global, independent manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the flavour, fragrance and multinational consumer product industries, particularly in the beverage sector. Renowned for its technical expertise and knowledge of ingredients, their origins and market conditions, Treatt is recognised as a leader in its field.

The Group employs in the region of 400 staff in Europe, North America and Asia and has manufacturing facilities in the UK and US. Its international footprint enables the Group to deliver powerful and integrated solutions for the food, beverage and fragrance industries across the globe.

For further information about the Group, visit www.treatt.com.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Chairman's statement

"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 £153.1m (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. 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 is a significant achievement in the context of challenging market conditions 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 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

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. 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

Chief Executive's review

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

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 well 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 of growth 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 very well positioned to take advantage of both global and local trends in the flavours industry and has strong growth prospects. With my perspectives from the wider industry, I have identified some further 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 its core markets of the 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, while 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

Financial review

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 in the year 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

% of revenue	Citrus	Herbs, spices & florals	Synthetic aroma	Tea	Health & wellness	Fruit & vegetables	Coffee
2024	56%	5%	14%	7%	8%	9%	1%
2023	53%	7%	13%	5%	8%	11%	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, growing by 8.8% year-on-year, driven by increased volumes in strategic accounts and price increases required 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.

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, Treattzest 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:

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

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 19.9% 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.

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 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 EBITDA[3]) 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.

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: £4.1m) on capital projects., details of which are set out below.

There was an overall improvement in working capital, generating an inflow of £0.6m (2023: £3.5m), which was as 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 included the was focussed 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
Previous site disposal	(5,592)	–	(5,592)
Exceptional items	4,820	2,381	7,201
Total costs	40,505	6,494	46,999

Treatt Employee Benefit Trust and Treatt SIP Trust

The Group has an HMRC-approved Share Incentive Plan (SIP) for its UK employees, and as far as practicable, also offers a similar scheme to its US employees. All UK employees with a year's service were awarded £700 (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 Treatt shares out of gross income, which the Group continues to match on a one and a half for one basis. In the year, a total of 32,000 (2023: 30,000) matching shares were granted.

The SIP currently holds 444,000 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 Treatt USA are able to exercise options annually, whilst the UK schemes provide for three-year saving plans.

Under the Long-Term Incentive Plan, which was approved by shareholders at the 2019 Annual General Meeting, Executive Directors and certain key employees were granted 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 Treatt final salary pension scheme (the "scheme") has not been subject to any further accruals since 31 December 2012 and instead members of the scheme were offered membership of the UK defined contribution pension plan with effect from 1 January 2013. 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 FY25.

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 INCOME STATEMENT

for the year ended 30 September 2024

	Notes	2024 Before exceptional items £'000	2024 Exceptional items £'000	2024 Total £'000	2023 Before exceptional items £'000	2023 Exceptional items £'000	2023 Total £'000
Revenue	6	**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	7	**(24,617)**	**(328)**	**(24,945)**	(26,503)	(2,655)	(29,158)
Relocation expenses	7	**–**	**(302)**	**(302)**	–	(1,145)	(1,145)
Operating profit[1]		**19,869**	**(630)**	**19,239**	18,321	(3,800)	14,521
Finance income		**229**	**–**	**229**	112	–	112
Finance costs		**(1,005)**	**–**	**(1,005)**	(1,089)	–	(1,089)
Profit before taxation		**19,093**	**(630)**	**18,463**	17,344	(3,800)	13,544
Taxation	8	**(4,164)**	**102**	**(4,062)**	(3,405)	803	(2,602)
Profit for the year attributable to owners of the Parent Company		**14,929**	**(528)**	**14,401**	13,939	(2,997)	10,942
Earnings per share		**Adjusted[2]**		**Statutory**	Adjusted[2]		Statutory
Basic	10	**24.47p**		**23.61p**	22.94p		18.01p
Diluted	10	**24.34p**		**23.48p**	22.81p		17.91p

1 Operating profit is calculated as profit 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 7.

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 12 form part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2024

	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	8	**–**	(33)
Deferred tax on foreign currency translation differences	8	**(257)**	301
Fair value movement on cash flow hedges		**195**	269
Deferred tax on fair value movement	8	**(49)**	–
		(6,267)	(5,651)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension scheme		**1,294**	1,381
Deferred tax on actuarial gain	8	**(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 12 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

	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	–	–	–	269	–	–	269
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	1,381	1,381
Taxation relating to items above	–	–	–	–	268	(345)	(77)
Total comprehensive income	–	–	–	269	(5,920)	11,978	6,327
Transactions with owners:							
Dividends	–	–	–	–	–	(4,802)	(4,802)
Share-based payments	–	–	–	–	–	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	6	–	(6)	–	–	–	–
Taxation relating to items recognised directly in equity	–	–	–	–	–	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
Profit for the year	–	–	–	–	–	14,401	**14,401**
Other comprehensive income:							
Exchange differences	–	–	–	–	(6,156)	–	**(6,156)**
Fair value movement on cash flow hedges	–	–	–	195	–	–	**195**
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	1,294	**1,294**
Taxation relating to items above	–	–	–	(49)	(257)	(323)	**(629)**
Total comprehensive income	**–**	**–**	**–**	**146**	**(6,413)**	**15,372**	**9,105**
Transactions with owners:							
Dividends	–	–	–	–	–	(4,924)	**(4,924)**
Share-based payments	–	–	–	–	–	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	2	–	(2)	–	–	–	**–**
Taxation relating to items recognised directly in equity	–	–	–	–	–	(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 12 form part of these financial statements.

GROUP BALANCE SHEET

as at 30 September 2024

Registered Number: 01568937

	2024 £'000	2023 £'000
ASSETS		
Non-current assets		
Intangible assets	**2,534**	2,752
Property, plant and equipment	**69,808**	71,526
Right-of-use assets	**379**	538
Post-employment benefits	**5,578**	3,723
	78,299	78,539
Current assets		
Inventories	**51,878**	62,396
Trade and other receivables	**37,078**	32,969
Current tax assets	**430**	300
Derivative financial instruments	**380**	8
Cash and bank balances	**1,786**	809
	91,552	96,482
Total assets	**169,851**	175,021
LIABILITIES		
Current liabilities		
Borrowings	**(2,134)**	(10,642)
Provisions	**(245)**	(102)
Trade and other payables	**(18,695)**	(20,700)
Lease liabilities	**(172)**	(176)
Derivative financial instruments	**–**	(176)
Current tax liabilities	**(1,324)**	(755)
	(22,570)	(32,551)
Net current assets	**68,982**	63,931
Non-current liabilities		
Lease liabilities	**(219)**	(373)
Deferred tax liabilities	**(5,048)**	(4,851)
	(5,267)	(5,224)
Total liabilities	**(27,837)**	(37,775)
Net assets	**142,014**	137,246

GROUP BALANCE SHEET (continued)

as at 30 September 2024

	Notes	2024 £'000	2023 £'000
EQUITY			
Share capital	11	**1,225**	1,223
Share premium account		**23,484**	23,484
Own shares in share trusts		**(2)**	(2)
Hedging reserve		**104**	(42)
Foreign exchange reserve		**1,050**	7,463
Retained earnings		**116,153**	105,120
Total equity attributable to owners of the Parent Company		**142,014**	137,246

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 12 form part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Profit before taxation		**18,463**	13,544
Adjusted for:			
Depreciation of property, plant and equipment and right-of-use assets		**4,640**	4,277
Amortisation of intangible assets		**426**	399
Impairment charge on intangible assets		**-**	228
Loss on disposal of property, plant and equipment		**28**	241
Net finance costs excluding post-employment benefit expense		**1,000**	1,087
Share-based payments		**512**	1,222
Increase in fair value of derivatives		**(353)**	(230)
Employer contributions to defined benefit pension scheme		**(338)**	(450)
Post-employment benefit income		**(224)**	(110)
Operating cash flow before movements in working capital		**24,154**	20,208
Movements in working capital:			
Decrease in inventories		**7,231**	2,507
(Increase)/decrease in receivables		**(5,651)**	3,004
Decrease in payables		**(939)**	(2,054)
Cash generated from operations		**24,795**	23,665
Taxation paid		**(3,727)**	(2,174)
Net cash generated from operating activities		**21,068**	21,491
Cash flow from investing activities:			
Proceeds on disposal of property, plant and equipment		**36**	1,557
Purchase of property, plant and equipment		**(5,425)**	(5,507)
Purchase of intangible assets		**(243)**	(207)
Interest received		**5**	2
Net cash used in investing activities		**(5,627)**	(4,155)

GROUP STATEMENT OF CASH FLOWS (continued)

	Notes	2024 £'000	2023 £'000
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		**(176)**	(161)
Interest paid		**(992)**	(1,080)
Dividends paid	9	**(4,924)**	(4,802)
Proceeds on issue of shares	11	**2**	6
Sale of own shares by share trusts		**116**	623
Net cash used in financing activities		**(14,367)**	(12,509)
Net increase in cash and cash equivalents		**1,074**	4,827
Effect of foreign exchange rates		**(97)**	(198)
Movement in cash and cash equivalents in the year		**977**	4,629
Cash and cash equivalents at beginning of year		**809**	(3,820)
Cash and cash equivalents at end of year		**1,786**	809
Cash and cash equivalents comprise:			
Cash and bank balances		**1,786**	809
		1,786	809

The group reconciliation of net cash flow to movement in net debt, together with notes 1 to 12 form part of these financial statements.

GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

for the year ended 30 September 2024

	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)
(Increase)/reduction in lease liabilities	**158**	(153)
Cash inflow/(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 loans	(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 loans	(18,203)	7,095	–	466	(10,642)
Lease liabilities	(396)	161	(317)	3	(549)
Net cash/(debt)	(22,419)	12,083	(317)	271	(10,382)

This statement of reconciliation of net cash flow to movement in net debt above does not form part of the primary statements. Notes 1 to 12 form part of these financial statements.

NOTES TO THE FULL YEAR RESULTS

1. BASIS OF PREPARATION

In accordance with Section 435 of the Companies Act 2006, the Group confirms that the financial information for the years ended 30 September 2024 and 2023 are derived from the Group's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with UK-adopted international accounting standards.. The statutory accounts for the year ended 30 September 2023 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2024 have been audited and approved but have not yet been filed.

The Group's audited financial statements for the year ended 30 September 2024 received an unqualified audit opinion and the auditor's report contained no statement under section 498(2) or 498(3) of the Companies Act 2006.

The financial information contained within this full year results statement was approved and authorised for issue by the Board on 4 December 2024.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the accounting policies set out in the audited Group financial statements as at, and for the year ended 30 September 2023.

There were no new standards and amendments to standards which are mandatory and relevant to the Group for the first time for the financial year ended 30 September 2024 which had a material effect on this full year results announcement.

3. ACCOUNTING ESTIMATES

The preparation of this statement requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In preparing this preliminary statement, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited Group financial statements as at, and for the year ended 30 September 2023.

4. 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.

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.

5. RISKS AND UNCERTAINTIES

The operation of a public company involves a series of risks and uncertainties across a range of strategic, commercial, operational and financial areas. The principal risks and uncertainties that could have a material impact on the Group’s performance over the next twelve months (for example, causing actual results to differ materially from expected results or from those experienced previously) are the same in all material respects as those detailed on pages 52 to 57 of the audited 2024 Annual Report and Financial Statements.

6. SEGMENTAL INFORMATION

Group

Business segments

IFRS 8 requires operating segments to be identified on the basis of internal financial information reported to the Chief Operating Decision Maker ('CODM'). The Group's CODM has been identified as the Board of Directors who are primarily responsible for the allocation of resources to the segments and for assessing their performance. The disclosure in the Group accounts of segmental information is consistent with the information used by the CODM in order to assess profit performance from the Group's operations.

The Group operates one global business segment engaging in the manufacture and supply of innovative ingredient solutions for the beverage, flavour, fragrance and consumer product industries with manufacturing sites in the UK and the US. Many of the Group's activities, including sales, manufacturing, supply chain, technical, IT and finance, are managed globally on a Group basis.

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

Revenue by destination		**2024 £'000**	**2023 Total**
United Kingdom		**8,099**	8,039
Rest of Europe	– Germany	**4,950**	5,937
	– Ireland	**18,114**	14,653
	– Other	**14,676**	13,006
The Americas	– USA	**58,001**	61,407
	– Other	**14,403**	12,549
Rest of the World	– China	**11,426**	9,525
	– Other	**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 5.0% 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, were as follows:

Continuing operations	**2024 £'000**	**2023 £'000**
United Kingdom	**45,698**	44,800
United States	**26,925**	29,908
China	**98**	108
	72,721	74,816

7. EXCEPTIONAL ITEMS

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

	2024 £'000	2023 £'000
UK relocation project		
Relocation expenses	**(302)**	(1,145)
Less: tax effect of relocation expenses	**20**	205
Restructuring costs		
Restructuring costs	**(328)**	(2,655)
Less: tax effect of restructuring costs	**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.

8. TAXATION

Analysis of tax charge in income statement:

	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	**(198)**	(537)
Tax on profit on ordinary activities	**4,062**	2,602

Analysis of tax charge in other comprehensive income:

	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

8. TAXATION (continued)

Analysis of tax charge/(credit) in equity:

	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:

	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.

9. DIVIDENDS

Equity dividends on ordinary shares:

	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 pence 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.

10. 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.

	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 (No: '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:

	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

10. EARNINGS PER SHARE (continued)

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:

	2024 £'000	2023 £'000
Profit after taxation attributable to owners of the Parent Company	**14,401**	10,942
Adjusted for:		
Exceptional items – relocation expenses (see note 7)	**302**	1,145
Exceptional items – restructuring costs (see note 7)	**328**	2,655
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

11. SHARE CAPITAL

Called up, allotted and fully paid	2024 £'000	2024 Number	2023 £'000	2023 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, and 80,000 (2023: 65,000) ordinary shares to the SIP Trust, 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).

12. ALTERNATIVE PERFORMANCE MEASURES

The Group reports certain alternative performance measures (APMs) that are not required under IFRS. The Group believes that these APMs, when viewed in conjunction with its IFRS financial information, provide valuable and more meaningful information regarding the underlying financial and operating performance of the Group to its stakeholders.

APMs referenced throughout the Annual Report which are not possible to easily derive from the financial statements, are shown in the reconciliations below alongside their statutory equivalent measures.

Return on average capital employed

Adjusted return on average capital employed (ROACE) is considered to be a key performance indicator (KPI) and is an APM which enables stakeholders to see the profitability of the business as a function of how much capital has been invested in the business.

The derivation of this percentage, along with the statutory equivalent measure, is shown below:

ROACE – APM measure

Group	2024 £'000	2023 £'000
Total equity	**142,014**	137,246
Net debt	**739**	10,382
Capital employed	**142,753**	147,628
Interim total equity[1]	**137,647**	129,685
Interim net debt[1]	**10,345**	17,704
Interim capital employed[1]	**147,992**	147,389
Average capital employed[2]	**146,124**	150,429
Adjusted operating profit[3]	**19,869**	18,321
ROACE %	**13.6%**	12.2%

ROACE – statutory measure

Group	2024 £'000	2023 £'000
Average capital employed[2]	**146,124**	150,429
Profit before taxation	**18,463**	13,544
ROACE %	**12.6%**	9.0%

12. ALTERNATIVE PERFORMANCE MEASURES (continued)

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 cashflow in the business, and as it is measured by reference to adjusted EBITDA, is considered to be an APM.

The derivation of this ratio, along with its statutory equivalent measure is shown below:

Net debt to adjusted EBITDA – APM measure

Group	2024 £'000	2023 £'000
Profit before taxation	**18,463**	13,544
Exceptional items	**630**	3,800
Profit before taxation and exceptional items	**19,093**	17,344
Interest receivable	**(229)**	(112)
Interest payable	**1,005**	1,089
Depreciation of property, plant and equipment and right-of-use assets	**4,640**	4,277
Amortisation of intangible assets	**426**	399
Adjusted EBITDA	**24,935**	22,997
Net debt	**739**	10,382
Net debt to adjusted EBITDA	**0.03**	0.45

Net debt to adjusted EBITDA – statutory measure

Group	2024 £'000	2023 £'000
Profit before taxation	**18,463**	13,544
Interest receivable	**(229)**	(112)
Interest payable	**1,005**	1,089
Depreciation of property, plant and equipment and right-of-use assets	**4,640**	4,277
Amortisation of intangible assets	**426**	399
EBITDA	**24,305**	19,197
Net debt	**739**	10,382
Net debt to EBITDA	**0.03**	0.54

1 Interim total equity and interim net debt for a given year are taken from the unaudited half year condensed financial statements made out to 31 March 2024, which can be found on www.treatt.com.

2 Average capital employed for a given year is calculated as the average of the opening, interim and closing capital employed.

3 Adjusted operating profit for ROACE purposes is operating profit before exceptional items as defined in the Group income statement.