

**10 April 2024**

**TREATT PLC**  
**("Treatt" or "the Group")**

**Half Year Trading Update and Notice of Results**

**Solid performance in H1 2024, with sales accelerating in the second quarter and year-on-year profit growth**

Treatt, the manufacturer and supplier of a diverse and sustainable portfolio of natural extracts and ingredients for the beverage, flavour and fragrance industries, announces the following trading update for the half year ended 31 March 2024 (the "Period").

**HIGHLIGHTS:**

- Profit before tax and exceptional items (PBTE) expected to be marginally ahead of prior year at c. £7.5m (H1 2023: £7.3m).
- H1 revenue of £72.1m (H1 2023: £76.0m), reflecting a subdued Q1 from the impact of destocking as expected and previously indicated; and an acceleration in Q2, with sales growing by 5.1% (7.7% in constant currency) compared to the same quarter in FY 2023.
- New wins in Premium products and in China, with both areas growing during H1.
- Improved net operating margin of c.11.0% (H1 2023: 10.1%), reflecting embedded cost disciplines and self-help measures
- Net debt unchanged from 30 September 2023 at £10.3m (FY 2023: £10.4m), reflecting higher citrus commodity prices and high receivables at period end from strong March sales; however good cash generation expected in H2 as receivables convert to cash
- Looking to H2, we have a solid sales order book and healthy sales pipeline
- H2 full year PBTE anticipated to be in line with the Board's expectations.

**H1 2024 Performance**

Revenue for the half year declined by 5.1% (2.7% decline in constant currency) to £72.1m (FY 2023: £76.0m) as anticipated. Q1, which is typically our quietest quarter, saw a decline year on year due to destocking, however sales were 5.1% ahead (7.7% in constant currency) in Q2 as destocking softened, as expected.

Heritage sales declined by 6.0% (constant currency) as citrus customers elected for cheaper alternatives because of sustained high orange oil prices. Despite this, we continue to support our customers with innovative and differentiating solutions. Within Heritage, Synthetic Aroma was up 3.9% (constant currency), which we consider to be reflective of demand returning in this category which was impacted by destocking in FY23.

Our higher margin Premium categories grew 11.6% (constant currency), with multiple wins in Tea in the North American market. Premium is typically H2 weighted, and as such we expect further sales and margin growth in the second half.

In New Markets, China grew 3.3% (constant currency), securing further wins in leading local beverage brands and we have established a broader base of local manufacturing partners. In line with our strategic ambition we have commenced the scale up of our global Treatttest manufacturing capacity, and this product will be relaunched in April.

**Balance sheet**

The Group ended the half year with net debt of £10.3m (FY 2023: £10.4m). We continue to focus on working capital management and have successfully reduced inventory volume by 5.6% since September 2023 (16.7% lower than the comparable period), offset by higher commodity prices and seasonal build for strategic and premium demand. An increase in receivables reflects the strong finish to the half year trading and we anticipate a reduction in net debt in the second half, in line with Board expectations.

**Ryan Govender, Interim CEO, commented:**

"Treatt delivered a robust performance in the first half, making good progress in line with our strategic goals. We are particularly pleased with progress in China, where we continued to invest and consolidate our position, and in our higher margin Premium categories where we have a number of active pipeline opportunities. Momentum in the second quarter was strong, and we recorded our highest ever monthly revenue in March.

As we enter the second half, we are encouraged by our solid order book and healthy sales pipeline. The Board continues to expect to report full year PBTE in line with expectations."

**Notice of results**

Treatt's results for the half year ended 31 March 2024 are expected to be announced on 14 May 2024.

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