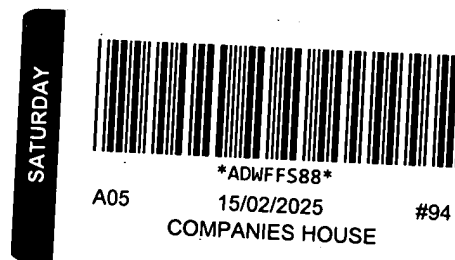


Natara Global Limited
(formerly Flavour Speciality Ingredients Limited)

Strategic Report, Directors' Report and Financial Statements
for the period from 6 February 2023 to
31 December 2023



Natara Global Limited (formerly Flavour Speciality Ingredients Limited)
Financial Statements

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Company information

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Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

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Strategic report

For the period ended 31 December 2023

The directors present the strategic report for the period ended 31 December 2023.

Fair review of the business

The Company, along with a number of other entities, was incorporated on 6 February 2023 in order to facilitate the acquisition of the Flavour & Fragrance ingredients businesses of International Flavors & Fragrances, Inc ("IFF"). The sale and purchase agreement was signed on 16 February 2023. From 6 February 2023 until 1 August 2023, the Company was dormant. Completion occurred on 1 August 2023 and the Company has traded since that date. The acquired assets and liabilities in the Company are a carve out from various IFF group entities, primarily Frutarom (UK) Limited.

The Company was one of several entities incorporated as part of the establishment of the group structure

Fleet Topco Limited (parent)
Fleet Loanco Limited (management of loan notes)
Fleet Securityco Limited (intermediate holding co for banking group)
Fleet Debtco Limited (management of external third party debt)
Fleet Holdco Limited (structural holding company)
Natara Global Limited (UK trader and holder of other non US assets)
Natara Global Inc (US trader and holder of US assets)

The Company plan, as a newly incorporated entity under new ownership, is to invest in its equipment, systems and team, and leverage its current product portfolio and geography, to become the independent partner of choice for the Flavours & Fragrances industry and grow to at least a fair market position with external customers outside IFF, whilst maintaining its strong position as key supplier to IFF. The Company employs a sales team that operates across the world. This sales team markets both the Company's own manufactured outputs, as well as the group portfolio of products, to all potential customers. This creates cross selling opportunities into the world's largest customers, whose custom is achieved by virtue of the breadth of product, service and geography that the Company is able to provide. The intention is to invest in the Company's Aroma Chemical and Natural Chemical production facilities in Hartlepool and Teesside to improve operational process and capacity. A new sales team, most of which were recruited in 2024, will adopt a proactive sales approach. The Company has already begun the process of improving systems, in particular its IT capability. Going forward, Natara will capitalise on emerging trends in the flavour and fragrance industry, leveraging its expertise in natural ingredients to meet the growing demand for health and wellness products.

The period between February and August involved detailed legal processes for the Company, relating to the carve out from IFF. These processes included some management changes, the change of business name, establishing appropriate licences in the name of the new Company, and the severing of various IFF group support structures that the Company benefitted from as part of IFF. This work was undertaken throughout the 1st half of 2023, and legal completion took place on 1st August. The Company name was Flavour Speciality Ingredients Limited until a rebrand in April 2024. The Company is now Natara Global Limited.

Since August 2023, a new management and leadership team has been brought together with considerable experience in the flavour and fragrance sector, as well as other related industries. Furthermore, functional expertise in IT, operations and supply chain and finance has substantially grown. This new team will build on the foundations of the business acquired from IFF, with an increasing focus on product development and complementary markets to support the 1,000 products the Company and its group already has in its portfolio. Company manufactured products are sold in all global regions where the Group has a presence. Regional sales managers across the globe sell from the whole group product portfolio, such that revenue in the Company is potentially derived from all group sales staff across the globe.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

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The Flavour and Fragrance market is quite consolidated with a relatively small number of large multi-national players in these markets, making up the majority of the overall market. These companies then subsequently supply global food, drink and personal care producers. The whole group product range and geographical reach allows it to meet the demand of these global businesses which consolidate procurement and want consistency of supply across their global supply chain.

Trade in the period between 1 August 2023 and 31 December 2023 was lower than had been anticipated. The flavour and fragrance industry went through a period of record years and stocking up during the covid period (2021-22). 2023 saw the reverse, with several businesses destocking to more historically normal levels. Whilst this led to lower than expected turnover for the 5 month period to 31 December 2023, relationships have been established with various key parties that the Company will work with over the coming years. Just over a year after completing on the purchase of the Company, the board are content with the progress made, both in terms of internal adjustment to a new structure and ways of working, and in terms of the relationships forged with business stakeholders all over the world.

The results presented in the profit and loss account are primarily a function of this destocking activity across the business and industry. However, the profit and loss account also reflects the considerable one off costs associated with an acquisition of this scale.

There was a considerable volume and carrying value of inventory on the books at acquisition, some of which was slow moving or obsolete. While a significant portion of the inventory was fully provided for in the fair value exercise, further inventory was identified subsequently as being slow moving or obsolete. This has led to additional provisioning at the period end. Some acquired inventory was valued using adjusted sales values, rather than actual costs of production. This means margins in initial trade are lower than they will become once revalued items are all sold on. Margins will therefore improve during 2024.

Restructuring costs totalled \$19.7m, being the costs of the acquisition itself, and costs of restructuring activity post acquisition. These costs are non recurring.

The directors remain confident that the business will generate consistent and growing returns.

In addition to financial reporting, the Company also manages its operations through a group wide review of strategic KPIs focusing on safety, profitability, inventory management and customer deliveries. Of these the health and safety measurements are considered to be the most important, and the business continues to strive to ensure safe processes and practices along with leading manufacturing environments. The adjusted operating profit for the period was a loss of \$4.7m, or an EBITDA loss of \$1.4m. The costs in the Company include overheads relating to wider group activities, and it is the intention of the directors to introduce a transfer pricing policy to recharge shared costs across the key group operating companies.

The Company also continues to invest in new product development. The business closed the period with a significant order book. As a result, the business is well placed to exploit future growth opportunities which will drive top line performance in 2024 and beyond.

Section 172(1) Statement

The directors, having prepared the strategic report have complied with Section 414 – Section 172 (1) statement of the Companies Act 2006 (“The Statement”). The statement has been prepared for the group as a whole and provides that a director must act in a way that is consistent to promoting the success of the Company while having due regard for the various stakeholder groups engaged.

The Company is also committed to ensuring all stakeholders are appropriately informed and aware not only of strategic business developments but also issues that may affect them.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

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The board of directors meet formally on a monthly basis, however also frequently during the month. Any appropriate matter raised by any external stakeholder is discussed in these reviews and agreed response covered as required.

Regular reviews are held with key partners, including:

- A review of key health and safety KPI's and performance
- key customers including orders being progressed, however also extended to significant developments in the market and R&D development projects that are under review
- key suppliers which again centres around programmes and order fulfilment however also extended to cover appropriate wider issues.
- with our banking partners, as evidenced by the support of various debt facilities
- Employees -the business ensures that regular employee councils are held and provide routine opportunities for employees across all areas to raise questions or suggestions along with routine agenda items for review for example health and safety.
- The business also encourages wider relationships in local areas of operation including support for charity fund raisers across the community.

Principal risks and uncertainties

COVID-19 Risk

The business performance during the period to 31 December 2023 is continuing to address some of the challenges of the pandemic period. The industry observed some overstocking as a result of supply chain issues caused by lockdown.

Legislative risk

Legislative risk has been mitigated through various audits undertaken across the business locations. Company sites are subject to Good Manufacturing Practices (GMP) audits and premises are also registered with the US Food and Drug Administration (FDA).

Financial risk management and objectives

Foreign exchange risk

The Company is exposed to currency exchange rate risk due to sales invoice currencies not being fully aligned with the currency in which costs are incurred. Foreign exchange will continue to be reviewed by the board to ensure manageable risks are mitigated where possible.

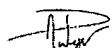
Liquidity risk

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cash flows.

Credit risk

The Company offers credit terms to customers which allows for payment after the delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by only offering deferred terms to customers who satisfy certain credit worthiness procedures and demonstrate an appropriate payment history.

This report was approved by the board on 13 February 2025 and signed on its behalf by:



A Pollard
Director

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

Financial Statements

Directors' report

For the period ended 31 December 2023

The directors present their report and the financial statements for the period ended 31 December 2023.

Principal activities

The principal activity of the Company is the manufacture of speciality flavour and fragrance products for use within food and fragrance manufacture.

Review of the business

The Company was incorporated on 6 February 2023 to facilitate the Fleet Topco Limited Group's acquisition of the Flavour & Fragrance businesses of International Flavors & Fragrances, Inc ("IFF"). The sale and purchase agreement was signed on 16 February 2023. The Company was dormant from 6 February 2023 until 1 August 2023. Completion occurred on 1 August 2023 and the Company has traded since that date. The acquired assets and liabilities in the Company are a carve out from various IFF entities. The Company was named Flavour Speciality Ingredients Limited at the time of the completion. Post year end, following a group rebranding exercise, the Company has been renamed Natara Global Limited.

As mentioned in the strategic report, the acquisition has impacted the presentation of the profit and loss account in the initial trading periods, both because of the reduced gross profit arising on the acquired inventories, and as a result of the costs incurred in acquiring the business and beginning the reorganisation under new ownership.

Results and dividends

Turnover of \$25.1m was generated in the period between August – December 2023. In addition to the industry destocking mentioned in the strategic report, this trading period also included a Company shut down ahead of Christmas, where no sales took place. Fixed costs, both those included in cost of sales and administrative costs, continued to be incurred through the shut down, impacting margins.

The accounting for the acquisition means that inventory was in many cases revalued upwards to an adjusted sales value, rather than the actual cost of production. While this is primarily an accounting exercise, it does impact margins for the products sold. Where practical, these additional costs have been identified separately in the profit and loss presentation, and reduce gross profit by \$2.8m for the period, compared to the costs which would have been recorded had these revaluations not occurred.

Administrative expenses of \$5.2m include various new running costs required to run this new group business. The majority of group administrative overheads are being borne by the Company, in particular leadership staff costs, IT costs and insurance costs. For the 31 December 2024 year end, the Company and its group plan a transfer pricing exercise to assess an appropriate manner in which to recharge some of the new administrative cost around the various benefitting group companies, which in turn will reduce the administrative overhead of the Company, relative to its turnover, and improve future profitability within the Company. Therefore, the Company expects this cost to represent the initial investment in future performance, the cash inflows from which will begin to be visible in 2024.

The Company was the principle party to the group's acquisition of operations, acquiring (either within the Company operations or via its investments) operations in the UK, China and Mexico. As a result, substantially transaction costs, as well as the post transaction integration work, have been borne by the Company. Cash wise, these costs were funded by the ultimate shareholders, with cash provided specifically to cover these costs. The overall costs of the transaction, together with the reorganizational costs which followed from the transaction, totaled \$19.7m and are shown as a standalone exceptional item in the profit and loss account.

The financial statements include an impairment charge of \$12.5m against the acquisition goodwill, the details of which are disclosed further in note 11.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

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The directors are content that there has been no adverse change in expectations or prospects for the Company or wider group between the time of acquisition and the date of signing these financial statements. The impairment is considered to be a technical accounting issue, arising primarily as a result of the structure of the acquisition deal, with multiple entities, including this Company, as purchasers of the group's trade and assets. This Company only generates around 60% of group revenues from external sources, but has acquired all intangible assets arising from the business combination, including customer relationship balances and IP, as well as goodwill arising from the transaction. The Company therefore owns and controls intangible assets which generate cashflows in other group companies as well as this Company. This shortfall in direct Company cash inflows compared with assets acquired, is considered for accounts purposes to indicate an impairment of the business. The directors are content to approve this impairment in view of the circumstances described above. .

The Company recorded a loss of \$37.9m for the period. No dividends are proposed in respect of the trading period.

Post balance sheet events

As part of the overall acquisition of trade and assets from IFF, the company completed the acquisition of a Brazilian subsidiary, Natara Global Ltda, post year end. The consideration was \$1.3m and the transaction will be disclosed in full in the financial statements for the year ended 31 December 2024.

Aligned to the acquisition of trade and assets from IFF, the company also entered into a supply agreement with IFF Inc for a period of 10 years. As part of this agreement, IFF committed to purchasing certain volumes of product at certain margins, with potential 'annual shortfall' settlements in the event such volumes were not ordered. In respect of 2023 contracted volumes, a settlement of \$2.9m was reached between the Company and IFF in respect of this 'annual shortfall' for the period to 31 December 2023. \$1.9m is included in these financial statements as an asset. The remaining \$1.0m is disclosed as a contingent asset.

Future developments

Subsequent to the balance sheet date, the Company rebranded as Natara Global Limited. The Company has also completed an initial phase of capital investment, with the assets identified as capital commitments in these financial statements being brought into operation during 2024.

The Company concluded the acquisition of its Brazilian subsidiary in April 2024, as mentioned above, and has begun to review IT and information systems as it plans its future structure and growth.

Directors

The directors who served during the year were:

S Farragher (appointed 6 February 2023, resigned 1 August 2023)
S Fisher (appointed 1 August 2023, resigned 5 February 2024)
P Forman (appointed 1 August 2023)
S Jackson (appointed 1 August 2023)
Y Knoop (appointed 1 August 2023)
B Rauber (appointed 31 March 2023, resigned 1 August 2023)
M Taylor (appointed 6 February 2023, resigned 1 August 2023, appointed 22 August 2023)
J Lamont (appointed 5 February 2024, resigned 15 November 2024)
A Pollard (appointed 15 November 2024)

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

Financial Statements

Going concern

The directors have prepared cashflow forecasts for the Natara group for the period from the balance sheet date through to 28 February 2026, which give the directors reasonable confidence that the group and the Company will have adequate resources to meet operating liabilities as they fall due for the foreseeable future.

To satisfy themselves that the group has adequate resources, the directors have performed the following procedures: considered the assumptions underlying the cashflow forecasts; reviewed order books and sales activities supporting forecast sales; performed testing on the base forecasts to ensure any downside risk can be managed and does not cause any liquidity or covenant compliance issues; reviewed forecast covenant compliance for the duration of the going concern period; and considered all other information that is relevant to the future operations and cashflows of the Company. The directors of the Company have also obtained a letter of support from the group parent, Fleet Topco Limited, which confirms that the parent will provide financial support to the Company for a period of at least 12 months from the approval of these financial statements, to enable the Company to meet its liabilities as they fall due.

On the basis of the going concern assessment and the letter of support from the group parent, the directors have a reasonable expectation that Company will be able to continue operating for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

Directors and Officers insurance

The Company, via the ultimate parent, has purchased insurance against Directors and Officers liability, for the benefit of the Directors and Officers of the Company and wider group

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement, and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS") but makes amendments where necessary to comply with Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)
Financial Statements

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

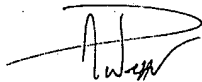
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Forvis Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 February 2025 and signed on its behalf by:



A Pollard
Director

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

Financial Statements

Independent auditor's report to the members of Natara Global Limited

Opinion

We have audited the financial statements of Natara Global Limited (the 'company') for the period ended 31 December 2023 which comprise the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

Financial Statements

Other information

The other information comprises the information included in the Strategic Report, Directors' report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Strategic and Directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

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Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulations

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and environment permitting regulations.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)

Financial Statements

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition which we pinpointed to the cut-off assertion and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Paul Kurowski

Paul Kurowski (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

Two Chamberlain square

Birmingham

B3 3AX

Date **13/02/2025**

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)
Financial Statements

Statement of profit or loss and other comprehensive income
For the period from 6 February 2023 to 31 December 2023

	Note	Underlying \$'000	Exceptional \$'000	Total \$'000
Turnover	[5]	25,105	-	25,105
Cost of goods sold	[6]	(23,476)	(2,796)	(26,272)
Gross profit / (loss)		1,629	(2,796)	(1,167)
Distribution costs		(1,160)	-	(1,160)
Administrative expenses		(5,204)	-	(5,204)
Operating loss	[7]	(4,735)	(2,796)	(7,531)
Non recurring acquisition and restructuring costs	[6]			(19,727)
Impairment charge	[11]			(12,500)
Interest payable and similar expenses	[8]			(6)
Loss before income taxes				(39,764)
Income tax credit				1,783
Loss for the period				(37,981)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

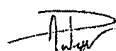
There were no recognised gains and losses for the period other than those included in the statement of comprehensive income.

Natara Global Limited (formerly Flavour Speciality Ingredients Limited)
Financial Statements

Statement of financial position
As at 31 December 2023

	Note	31 December 2023 \$'000
Non-current assets		
Intangible assets	[11]	115,235
Tangible assets	[12]	11,501
Right-of-use assets	[19]	339
Investment in subsidiary	[9]	14,915
		141,990
Current assets		
Stocks	[13]	17,387
Debtors: amounts falling due within one year	[14]	26,025
Cash and cash equivalents	[15]	1,298
		44,710
Current liabilities		
Creditors: amounts falling due within one year	[16]	(21,053)
Net current assets		23,657
Total assets less current liabilities		165,647
Creditors: amounts falling due after more than one year	[17]	(131)
Deferred tax liabilities	[10]	(17,119)
Net assets		148,397
Capital and reserves		
Called up share capital	[18]	1,864
Share premium account	[18]	184,514
Profit and loss account		(37,981)
Total shareholders' funds		148,397

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 February 2025.



A Pollard
Director

The notes on pages 18 to 44 form part of these financial statements.

Registered number: 14641931

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Statement of changes in equity

For the period from 6 February 2023 to 31 December 2023

				\$'000
	Equity attributable to the owners			
	Share capital	Share premium	Retained earnings	Total
Balance at incorporation	-	-	-	-
Net loss	-	-	(37,981)	(37,981)
Total comprehensive loss for the period	-	-	(37,981)	(37,981)
<i>Equity transactions with owners</i>				
Issue of ordinary units	1,864	184,514	-	186,378
Balance at 31 December 2023	1,864	184,514	(37,981)	148,397

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Notes to the financial statements

1. General information

Natara Global Limited (formerly Flavour Speciality Ingredients Limited) (the “Company”) is a private limited company incorporated, domiciled and registered in England in the UK. The registered number is 14641931 and the registered address is Zinc Works Road, North Gare, Seaton Carew, Hartlepool, England, TS25 2DT.

The principal activity of the Company is the manufacturing and sale of flavours and fragrances related products.

The Company is exempt from the requirement to prepare group accounts as the Company is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

The Company’s ultimate parent undertaking, Fleet Topco Limited includes the Company in its consolidated financial statements. Fleet Topco Limited along with its subsidiaries are referred to as the ‘Group’. The consolidated financial statements of Fleet Topco Limited are prepared in accordance with International Financial Reporting Standards (‘IFRS’) and are available to the public and may be obtained from Zinc Works Road North Gare, Seaton Carew, Hartlepool, England, TS25 2DT.

The Company was incorporated on 6 February 2023 and therefore the prior period comparatives are not applicable. The Company was dormant from 6 February 2023 until 1 August 2023.

2. Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its group. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). In preparing these financial statements, the Company applies the recognition, measurement, and disclosure requirements of UK-adopted international accounting standards (“UK-adopted IFRS”) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies (see Note 4).

These financial statements are presented in United States Dollar (USD) which is the currency of the primary economic environment in which the Company operates.

The following material accounting policies have been applied:

Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes,
- Disclosures in respect of transactions with wholly owned subsidiaries,
- Disclosures in respect of capital management,
- The effects of new but not yet effective IFRSs,
- Disclosures in respect of the compensation of Key Management Personnel,
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and

As the consolidated financial statements of Fleet Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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- IFRS 2 Share-Based Payments in respect of group settled share-based payments.
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company and
- Certain disclosures required by IFRS 13 Fair Value Measurement, and the disclosures required by IFRS 7 Financial Instrument Disclosures.

3. Going concern

The directors have prepared cashflow forecasts for the Natara group for the period from the balance sheet date through to 28 February 2026, which give the directors reasonable confidence that the group and the Company will have adequate resources to meet operating liabilities as they fall due for the foreseeable future.

To satisfy themselves that the group has adequate resources, the directors have performed the following procedures: considered the assumptions underlying the cashflow forecasts ; reviewed order books and sales activities supporting forecast sales ; performed testing on the base forecasts to ensure any downside risk can be managed and does not cause any liquidity or covenant compliance issues ; reviewed forecast covenant compliance for the duration of the going concern period ; and considered all other information that is relevant to the future operations and cashflows of the Company. The directors of the Company have also obtained a letter of support from the group parent, Fleet Topco Limited, which confirms that the parent will provide financial support to the Company for a period of at least 12 months from the approval of these financial statements, to enable the Company to meet its liabilities as they fall due.

On the basis of the going concern assessment and the letter of support from the group parent, the directors have a reasonable expectation that Company will be able to continue operating for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

4. Summary of significant accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period by the Company unless otherwise stated, is set out in this note below.

4.1. Business combination

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (refer Note 11). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (refer Note 25).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

4.2. Revenue

The Company manufactures a range of flavour and fragrance ingredients which are sold to flavour and fragrance houses for onward processing and inclusion in food and personal care products. Sales are recognised when the control of the goods have been transferred. Control is transferred when the products have been shipped to the agreed location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted responsibility of the goods. A receivable is recognised when all the performance obligations are met, since this is the point in time when the consideration is unconditional, because only the passage of time is required before the payment is due.

4.3. Cost of goods sold

Cost of Goods sold comprises all those costs directly incurred by the Company, including depreciation and an appropriate proportion of overheads, in order to bring each product sold to its saleable condition.

4.4. Research and development

Expenditure on research and development is charged to the Statement of profit or loss and other comprehensive income in the period in which it is incurred.

4.5. Tangible assets

Recognition and measurement

Tangible assets are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment loss.

Any gain or loss on disposal of a tangible asset is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is provided on all assets, other than freehold land which is not depreciated, to write-off their cost, less any estimated residual values, on a straight-line basis over their expected useful economic lives.

Assets in the course of construction are not depreciated until they are available for use.

Freehold buildings	0 to 48 years
Leasehold improvements	41 to 44 years
Plant, machinery and vehicles	0 to 27 years
Fixtures and fittings	0 to 15 years
Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.	

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4.6. Cash and cash equivalents

Cash in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

4.7. Stock

Stock is valued at the lower of cost, on a weighted average basis, and net realisable value. Manufactured products and work in progress are valued at material cost plus an appropriate proportion of production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Stock is reviewed on a monthly basis for any items which are obsolete or slow moving, and a provision made accordingly.

4.8. Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expected expenditure to which they relate.

4.9. Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

4.10. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the Company functional currency at the exchange rate at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

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ii. *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the date of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4.11. Taxation

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

i. *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no

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longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.12. Intangible assets and goodwill

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, including customer relationships, patents, trademarks that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values under the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current periods are as follows:

Product IP	15 years
Customer relationships	9.4-11.8 years
Computer software	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.13. Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.14. Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid)

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contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - i) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - ii) the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.15. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Company applies the simplified approach to measuring expected credit losses (“ECL”) for trade receivables (including lease receivables), as permitted by IFRS 9 Financial Instruments. Under the simplified approach, the Company recognises a loss allowance based on lifetime ECLs at each reporting date. However, based on historical default rates and forward-looking information, the Company has determined that there is no significant ECL on its trade receivables and financial assets as of 31 December 2023.

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For other financial assets, the Company applies the general approach to measuring ECL. Under the general approach, the Company recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. As of 31 December 2023, the Company has assessed that there is no significant increase in credit risk for its financial assets and, consequently, no ECL has been recognised.

The Company continuously monitors the credit risk of its financial assets and updates its assessment of ECLs at each reporting date, taking into consideration both historical data and forward-looking information.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- a. the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- b. the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- c. significant financial difficulty of the debtor;
- d. a breach of contract such as a default or being more than 90 days past due;
- e. the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- f. it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- g. the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is unlikely to be recovered, based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.16. Pensions

Defined contribution scheme

The Company operates a defined contribution pension scheme which is open to new employees. Costs of contributions made by the Company are recognised in the Statement of profit or loss and other comprehensive income as they fall due.

4.17. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located.

The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and

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equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determined its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect them the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

From 1 January 2021, where the basis for determining future lease payments changed as required by interest rate benchmark reform, the Company remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.18. Critical accounting judgments and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

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Useful economic lives of tangible assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the tangible assets.

Inventory provisioning

The company is subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated salability of finished goods and future usage of raw materials. See Note 13 for the net carrying amount of the inventory and associated provision.

Intangible assets, investments and impairment testing

The Company has acquired investments, intangible assets and goodwill arising from business combinations. The annual amortisation charge for intangibles is sensitive to changes in the estimated useful economic lives of the acquired intangible assets, which are amended when necessary to reflect current conditions. The overall carrying value of investments, goodwill and intangible assets is also sensitive to changes in the assumptions regarding future business performance, long term growth rate and WACC. See Note 11 for the assumptions used within the impairment review.

5. Turnover

The Company generates income primarily from the sale of flavours and fragrances related products to its customers. In the following table, revenue from contracts with customers is disaggregated by primary geographical market:

	For the period from 6 February 2023 to 31 December 2023 \$'000
Analysis of revenue by geography:	
United Kingdom	1,513
Rest of Europe	6,460
Far East	8,813
Americas	6,314
Rest of the World	2,005
	25,105

Revenue is recognised at a point in time when control of the goods gets transferred to the customer, generally upon delivery. Due to the nature of the Company's business, which involves trading products, there are no material contract assets or liabilities, and no unsatisfied/partially unsatisfied performance obligations at the reporting date.

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6. Exceptional costs

The statement of financial performance includes the following items presented as exceptional

	Cost of sales (\$'000)	Non recurring acquisition and restructuring costs (\$'000)	Total (\$'000)
Excess costs arising from fair value	1,564		1,564
Provision on acquired inventory	1,232		1,232
Acquisition and structural costs		19,727	19,727
	2,796	19,727	22,523

The excess costs from fair value arise because acquired inventory is not recorded at the lower of cost and NRV. Instead, it is valued at fair value less costs to sell. This increased the cost of sales charge on those items by a total of \$1,564k. There remains a small residual fair value of acquired stock within the cost of inventory – the residual fair value uplift within inventory will be expensed in the year to 31 December 2024, after which time this item will not recur.

The Company acquired inventory of \$23.8m as part of the acquisition (see note 25). In the period between August and December 2023, additional acquired inventory was identified as slow moving, which had the effect of increasing the provision at the balance sheet date by \$1,232k. This item will not recur in future periods as all inventory that was identified as being slow moving pre change of ownership has now been identified and provided for as at 31 December 2023.

Acquisition and structural costs, totalling \$19,727k, represent the fees incurred in acquiring control of the group, together with some of the costs incurred in reorganizing internal structures post acquisition. The overall charge includes \$1,572k of costs relating to the acquisition, which were incurred during 2024. This item is not expected to be repeated in future periods.

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7. (Loss) on ordinary activities before interest and taxation

The operating loss is stated after charging:

	For the period from 6 February 2023 to 31 December 2023 \$'000
Depreciation	
- Owned assets (Note 12)	915
- Right-of-use assets (Note 19)	52
Amortisation (Note 11)	2,437
Impairment (Note 11)	12,500
Restructuring costs (Note 6)	19,727
Staff costs (Note 21)	4,314
Defined contribution pension costs (Note 21)	311
Directors' emoluments (Note 20)	1,017
Impairment of inventory	2,364
Inventory recognised as an expense	14,657
Exchange loss on foreign currency	135
Auditors' remuneration	
- Fees payable to the company auditors for the audit of the company financial statements	145
- Fees payable to the company auditors for tax services	-

8. Interest payable and similar expenses

	For the period from 6 February 2023 to 31 December 2023 \$'000
Interest expense on lease liabilities	6
	<u>6</u>

9. Investment in subsidiary

Investment comprises equity shares in NataGlobal Ingredients de Mexico and 100% holdings in Natara Global Flavors & Fragrances (Pucheng) Co. Ltd.

NataGlobal Ingredients de Mexico is a private limited company incorporated, domiciled and registered in Mexico. The registered number is FME060406145 and the registered address is 06600 Calle, Tokio 102, Piso 5, Colonia Juarez, Cuauhtemoc, Mexico City. The Company owns 100% of the ordinary shares of NataGlobal Ingredients de Mexico.

Natara Global Flavors & Fragrances (Pucheng) Co. Ltd is a private limited company incorporated, domiciled and registered in China. The registered number is 91350722751385562Y and the registered address is Huachen Road, Putan Biological Professional Park, Pucheng Industrial Park, Pucheng. The Company owns 100% of the ordinary shares of Natara Global Flavors & Fragrances (Pucheng) Co. Ltd.

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	NataGlobal Ingredients de Mexico	Natara Global Flavors & Fragrances (Pucheng) Co. Ltd	Total
On incorporation	-	-	-
Additions	90	14,825	14,915
As at 31 st December 2023	90	14,825	14,915

10. Taxation

10.1. Taxation charge/(credit)

The tax charge is based on the profit on ordinary activities and represents:

	2023 \$'000
<i>Current tax</i>	
Current tax charge/(credit) on income for the year at statutory rate	-
Total current tax	-
<i>Deferred tax</i>	-
Origination and reversal of temporary differences	(1,783)
Tax on results on ordinary activities	(1,783)

10.2. Reconciliation of effective tax rate

		2023 \$'000
Loss on ordinary activities before taxation		(39,764)
Tax on profit on ordinary activities at standard CT rate (0.2401)	24.01%	(9,548)
<i>Effects of:</i>		
Impact of difference between CT & DT rate	0.17%	(70)
Expenses not deductible for tax purposes	-12.16%	4,834
Tax losses/temp differences for which no deferred income tax asset was recognised	-7.54%	3,001
Deferred tax in OCI (includes FX)	0.00%	-
Tax on profit on ordinary activities	4.48%	(1,783)

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	2023
	\$'000
Movement in deferred tax balances	
Deferred tax balance at incorporation	0
Deferred tax balance arising on business combination – (asset)/liability	
-Intangible assets	18,166
-Property, plant and equipment	736
	18,902
Deferred tax arising on business combinations	
-Intangible assets	-
-Property, plant and equipment	-
-Other timing differences	-
	-
Current year movement recognised in income statement	
-Intangible assets	(586)
-Property, plant and equipment	(252)
-Tax losses	(928)
-Other timing differences	(17)
	(1,783)
Deferred tax balance as at 31 December 2023	17,119
Deferred tax asset	(945)
Deferred tax liability	18,064
Net deferred taxes	17,119

10.3. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect to the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	31 December 2023	31 December 2023
	\$'000	\$'000
	<i>Gross amount</i>	<i>Tax effect</i>
Deductible temporary differences	2,943	736
Loss arising from impairment	12,500	3,125
	15,443	3,861

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11. Intangible assets

					\$'000
	Product IP	Customer relations	Goodwill	Software	Total
Cost					
On incorporation	-	-	-	-	-
Acquisitions through business combinations	43,627	29,037	56,275	11	128,950
Additions				1,222	1,222
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31st December 2023	43,627	29,037	56,275	1,233	130,172
Accumulated amortisation					
On incorporation	-	-	-	-	-
Charge for the period	1,212	1,133	-	92	2,437
Impairment	-	-	12,500	-	12,500
Eliminated on disposal	-	-	-	-	-
Balance at 31st December 2023	1,212	1,133	12,500	92	14,937
Carrying amounts					
At 31st December 2023	42,415	27,904	43,775	1,141	115,235

11.1. Amortisation

The amortisation of intangible assets is included in 'administrative expenses' in the statement of profit or loss.

11.2. Security

At 31 December 2023, all intangible assets were pledged as security for liabilities as a part of a loan agreement entered between the Group and Ares Management Limited.

11.3. Impairment

As part of the acquisition of trade and assets on 1 August 2023 (see note 25), the Company acquired both intangible assets and goodwill. In order to ensure that the carrying value of these assets remained appropriate at the balance sheet date, an impairment review assessed future cash generations of both the Company and its subsidiary operation in China. The outcome was an estimated fair value less cost to dispose (FVLCD) for the UK and its China subsidiary – using the following assumptions to derive UK FVLCD.

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Key assumptions used to determine FVLCD

Revenue growth (2024-28)	11.6%
WACC	12%
Long term growth rate	2.6%
Effective tax rate	25.1%

Acquisition goodwill totaled \$56.3m, as described in note 25.

Cashflows have been projected over 5 years, with a terminal value approach applied to cashflows generated after year 5. The cashflows for years 1-5 are derived from the group strategy prepared in summer 2024. The goodwill inherently assumes that cash will be generated beyond the end of the 5th year. Management believe that this is reasonable given that the output is primarily a food product in a growing sector where consumption is likely to continue and indeed increase over the duration of the forecast period.

Revenue growth is based on the directors' view of the business, the expected growth in the sector as a whole, together with an assessment of specific actions intended to be actioned by both the Company and wider group.

Long term growth rate has been assessed using the weighted average of growth rates in the relevant trading locations where the Company sells its products, using growth rates from the Economist Intelligence Unit as at 31 December 2023.

WACC was estimated using inputs relating to the Company's market, together with company specific risk premium adjustment.

Costs of disposal of 3% have been deducted from cash inflows before arriving at the FVLCD.

Assets vs cash generation

The Company assets, excluding the investment in China, were compared against the future cash generation of the UK business. The result is below, indicating that the Company's standalone cashflows will not cover the full carrying values of the assets acquired in the business combination. The cashflows expected to be generated from the China subsidiary are in excess of the \$14.9m carrying value of the investment at the balance sheet date.

	\$m
Goodwill	56.3
Other intangibles acquired with business combination	70.3
All other assets excluding investments	19.4
UK assets excluding investment in subsidiary	146.0
FVLCD of Company (standalone basis)	133.5
Shortfall	(12.5)

Events leading to an impairment

The acquisition gave rise to a goodwill asset of \$56.3m. This asset represents directors and shareholder expectations of future cash generation, both from this Company, but also potentially other operations within the wider group.

The assets acquired by Natara Global Limited include IP and customer relationship balances. These assets are under the direct control of Natara Global Limited and its directors. However, the IP and customer relationship balances

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will also contribute to potential future cash inflows from Natara Global Inc, which is not a subsidiary of Natara Global Limited, and whose cashflows are not controlled by this Company.

As a result, the Company has had to exclude the potential cash inflows that might be generated by Natara Global Inc (a US incorporated sister company) when assessing the extent to which cash inflows cover the assets on the Company balance sheet. There are also cashflows in the Company's China subsidiary which benefit from the intangible assets held on the Company balance sheet.

The result is that there is a shortfall in cash generated by the Company, when compared with the assets on the Company balance sheet.

The directors view this impairment as a technical accounting issue which has arisen as a result of the wider group structure into which the Company fits. Importantly, had a similar impairment review been carried out at the date of acquisition, with assets and anticipated cashflows allocated to the Company in a manner consistent with the impairment review, the impairment condition would have existed on that date. The directors are therefore content that the impairment is not the result of a change in the business performance since the Company began to trade in August 2023.

The directors do not consider that there has been any significant change in expected business performance, compared with expectations at the time of acquisition.

12. Tangible assets

				\$'000
	Land and buildings	Fixtures, Fittings and equipment	Other property plant and equipment	Total
Cost				
On incorporation	-	-	-	-
Acquired through business combination	4,112	135	8,061	12,308
Additions	-	-	108	108
Disposals	-	-	-	-
Balance at 31st December 2023	4,112	135	8,169	12,416
Accumulated depreciation				
On incorporation	-	-	-	-
Charge for the period	226	56	633	915
Eliminated on disposal	-	-	-	-
Balance at 31st December 2023	226	56	633	915
Carrying amounts				
At 31st December 2023	3,886	79	7,536	11,501

Tangible assets do not include right-of-use assets. Details of right-of-use assets are disclosed in Note 19.1.

12.1. Security

At 31 December 2023, all fixed assets with a total carrying amount \$11,501k were pledged as security for liabilities as a part of a loan agreement entered between the Company and Ares Management Limited.

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13. Stocks

	31 December 2023
	\$'000
Raw materials	981
Work in progress	64
Finished goods	16,342
	<u>17,387</u>

Included within the stock figures above is an impairment provision of \$7,298k, inclusive of provisions that were part of the acquired opening stock.

Stock recognised in cost of sales during the period as an expense was \$14,657k.

At 31 December 2023, all the inventories were pledged as security for liabilities as a part of a loan agreement entered between the Company and Ares Management Limited.

14. Debtors: amounts falling due within one year

	31 December 2023
	\$'000
Trade receivables	13,744
Amounts owed by group undertakings	5,365
Other receivables	3,931
Prepayments and accrued income	2,985
	<u>26,025</u>

Amounts owed by group undertakings include loans provided to Natara Global Inc, Natara Global Flavors & Fragrances (Pucheng) Co.,Ltd, NataGlobal Ingredients de Mexico S.A de C.V, and Fleet Holdco Limited which are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Cash and cash equivalents

	31 December 2023
	\$'000
Cash at bank	1,298
	<u>1,298</u>

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16. Creditors: amounts falling due within one year

	31 December 2023
	\$'000
Trade creditors	8,253
Amount owed to group undertakings (refer Note i)	7,864
Other taxation and social security	307
Lease liability	227
Government grant (refer Note ii)	528
Accrued expenses	3,789
Employee benefits payable	85
	21,053

i) Amount owed to group undertakings includes:

- 1) loan payable to Natara Global Inc (formerly Flavour Speciality Ingredients Inc) amounting to \$298,555. This loan is unsecured, interest-free and repayable on demand.
- 2) loan payable to Natara Global Flavors & Fragrances (Pucheng) Co., Ltd (formerly Pucheng Yongfang Fragrance Technology Co., Ltd) amounting to \$1,465,259. This loan is unsecured, interest-free and repayable on demand.
- 3) amount payable to Fleet Topco Limited \$22,500.
- 4) Amount payable to Fleet Debtco Limited \$6,078,106. This loan is unsecured, interest-free and repayable on demand.

ii) Government grant

In 2023, the company was awarded a grant, amounting to \$528,000, conditional on continued employment of various roles benefitting from the investment. The grant has been in operation since 2019 and is being issued in relation to the amount of expenditure on a project and amortised over the life of the grant.

There are no unfulfilled conditions or other contingencies attached to this grant. The company did not benefit directly from any other forms of government assistance.

17. Creditors: amounts falling due after more than one year

	31 December 2023
	\$'000
Long term lease liabilities	123
Trade creditors	8
	131

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18. Capital and reserves

Share capital

	No. shares	Amount (\$'000)
On incorporation	-	-
Issued over period	186,377,698	1,864
As at 31 st December 2023	186,377,698	1,864

Share premium

	No. shares	Amount (\$'000)
On incorporation	-	-
Issued over period	186,377,698	184,514
As at 31 st December 2023	186,377,698	184,514

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year the Company issued 186,377,697 \$0.01 ordinary shares for a consideration of \$186,377,697 and 1 \$0.01 ordinary share for a consideration of \$1.15, settled in cash.

18.1 Nature and purpose of reserves

Retained earnings: This represents the retained earnings of the Company.

18.2 Dividends

The Company has not declared or paid any dividends during the period ended 31 December 2023.

19. Leases

Leases as lessee

The Company leases warehouse facilities and other equipment/vehicles used in the operation of business. The lease contracts generally run from 2-3 years. The warehouse leases were entered as combined leases of land and buildings by the Company.

The Company leases certain vehicles with contract terms of less than one year. These leases are short-term. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Payments associated with such leases are recognised on a straight-line basis as an expense in the profit or loss.

The Company doesn't have any leases which fall into the category of low-value assets.

Information about leases for which the Company is a lessee is presented below:

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19.1. Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset is as follows:

	\$'000		
	Leasehold land and buildings	Other equipment	Total
<u>Cost</u>			
On incorporation	-	-	-
Acquired through business combinations	47	344	391
Additions	-	-	-
Disposals	-	-	-
At 31 December 2023	47	344	391
<u>Depreciation</u>			
On incorporation	-	-	-
Charge for the period	11	41	52
Eliminated on disposal	-	-	-
At 31 December 2023	11	41	52
<u>Carrying amount</u>			
On incorporation	-	-	-
At 31 December 2023	36	303	339

19.2. Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	For the period from 6 February 2023 to 31 December 2023 \$'000
Depreciation expense of right-of-use assets:	
<i>Land and buildings</i>	11
<i>Equipment</i>	41
Interest expense on lease liabilities (included in Interest payable and similar expenses)	6
Expense relating to short term leases (included in cost of goods sold, administrative expenses and distribution costs)	58
	116

19.3. Amounts recognised in statement of cashflows

The total cash outflow for the leases during the period ended 31 December 2023 was \$75k.

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19.4. Lease liabilities maturity profile

The maturity profile of the Company's lease liabilities is as follows:

	31 December 2023
	\$'000
Within one year	229
In more than one year but less than two years	131
Effect of discounting	(8)
Lease liability	<u>350</u>
Lease liabilities – Current	227
Lease liabilities – Non-current	<u>123</u>
	<u>350</u>

The Company have no material liabilities under residual value guarantees and makes no material payments for variable payments not included in the lease liability.

20. Directors' emoluments

Remuneration in respect of directors was as follows:

	For the period from 6 February 2023 to 31 December 2023
	\$'000
Directors' emoluments	661
Company contributions to defined contribution pension scheme	6
Amount paid to third parties for directors' services	<u>350</u>
	<u>1,017</u>

The amounts set out above include remuneration in respect of the highest paid director which was \$296k in aggregate.

21. Employee information

Staff costs during the period were as follows:

	For the period from 6 February 2023 to 31 December 2023
	\$'000
Wages and salaries	3,905
Social security costs	409
Pension costs	<u>311</u>
	<u>4,625</u>

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The average number of employees employed by the Company during the period was:

	For the period from 6 February 2023 to 31 December 2023 \$'000
Manufacturing	111
Sales and marketing	21
Administration	26
	158

22. Post employment benefits

The company offers pension plans to its employees which is in the nature of a defined contribution arrangement.

Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement. The amount charged to the profit or loss in relation to defined contribution plans for the period ended 31 December 2023 was \$311k. There was an amount of \$84k which was accrued, but not paid, in respect of these plans.

23. Contingent assets and liabilities

The Company has a supply agreement with International Flavors & Fragrances Inc ("IFF"). Under the supply agreement, IFF commit to purchasing certain volumes of products from the Company in each financial period. In the event those volumes are not ordered within the relevant period, future orders may be adjusted, or an annual shortfall payment may arise. In April 2024, the Company and IFF agreed a shortfall settlement for the period to 31 December 2023, whereby IFF would pay \$2.9m to the Company. Of this settlement, \$1.9m is included in the financial statements as an asset at the balance sheet date, since this portion of the shortfall was expected to lead to a cash inflow. The remaining \$1.0m is disclosed as a contingent asset at the balance sheet date and not included as an asset, since this portion was probable, but not certain, to lead to a cashflow. IFF paid the \$2.9m to the Company in April 2024.

24. Capital commitment

During the period the Company entered into a contract to purchase tangible assets as part of its factory equipment for \$725,000. These commitments are expected to be settled in 2024 and 2025.

25. Business combination

25.1. Summary of acquisition

On 1 August 2023, the parent company of the Group i.e., Exponent Private Equity LLP ("Exponent") completed the acquisition of 100% of defined trade, assets and shares of the Flavour and Specialty Ingredients business (the "Acquired business" or "Fleet") of a global manufacturer and distributor of cosmetic active and natural health ingredients firm International Flavors & Fragrances Inc ("IFF") for a headline consideration of \$220.0 million and an equity value \$206.4 million for all cash consideration.

The Company was established and funded to acquire the non US elements of the acquired trade, assets and equity interests of the whole group, as well as to be the main trading entity within the UK.

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25.2.Consideration transferred

The total consideration transferred for the acquisition was \$155.0m which was paid in cash.

25.3. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

	\$m
Product IP	43.6
Customer relationship – IFF	12.0
Customer relationship – External Customers	17.1
Property, plant and equipment	12.3
Right-of-use assets	0.4
Inventories	23.8
Trade receivables	11.6
Prepayments	0.5
Intercompany assets (current)	2.0
Accrued expenses	(1.7)
Lease liabilities (long term)	(0.2)
Lease liabilities (current)	(0.2)
Trade payables	(2.9)
Intercompany liabilities (current)	(0.7)
Net deferred tax liabilities	(18.9)
Net identifiable assets acquired	<u>98.7</u>
Goodwill	<u>56.3</u>
Net assets acquired	<u>155.0</u>

The goodwill is attributable to the ability to generate revenue from external customers, secure income from existing customers and from existing Product IP beyond the useful life of the intangible assets and the workforce.

The entire amount of goodwill recognised is expected to be deductible for tax purposes.

25.4.Acquired receivables

The fair value of acquired trade receivables is \$11.6m. The gross contractual amount for trade receivables due is \$11.7m with a \$0.1m loss allowance recognised on acquisition.

25.5.Revenue and profit contribution

The acquired business contributed revenues of \$25.2m and net loss of \$37.9m to the Company for the period from 1 August 2023 to 31 December 2023. There are no other revenues or business activities in the Company, other than those acquired as part of this business combination.

25.6.Acquisition-related costs

Acquisition related costs of \$14.7m that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

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26. Related party transactions

The Company has a number of related parties including group undertakings.

The Company has taken advantage of the exemption granted by FRS 101, not to disclose transactions with group companies.

27. Controlling parties

The Company's immediate parent undertaking is Fleet Holdco Limited.

The largest group in which the results of the company for the period ended 31 December 2023 are consolidated is Fleet Topco Limited. Copies of the financial statements of Fleet Topco Limited are available from Companies House.

The ultimate controlling party is Exponent Private Equity LLP (English LLP – OC306781). The registered office address of Exponent Private Equity LLP is 30 Broadwick Street, London, England, W1F 8JB.

28. Post balance sheet events

On 1 April 2024, the Company completed the acquisition, from International Flavors & Fragrances Inc ("IFF"), of the Brazil subsidiary, Natara Global Ltda. The purchase consideration for this acquisition was \$1.3m. This transaction was part of the wider agreement between Natara Global Limited and IFF. However, local regulation in Brazil dictated a completion date of 1 April 2024. No entries are included in these financial statements in relation to the acquisition of the Brazil entity. This acquisition will be fully disclosed in the financial statements of the Company for the year ended 31 December 2024.

On 31 October 2024, 10,000 fully paid up ordinary shares were cancelled by the Company. This cancellation arose following a change in staff equity holdings in the ultimate parent company, whereby various staff shares were cancelled and refunded in the records of Fleet Topco Limited. Since the issue or cancellation of staff shares in the ultimate parent company is replicated through the entire UK group structure (ie a new staff share issue/cancellation by the ultimate parent leads to a corresponding share issue/cancellation in the direct subsidiary entity), this correction was reflected in each of the UK incorporated entities which sit below Fleet Topco Limited. This amendment to the Company's share capital was filed at Companies' House on 23 January 2025.

On 17 January 2025, the Company allotted and issued 2,500 new ordinary shares. These new ordinary shares were fully paid up on issue. This amendment to the Company's share capital was filed at Companies' House on 28 January 2025.