

ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2021

PREMIUM INGREDIENTS FOR GROWTH

TUESDAY



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28/06/2022

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COMPANIES HOUSE

**FEVER-TREE IS THE WORLD'S
LEADING SUPPLIER OF PREMIUM
CARBONATED MIXERS BY
RETAIL SALES VALUE, WITH
DISTRIBUTION TO OVER 80
COUNTRIES INTERNATIONALLY.**

**OUR STORY IS ABOUT GOING
TO EXCEPTIONAL LENGTHS IN
THE PURSUIT OF THE BEST.**

OUR PURPOSE

Fever-Tree was founded on the belief that there had to be a better way, to not compromise or accept the status quo.

This is as true today as it was when our first bottle of tonic was produced in 2005 and remains central to everything we do.

We are passionate in the pursuit of excellence, continuing to innovate in terms of our products and packaging, challenging ourselves to make a meaningful difference in the fight against climate change or how we build direct, sustainable relationships throughout our supply chain, and we want our approach to inspire and engage our colleagues, our customers, our partners and our consumers in the pursuit of the best.

OUR CULTURE

Our culture continues to be fostered on the entrepreneurial values of the Group's co-founders...

...enabling all our team, regardless of location, department or level, to feel they can make a real difference to the business, and in doing so grow to their full potential within the company and be part of its ongoing success.

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HIGHLIGHTS

STRONG FINANCIAL POSITION

This robust platform underpins our ability to continue to invest and make strategic progress across our key regions

FINANCIAL

REVENUE

£311.1m

(2020: £252.1m)

ADJUSTED EBITDA

£63.0m

(2020: £57.0m)

CASH

£166.2m

(2020: £143.1m)

OPERATIONAL

CANS SOLD

219m

(2020: 176m)

BOTTLES SOLD

469m

(2020: 370m)

SUSTAINABILITY

- ALL MIXERS SOLD IN THE UK NOW CARBON NEUTRAL
- ACCREDITED AS 'OUTSTANDING' FIRM TO WORK FOR
- PARTNERSHIP WITH EARTHWATCH EUROPE TO PLANT LONDON'S FIRST TINY FOREST
- ONE OF TOP 10 FOOD AND DRINK COMPANIES TO WORK FOR IN THE UK

Footnote: Analysis on pages 1 to 81 of this front end of the Annual Report refers to adjusted EBITDA. The Group believes adjusted EBITDA to be a key indicator of underlying operational performance, adjusting operating profit for several non-cash items. As a consequence of these adjustments, the Group believes that adjusted EBITDA represents normalised operating profits. Adjusted EBITDA for the year ended 31 December 2021 is operating profit of £63.0m before depreciation of £3.2m, amortisation of £1.5m and share based payment charges of £2.7m. Adjusted EBITDA is an appropriate measure since it represents to users a normalised, comparable operating profit, excluding the effects of the accounting estimates and non-cash items mentioned above. The definition for adjusted EBITDA as defined above is consistent with the definition applied in previous years. This measure is not defined in the International Financial Reporting Standards, which forms the basis of the presentation of the Financial Statements included on pages 82 to 126. Since this is an indicator specific to the Group's operational structure, it may not be comparable to adjusted metrics used by other companies.

OUR KEY STRENGTHS

IF $\frac{3}{4}$ OF YOUR DRINK IS THE MIXER,
MIX WITH THE BEST

1. AWARD-WINNING, HIGHEST QUALITY PRODUCTS WITH EXPERTLY SOURCED INGREDIENTS AND PREMIUM PROVENANCE

- We use only the highest quality ingredients in our products, working with growers and experts who share our passion.
- We work together to fully understand how local climates and growing techniques affect the ingredients and contribute to the flavour.
- This approach has allowed us to forge long-standing relationships with our suppliers, creating a clear differentiator from Fever-Tree's mass-market competition, as well as new entrants into the category and is key to our product quality and brand image.

2. DISTINCT AND AUTHENTIC SUSTAINABILITY CREDENTIALS UNDERPINNING THE BRAND'S PREMIUM POSITIONING

- All of our mixers sold in the UK are now carbon neutral – the first mixer brand to reach this status – contributing to the fight against climate change, as well as providing a clear point of difference for customers and consumers alike.
- Our approach to sourcing and how we work closely with specialist growers and suppliers provides opportunities to ensure not only the quality of the ingredients but also the sustainable methods used in their production.

3. AN AWARD-WINNING BRAND WITH FIRST MOVER ADVANTAGE

- Fever-Tree has been voted the no.1 best-selling and no.1 trending tonic water by the world's best bars for the eighth year running in Drinks International's Annual Brand Report.
- We were the first mover and innovator of the global premium mixer category, which enriches the brand's authenticity and attractiveness to the industry's leading bartenders and trade influencers.

4. GLOBAL MARKET-LEADING POSITION WITH EXPOSURE TO SIGNIFICANT CURRENT AND FUTURE GROWTH OPPORTUNITIES

- We are the leading premium mixer brand globally.
- Our revenue, and global opportunity ahead, is well diversified across geographies, channels, customers and products.
- As the only premium mixer player with global scale, we are ideally positioned to benefit from the shift in the total beverage market towards spirits and away from beer/wine alongside a strong premiumisation trend and growing interest in long mixed drinks.

5. PROVEN INNOVATION TRACK RECORD WITH PRODUCTS & FORMATS TO SUIT A WIDE RANGE OF MIXING OCCASIONS

- Innovation is – and has always been – at the heart of our brand and business.
- We remain the pioneers, continuing to lead the way within premium mixers, creating original and exciting products for unrivalled drinking experiences.
- Our innovation is governed by drinking trends and the evolving needs of our consumers around the world, enabling us to produce new products to suit drinking habits across different regions.
- Alongside new flavours and ranges, we continue to evolve our format mix to reflect changing purchasing behaviour.

6. SCALABLE AND AGILE BUSINESS MODEL

- Our outsourced business model, underpinned by strong, well-established relationships with suppliers, bottlers and distributors, allows for scalability and operational flexibility whilst maintaining the highest quality control, without the requirement for major capital commitment from the Group.
- We continue to move manufacturing closer to our end markets, with production now established with our West Coast US bottling partner and coming online at the same partner's new East Coast bottling facility.

AT A GLANCE

STRONGLY DIVERSIFIED ACROSS GEOGRAPHIES, CHANNELS AND PRODUCTS

Our global reach – Fever-Tree sells to over 80 countries

UK

REVENUE	% SHARE OF REVENUE
£118.3m	38%
<small>(2020: £103.3m)</small>	

US

REVENUE	% SHARE OF REVENUE
£77.9m	25%
<small>(2020: £58.5m)</small>	

EUROPE

REVENUE

% SHARE OF REVENUE

£88.2m

28%

(2020: £65.3m*)

* FY20 includes £6.4m revenue from GDP's portfolio brands

REST OF THE WORLD

REVENUE

% SHARE OF REVENUE

£26.7m

9%

(2020: £25.0m)

CHAIRMAN'S STATEMENT

AN OPTIMISTIC FUTURE

“Fever-Tree achieved a good financial performance and significant operational progress in 2021. This highlights the strength of the business and the brand, especially given the challenging circumstances we were operating in.”

BILL RONALD

Non-Executive Chairman

REVENUE

£311.1m

(2020: £252.1m)

CASH

£166.2m

(2020: £143.1m)

Fever-Tree's strong business model has enabled us to navigate the challenging environment over the last two years and continue to grow across the world, meaning more consumers than ever before are enjoying our premium mixers.

Our young, entrepreneurial team have done a fantastic job in very difficult circumstances, which is a credit to their agility and the strong relationships they have built with our customers and throughout our supply chain. On behalf of the Board, I would like to begin by formally thanking our extremely talented Fever-Tree team.

The first half of 2021 remained dominated by strict restrictions in the On-Trade across most of our regions. During this period, the Group's priority remained the health and safety of our employees, partners and communities, alongside a focus on the Off-Trade channel.

Restrictions started to subside in most markets early in the second half of the year, and the focus could shift back to the On-Trade and total top line growth, alongside managing the logistic and supply chain challenges that increasingly impacted the entire industry.

Despite some restrictions being re-introduced during the last few weeks of the year, particularly in Europe, we delivered a strong set of full year results and whilst we are mindful of the current situation in Ukraine and related geopolitical uncertainty the Board remains confident in management's long-term ambitions for the brand and the opportunity ahead.

BILL RONALD

Non-Executive Chairman

“Fever-Tree is driving the growth of premium mixers around the world and consequently the increasing popularity of long mixed drinks.”

2021 Performance

Fever-Tree achieved a good financial performance and significant operational progress in 2021. This highlights the strength of the business and the brand, especially given the challenging circumstances we were operating in. Revenue increased by 23.4% to £311.1 million, an impressive result in a year where the On-Trade, which usually accounts for almost half of the Group's revenue, was closed or under restrictions in many of our regions during the first half of the year. EBITDA increased 10.3% to £63.0 million (2020: £57.0m), as the Group continued to invest in the brand and the wider business through the pandemic.

The long-term trends continue to support the growth of the brand and the wider mixer category. The value of global spirits is increasing, driven by the premium segments¹, with the same phenomenon being seen in the mixer category². Fever-Tree is driving the growth of premium mixers around the world, and consequently the increasing popularity of long mixed drinks. These trends, supported by the Group's ongoing investment activities, enabled the brand to grow in every one of our reported regions during 2021, with the opportunity ahead remaining significant across multiple markets.

The growing interest in making great tasting, long mixed drinks at home during the pandemic, particularly in the UK and the US, has remained to a large extent even as the On-Trade reopened, with consumers more willing to trade up and treat themselves. Alongside this, consumers have been keen to return to social occasions in the On-Trade.

Strategy

The Board works closely with the founder-led Executive management team, and as part of its responsibilities, carries out a review of the Group's strategy on an annual basis.

Revenue increased by 23.4% year-on-year, reflecting the share gains Fever-Tree has made in the Off-Trade around the world, as well as positive momentum as the On-Trade re-opened throughout the second half of the year. The Board believes that Fever-Tree has delivered a good performance across all regions, with notably strong performances in the US and Europe.

The brand has continued to innovate the category, launching several new mixers over the last two years, which have started to gain strong traction. The new range of Premium Sodas were launched in the UK On-Trade as it opened this summer after a successful Off-Trade launch last year, broadening our versatility and appeal to younger consumers. In the US, the launch of Sparkling Lime & Yuzu has started to elevate the vodka, lime and soda serve to great effect, following on from the launch of Sparkling Pink Grapefruit in 2020 to mix with Tequila, which continues to perform very strongly; in Europe, the launch of Rhubarb & Raspberry Tonic has become popular with consumers pairing with flavoured gins.

Throughout the year the Board has shared discussions with every region and the majority of departmental heads, updating us on the strategy and execution of projects and workstreams. The Board continues to be impressed by how the team has remained focused on the longer-term opportunity alongside successfully navigating short-term obstacles.

The Board

This year, the Board was delighted to welcome Laura Hagen as a new Non-Executive Director. Laura is Chief Human Resource Officer at Tate & Lyle PLC and has 20 years' experience in HR. She brings a wealth of relevant experience across both listed and founder-led businesses that further strengthens our Board's capabilities.

Culture

The challenges and adversity that we have overcome in the last two years have further distilled the strong culture across our business, especially within our international teams, that have been even more connected than ever before through the extensive use of virtual platforms to link colleagues across borders. The decision not to furlough any staff throughout the crisis was fully supported by the Board and not only provided everyone with job security, but also put us in a strong commercial position with our ongoing support of the On-Trade. In addition, the strength of our relationships across our supply chain partners, our importers and distributors, and our customers continues to ensure that the business manages the current logistical disruption with minimal impact.

CHAIRMAN'S STATEMENT continued

Sustainability

The Board have been impressed with the progress made to create a clear framework for our sustainability initiatives, which have always been a key part of how the business operates.

The Group has set out three roots, which underpin what we do, and five branches, which guide our actions. The three roots encompass the environment, ingredients and fighting malaria, all of which are part of the brand's DNA. Our five branches are climate, circular economy, conservation, communities and colleagues, which ensure that the business maintains a holistic approach to sustainability.

Of greatest significance this year has been the work that has been done under the climate branch which enabled Fever-Tree to announce that all products sold in the UK are now carbon neutral – the first mixer brand to be able to make this statement – and part of our wider commitment to become carbon neutral across all our regions by 2025.

The Group's investment in becoming carbon neutral in the UK from 2021 onwards is a decision that has been fully supported by the Board and reflects the commitment the business is making in this hugely important area. While it is a significant step, it is one part of the overall strategy, and we as a Board remain committed to continuing to challenge and support the team in their plans. We believe we are doing the right things in this area but want to keep learning and stepping up, and are encouraged about the initiatives that are underway.

Dividend

Reflecting the financial strength and continuing confidence of the Group, the Board is pleased to recommend a final dividend of 10.47 pence per share in respect of 2021 (2020: 10.27 pence per share) bringing the total ordinary dividend for the year to 15.99 pence per share (2020: 15.68 pence per share). In addition to this, reflecting the financial strength and continuing confidence of the Group, the Board considers it appropriate to recommend a special dividend of 42.90 pence per share. If approved, this would bring the total dividend for 2021 to 58.89 pence per share (2020: 15.68 pence per share). If approved by shareholders at the AGM on 19 May 2022, the final dividend will be paid on 27 May 2022 to shareholders on the register on 7 April 2022.

AGM

The AGM is due to take place on 19 May 2022. Shareholders will be able to vote on resolutions by proxy by following the guidance provided in the AGM notice. Shareholders are also invited to submit any questions for the Board to agm@fever-tree.com.

BILL RONALD

Non-Executive Chairman

15 March 2022

STRATEGIC REPORT

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OUR BUSINESS MODEL

WHY WE EXIST

Fever-Tree is the world's leading supplier of premium carbonated mixers for alcoholic spirits by retail sales value, with distribution to over 80 countries internationally.

DELIVERING SUSTAINABLE FUTURE GROWTH AND A POSITIVE SOCIAL IMPACT

INNOVATION

INNOVATION

We innovate to extend our flavours and formats and ensure our products reflect the drinking habits and taste profiles for the region.

MARKET TRENDS AND CUSTOMER INSIGHTS

Our teams study consumer trends to understand attitudes, motivations and drink preferences.

SOURCING OUR INGREDIENTS

We use only the highest quality ingredients in our products, responsibly sourced from around the world.

PASSION

DRIVEN BY OUR PASSION AND COMMITMENT TO SUSTAINABILITY

PARTNERSHIPS

MARKETING AND PROMOTION

We invest in multiple platforms to promote the brand, educate consumers and activate new products, increasingly alongside spirits partners.

OUTSOURCED MANUFACTURING, PACKAGING AND DISTRIBUTION

Our outsourced manufacturing, close to our end markets to reduce emissions, allows for scalability and operational flexibility.

DISTRIBUTION TO ON-TRADE AND OFF-TRADE CUSTOMERS

Our On- and Off-Trade teams have well established, long-term relationships with our customers.

OUR BRAND

WHAT THIS MEANS FOR OUR STAKEHOLDERS

Committed to doing business
in a way that is beneficial to all
our stakeholders

OUR PEOPLE

Providing wider employment and personal development opportunities aligned with a strong, entrepreneurial culture

OUR SUPPLIERS

As our business grows, so does the demand for our suppliers' products and services alongside the opportunity for closer collaboration and partnerships

OUR CUSTOMERS

As a premium product, we provide attractive margins to our On- and Off-Trade customers, as well as stimulating interest in the wider mixer category and long mixed drink trend

OUR CONSUMERS

Consumers get the choice and quality they require to have the best drinking experiences

OUR INVESTORS

Strong returns based upon first mover advantage and growth opportunities across the globe

THE WIDER SOCIETY

As we grow we drive economic value through our supply chain, creating wider employment opportunities, as well as investing in projects and partnerships in local communities both where we source from but also where our products are consumed

OUR BUSINESS MODEL IN ACTION

PREMIUM INGREDIENTS
FOR GROWTH

OUR INNOVATION

INNOVATION IS – AND HAS ALWAYS BEEN –
AT THE HEART OF OUR BUSINESS AND LIES
WITHIN THE VERY FOUNDATIONS OF THE BRAND

We remain the pioneers, continuing to lead the way across our broad portfolio of mixers, each made with the same principles of flavour and quality at their heart, designed to elevate popular serves to new heights, creating original and exciting products for unrivalled drinking experiences and meeting the evolving needs of our consumers around the world.

DAMSON & SLOE TONIC

Herefordshire, UK

52.0765° N, 2.6544° W

OUR WILD SLOES ARE FORAGED FROM THE FOOTHILLS OF THE BLACK MOUNTAINS WHICH SIT ON THE BORDER BETWEEN ENGLAND AND WALES IN HEREFORDSHIRE.

These berries are found on the spiny blackthorn shrub commonly found in hedgerows. Although tart when first ripened, the winter frost mellows their taste to give them a rich almondy fruitiness, making them the perfect partner to our handpicked damsons. Our wild sloes are foraged by a small skilled picking team led by the 'Queen of the Hedgerows'. They are hand harvested after the first frost when perfectly ripe.

TASTE

FULL-BODIED WITH WINTER BERRIES, JAMMY PLUM AND WARMING SPICE. PERFECTLY BALANCED TO BE MIXED WITH LONDON DRY GIN AND SELECTED FLAVOURED GINS FOR A LIMITED-EDITION TWIST ON YOUR G&T.

We've bottled the best of Autumn for the ultimate seasonal sip, pairing handpicked damsons with foraged wild sloes, to create a crisp, fruity tonic water synonymous with this time of year.

BROTHERS DRINKS
Shepton Mallet, Somerset

51.1909° N, 2.5479° W

**BLOOD
ORANGE**

SICILY, ITALY

37.6000° N, 14.0154° E

LEMON THYME

PROVENCE, FRANCE

44.0145° N, 6.2116° E

OUR BUSINESS MODEL IN ACTION

PREMIUM INGREDIENTS
FOR GROWTH

OUR PARTNERSHIPS

OUR APPROACH HAS BEEN BUILT ON LONG-TERM
RELATIONSHIPS AND SHARED EXPERTISE

Whether it be with our ingredient suppliers, enabling us to source the highest quality ingredients, the strength of our relationships with our manufacturing and distribution partners, enabling us to cater for the growing demand across the globe, or our well-established partnerships with our customers as we work together to drive interest and excitement in the wider mixer drink category, our partners remain central to the success of the company.

OUR BUSINESS MODEL IN ACTION

PREMIUM INGREDIENTS
FOR GROWTH

OUR PASSION

BUILT ON THE CULTURE THAT HAS BEEN EMBEDDED IN THE BUSINESS SINCE DAY ONE, OUR EMPLOYEES HAVE AN ENTREPRENEURIAL ZEAL AND PASSION, ENABLING THEM TO MAKE A REAL DIFFERENCE NOT ONLY WITHIN THE BUSINESS BUT ALSO IN THE WIDER SOCIETY WHERE THEY LIVE AND WORK

300
EMPLOYEES
ACROSS 12 REGIONS

FEVER-TREE
GIN & TONIC FESTIVAL
Sydney – Australia
33.8688° S, 151.2093° E

SUMMER OF SPRITZ
Covent Garden – London
51.5117° N, 0.1240° W

OUR BUSINESS MODEL IN ACTION

PREMIUM INGREDIENTS
FOR GROWTH

OUR BRAND

OUR STORY IS ABOUT GOING TO EXCEPTIONAL
LENGTHS IN PURSUIT OF THE BEST

Fever-Tree's brand strength and consumer loyalty is a critical element in this pursuit of excellence. We don't make compromises, and every decision is taken with view to act as sustainably as we can, it's at the heart of the brand DNA.

OUR STRATEGY

A FORWARD-LOOKING STRATEGY

Our long-term strategy remains unchanged as it continues to be supported by the strong global trend to long mixed drinks, our growing global footprint, as well as our excellent track record against the competition, all underpinned by our sustainability agenda.

1

CAPITALISING ON
MARKET TRENDS

2

BROADENING AND DEEPENING
DISTRIBUTION IN EXISTING
MARKETS AND IDENTIFYING
NEW OPPORTUNITIES

3

EXTENSION OF
CO-PROMOTION STRATEGY
WITH SPIRITS PARTNERS

4

INNOVATION IS
AT THE HEART OF
OUR BUSINESS

1

CAPITALISING ON
MARKET TRENDS

Progress in 2021

The Group continued to see further value share gains across all our key markets both in the Off-Trade and as the On-Trade re-opened through the course of the year, reflecting the continued momentum behind the long mixed drinks occasion with customers and consumers alike.

The mixer categories across all our key markets have also been growing and premiumising. In the UK, Europe and the US the mixer categories have all grown by over 10% Compound annual growth rate over the last three years, with the premium segments once again outpacing mainstream.

We continued to stimulate this interest through investment in the brand across all our regions, including TV advertising campaigns in the UK and Spain, as well as upweighted digital and event spend compared to 2020, including the successful G&T festival in Sydney, Australia that attracted over 3,000 visitors.

STRATEGY IN ACTION**Fever-Tree Easy Mixing**

Building on the success of our first book, *Fever-Tree, the Art of Mixing*, we published our second book in September 2021.

Having seen first-hand the growing interest and excitement in mixing drinks at home, not just in the UK but around the world, we set out to create the perfect companion for this growing band of at-home mixologists.

The book has seen very strong sales, driving further interest in the long mixed drink category.

For the latest investor relations, visit:
fever-tree.com/en_GB/investors

Future Opportunities

The value of the global spirits market has been growing over the last five years, with the most premium segments in our top 15 markets growing from just under a third of the spirit category in 2015 to 40% in 2020, significantly outperforming the standard and value segments, a trend which is expected to continue for the foreseeable future, underpinning the growing interest in long mixed drinks amongst consumers.

Fever-Tree, with its global footprint, brand strength and range, sits at the heart of movement to long mixed drinks, providing the Group with significant opportunities to benefit in the coming years.

OUR STRATEGY continued

2

STRENGTHENING DISTRIBUTION IN EXISTING
MARKETS AND IDENTIFYING NEW OPPORTUNITIES

Progress in 2021

We extended our number one position at UK retail, ending the year with 39.8% value share. In addition, our sales value has increased by 13.1% over the last two years, well ahead of all other premium mixers who together have declined by around 12% over the same period.

We continued to strengthen our position in the UK On-Trade, illustrating the benefit of our dedicated On-Trade sales team and the relationships they have with our On-Trade customers.

In the US, the brand is seeing significantly higher rate of sale on shelf than other mixer brands, incentivising our customers to give us more shelf space, and we continue to add new distribution, both in terms of number of accounts, as well as our 'depth' within each account, including space on shelf and expanding into new flavours and formats.

2021 saw excellent progress across Europe and the rest of the world (RoW), with increased rate of sale and distribution driving value share growth, and category growth, consistently across all of our key markets.

VALUE SHARE AT UK RETAIL

39.8%

STRATEGY IN ACTION

The Ultimate Tonic Selection

The first-ever variety mixer pack to be launched, and featuring Fever-Tree's best-selling Refreshingly Light Premium Indian, Mediterranean, Elderflower and Clementine Tonic Waters in 150ml cans, the new format enables consumers to perfectly pair their favourite Fever-Tree tonic with their gin of choice, from the most herbaceous or juniper rich.

Future Opportunities

Our progress in both our more mature markets, as well as our emerging markets, provides real confidence in the ability to drive further distribution gains across our regions.

As illustrated by our entry into South Korea during 2021, we continue to explore the possibility of new markets as we look to build on the long-term opportunity still ahead of us.

For the latest investor relations, visit:
fever-tree.com/en_GB/investors

3

EXTENSION OF CO-PROMOTION STRATEGY WITH DRINKS PARTNERS

Progress in 2021

We continued to strengthen our relationships with our spirits partners in 2021 as long mixed drinks serves played an increasingly important part of their overall marketing strategy.

In the UK, our premium soda roll out across the On-Trade was supported by a UK wide co-promotion campaign alongside Smirnoff, enabling us to target the significant vodka category.

In the US, our 4 drinks strategy enables the brand to co-promote across different spirits categories, and the strength of our relationship with spirits partners has meant we have featured in TV campaigns alongside Jim Beam with our Ginger Ale, Bombay Sapphire with our Tonic and Grey Goose with our Sodas.

In Europe, our focus within our core markets has been to drive growth beyond the Gin & Tonic with co-promotion activity focused on the vodka soda with Smirnoff and our Premium Mexican Lime & Yuzu Soda. This not only expands our mixer range into new drinking occasions, but also meets consumer demands for lighter drinking options and elevates the popular vodka soda serve.

STRATEGY IN ACTION

Spritz Up

With ever increasing consumer interest and excitement with long mixed drinks, we teamed up with Smirnoff, Diageo's premium vodka brand, to launch a 21-week-long integrated campaign to bring the ultimate vodka spritz to millions of consumers across the UK over the summer of 2021.

The "Spritz Up" campaign heroed the vodka spritz as a delicious refreshing drink while highlighting the simplicity of its serve in just three steps.

For the latest investor relations, visit: fever-tree.com/en_GB/investors

Future Opportunities

The wider trends underpinning the move to long mixed drinks are becoming increasingly influential in the strategic direction of spirits companies across the globe and, given our global footprint, market-leading position, range and brand strength, we are well-positioned to further strengthen our relationship with our partners and execute joint campaigns across both the On- and Off-Trade.

OUR STRATEGY continued

4

INNOVATION

Progress in 2021

2021 saw the Group continue to deliver successful new product launches across categories and regions.

Our Premium Soda range was rolled out across the UK On-Trade, following its successful launch in the Off-Trade in 2020. The aim of this launch has been to further expand premium mixing in the UK beyond the Gin & Tonic, using versatile liquids to elevate and simplify the Spritz serve. They are also all low-calorie options which enables the consumer to create lighter, long mixed drinks.

Our second significant launch has been our Rhubarb & Raspberry Tonic, which aims to capitalise on the growing trend towards both flavoured gins and pink drinks, which have become prominent over the last few years, as well as providing a sweeter twist on a typical Gin & Tonic serve.

Like the Soda range, our Rhubarb & Raspberry Tonic is attracting new, younger consumers to the brand and exciting the category, becoming one of our fastest selling flavours at a number of large retailers across Europe.

Building on the success of our Sparkling Pink Grapefruit that launched in 2020, in the US we launched our Lime & Yuzu Soda and Distillers Cola to expand our drinking occasions and elevate popular serves.

We launched our Rhubarb & Raspberry Tonic in a number of markets across Europe, and have been very encouraged by its initial performance, building significant distribution at retail, and we look forward to driving the growth of this mixer going forward, alongside other mixers which expand our occasions and maintain excitement in the category.

STRATEGY IN ACTION

Distillers Cola

Summer 2021 saw the US launch of our Distillers Cola. In the same way we revolutionised tonic water for gin, ginger for mules and sodas for tequilas, we have created Fever-Tree Distillers Cola to do justice to the premium whiskeys and rums it has been designed to pair with.

Future Opportunities

The performance of our new products over the last 12 months provides us with ever more confidence in the brand as we continue to expand across our regions capitalising on the local market trends and transforming the mixer category.

RHUBARB & RASPBERRY TONIC

Strathmore Valley - Scotland

51.0378° N, 113.4004° W

**OUR RASPBERRIES ARE
SOURCED FROM THE FAMOUS
STRATHMORE VALLEY IN
SCOTLAND, WHICH PROVIDES
THE PERFECT GROWING
CONDITIONS FOR SOFT FRUITS.**

Scottish raspberries were selected for this tonic due to their sharper flavour profile compared to sweeter varieties often sourced from sunnier climates. The raspberries are processed using traditional steam distillation, the process takes place within a 10km radius from where they were hand harvested, to ensure freshness of flavour in the natural raspberry flavourings used in our tonic.

RHUBARB

WE SOURCE THE TIMPERLEY EARLY VARIETY OF RHUBARB, KNOWN FOR ITS DELICIOUSLY SWEET BUT RIPE FLAVOUR PROFILE, FROM A FAMILY FARM IN NORFOLK, ENGLAND. THE STRONG NORTH SEA BREEZE AND ABUNDANCE OF RAIN PROVIDE THE PERFECT GROWING CONDITIONS. THE RHUBARB IS HAND HARVESTED BETWEEN APRIL AND MAY AND PROCESSED WITHIN HOURS TO ENSURE MAXIMUM FRESHNESS OF FLAVOUR AND AROMA IN THE NATURAL RHUBARB FLAVOURINGS IN OUR TONIC WATER.

By blending natural flavourings of sweet British rhubarb with juicy Scottish raspberries, we have created a sweet, fruity and versatile tonic water that is proving incredibly popular with drinkers across the UK and Europe.

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CHIEF EXECUTIVE'S REVIEW

A STRONGER POSITION

“I am delighted with the Group’s performance throughout another unprecedented year, simultaneously making strategic progress towards our long-term opportunity, as well as delivering a strong set of results for the financial year.”

TIM WARRILLOW

Chief Executive Officer

The strength of our team, the brand, and our key relationships with customers and suppliers has ensured that we further extended our clear position as the global leading premium mixer brand.

We were delighted to be voted “Number One Top Selling Mixer” and “Number One Top Trending Mixer” for the eighth year running by Drinks International as we continue to lead the category.

At the same time, it’s been exciting to see the acceleration of the trends that have been supporting the brand’s growth for many years; namely, the outperformance of spirits relative to wine and beer, the increased popularity of long mixed drinks, and the premiumisation of both the spirit and mixer categories around the world.

The Group delivered revenue of £311.1m, representing a strong increase of 23.4% year-on-year and almost a 20% increase compared to 2019, the last pre-pandemic financial year. This was an extremely good performance in the context of continued widespread On-Trade closures across our markets in the first half of 2021. When the On-Trade re-opened it recovered strongly, and Fever-Tree maintained or grew its market-leading premium mixer position across the UK, US, and Europe, alongside a continuation of robust Off-Trade trading, which has remained well above pre-pandemic levels.

TIM WARRILLOW

Chief Executive Officer

“The Group has continued to innovate and pioneer the category, capturing the latest consumer trends, and building on our premium mixer credentials.”

The well-publicised logistics challenges which affected the whole industry during 2021 impacted our margins for the full year, with gross margin reducing to 42.1%. Rest assured managing our cost base is core to our operating model especially considering the current inflationary pressures and supply chain disruption impacts on our margins but also to ensure that we are operating efficiently. We do though believe that it is important to balance our efforts by investing for growth in capabilities, our brand portfolio, new product development and our supply chain, especially in critical markets like the US. As a result, we have continued to invest behind the brand and our team, with operating expenses at 21.9% of revenue, resulting in an EBITDA of £63.0m, a 10.3% increase year-on-year, but a slight reduction in margins, to 20.2%, as guided. Profit before tax was £55.6m, a 7.7% increase compared to 2020, and we ended the year with a strong balance sheet and net cash of £166.2m, an increase of 16% year-on-year.

COVID-19

A gradual return to normality in many of our regions throughout the second half of the year was interrupted in the final few weeks of December by the spread of the Delta and Omicron variants, reminding us that the pandemic is not yet behind us. However, I remain confident in the brand's strong position, with our asset-light, outsourced business model continuing to provide the business with the flexibility to react quickly to changing channel dynamics and consumer demand, as well as the resilience to withstand the ongoing challenges.

PROUD TO BE CARBON NEUTRAL

“Working with the Carbon Trust and our partners throughout the supply chain of our mixers, we have carried out a cradle-to-grave product carbon footprint across our entire range of mixers sold in the UK.”

Since the cap was put on our very first bottle of premium tonic water, we have worked to minimise the impact that our drinks have on the environment. Whether it be our decision not to use PET bottles, given the environmental harm they can cause, using packaging that is recyclable to reduce waste that ends up in landfill, or working with small specialist producers to source many of our ingredients, we challenge ourselves and our partners to make the right choices.

While our actions to date have laid a solid foundation for us to play our part, we know we are in a position to do more. Nowhere is this truer than in how we are now responding as a Company to the climate crisis.

That is why all our mixers sold in the UK are now carbon neutral, part of our wider commitment to become carbon neutral across all our territories by 2025.

For the latest investor relations / fever-tree.com/en_GB/investors

In many ways, remote working has enabled our teams across the globe to work more closely and connect more frequently, sharing greater insights, learnings and data across the workforce. We also continued to support our workforce and local communities across our regions, especially in the first half of the year, when lockdowns were at their most stringent.

Regional Review

Revenue by region

Revenue, £m	FY21	FY20	Change
United Kingdom	118.3	103.3	15%
US	77.9	58.5	33%
Europe (Fever-Tree brand revenue)	78.6	59.0	33%
Europe Total revenue*	88.2	65.3	35%
Rest of the World	26.7	25.0	6%
Total	311.1	252.1	23%

* Includes both Fever-Tree brand revenue and GDP (Global Drinks Partnership GmbH) portfolio brand revenue.

CHIEF EXECUTIVE'S REVIEW continued

UK

The Fever-Tree brand further strengthened its position in the UK, growing revenues by 15% year-on-year despite the continuation of tough On-Trade restrictions. We have maintained our market-leading position in the Off-Trade, finishing the year with 39.8%¹ value share of the mixer market at retail, far ahead of all other premium brands combined with a value share of 2.1%. Our strong execution, brand strength and customer loyalty also enabled us to extend our leading share in the On-Trade to 50.9%² as it re-opened during the second half of the year.

In another uncertain year, the On-Trade remained closed or under significant restrictions until July. During the period of closures our team continued to engage with and offer support to the On-Trade, putting us in a strong position as the On-Trade re-opened. This reopening was characterised by an initial release of pent-up demand during the summer months, before a more gradual recovery throughout the second half of the year, building as consumers became more confident and normal working patterns started to resume.

By the end of November, sales were around 90% of 2019 levels³, before the spread of the Omicron variant impacted consumer behaviours and led to slower sales during the Christmas period. Consequently, On-Trade revenue increased by 59% compared to 2020, but remained at 62% of 2019 levels across the year as a whole.

The brand was able to re-invigorate its presence and marketing in the On-Trade during the summer, with activations focused across the South Coast of the UK and particular focus around promoting the Spritz occasion using our new Premium Soda range. Alongside this, we established a fantastic summer bar in the heart of Covent Garden from June to October, along with more specific activations at major sporting events such as Royal Ascot and The Oval.

The Spritz occasion is especially popular with younger consumers, who have initially returned more quickly and in higher numbers to the On-Trade than older age groups. Fever-Tree's range of Premium Sodas performed well, with the offer of simple two ingredient cocktails, easy execution and trade-up opportunities resonating with our pub and bar accounts.

While we are mindful of the continued uncertainty surrounding the On-Trade, our brand strength, excellent relationships with the trade and unrivalled range of products means we are well placed to continue to build on this market-leading position as the channel continues to recover.

The Off-Trade has continued to perform above expectations as the popularity of enjoying long mixed drinks at home has been sustained even as the On-Trade has re-opened. The Off-Trade was characterised by particularly strong demand in the first quarter, when the On-Trade was completely closed and encouragingly, as the On-Trade recovered in the second half, we maintained double-digit growth in the Off-Trade compared to pre-pandemic levels. Across the year, Fever-Tree's Off-Trade sales increased by 20% compared to 2019, but were broadly in line with 2020 when we experienced more prolonged periods of lockdown. Crucially, our UK household penetration has increased to 15.4%⁴ since 2019, which means the brand is in more people's fridges than ever before.

The spirits category also performed well at retail during the year, continuing to grow ahead of wine and beer compared to pre-COVID levels, with premium and flavoured spirits stand-out performers. This not only supported the growing popularity of our new Soda range, but also underpinned significant progress for our Gingers range which performed well from an increasing distribution base, with a 87% sales compared to pre-COVID.

The Group has continued to innovate and pioneer the category, capturing the latest consumer trends, and building on our premium mixer credentials. We launched a new Limited-Edition Damson & Sloe Berry Tonic for Autumn/Winter, combining seasonal flavours with a rich purple colour to great effect.

The product was not only designed to capitalise on consumer trends towards flavoured tonics and eye-catching liquids, but as a limited edition, it also served to excite the category and bring incremental value through additional sales.

Overall, I'm pleased with the progress the brand has made in the UK during the year. We have been encouraged by our performance as the On-Trade re-opens, as well as the sustained strength of our Off-Trade sales. We have maintained or increased our value share and number one position in the Off-Trade and On-Trade respectively, and continue to invest to drive our brand awareness and excite the category with new products.

Notwithstanding the ongoing uncertainty around On-Trade trading, every action we took last year, from not furloughing any of our team, to focusing spend on the Off-Trade while the On-Trade was closed which included a repetition of our successful national television advertising campaign, to launching new flavours and formats, has continued to pay dividends as we start to enter a new normal. Importantly, our confidence in the long-term opportunity only increases as we see both spirit and mixer categories continuing to grow and premiumise, and consequently more consumers enjoying premium long mixed drinks both at home and in pubs, bars and restaurants. Fever-Tree is uniquely placed to drive growth under these supportive market trends, with our enviable category leadership position, our broad and innovative portfolio, and the strength of our relationships with suppliers and customers.

“Remote working has enabled our teams across the globe to work more closely and connect more frequently, sharing greater insights, learnings and data across the workforce.”

US

Fever-Tree had another strong performance in the US, with revenue growth ahead of expectations at 33% to £77.9m (41% on a constant currency basis). We have seen continued growth in both premium spirits and premium mixers in the US, and our market-leading position and strong momentum give us great confidence in the opportunity for Fever-Tree within the market.

Our On-Trade sales in the US were initially affected by closures and restrictions which varied by state in length and extent, resulting in challenging conditions in this channel during the first half of the year. We saw strong initial sales as states re-opened, and it was clear that consumers were excited to get back out to bars and restaurants.

We have also continued to secure new distribution in the On-Trade, with notable new agreements with Hilton Luxury Hotels, as well as multiple other restaurant, bar and casino accounts across the country. Our focus on high-quality On-Trade accounts, successful introduction of new products, and relationships with our On-Trade customers, as well as our strong partnership with Southern Glazer's Wines and Spirits (“SGWS”), ensured that our monthly On-Trade sales started to surpass pre-COVID levels as early as April and remained strong for the rest of the year.

Alongside the positive re-opening of the On-Trade, Fever-Tree has maintained its outperformance in the Off-Trade, with value growth of 24% compared to 2020, and 97% compared to 2019⁵.

1 IRI 13 weeks to 26 December 2021

2 CGA 13 weeks to 1 January 2022

3 Nielsen

4 Kantar 52 week penetration to 26 December 2021

5 Nielsen 52 weeks to 1 January 2022

CHIEF EXECUTIVE'S REVIEW continued

Within the portfolio we have seen strong growth across our full range of mixers, targeting multiple drinks occasions, from the mule (Ginger Beer) to tonics (Tonic Water) and spritzes (Soda & Sparkling).

Fever-Tree remains the largest premium mixer brand in the US and continues to be the number one value contributor to the total Ginger Beer and Tonic Water markets at retail. We made a number of significant achievements this year, growing to become the number one Ginger Beer and the number one Tonic brand by value in the US, surpassing Goslings and Schweppes respectively. These milestones are a fantastic demonstration of the growing strength of the brand and our important role in driving long mixed drinking trends in the US.

Our success during the year has been based on our growing rate-of-sale, far ahead of other mixer brands, which has incentivised our retail customers to give us more shelf space, increasing our distribution and depth within each account.

Our new Sparkling products, Pink Grapefruit and Lime & Yuzu have helped to drive this growth, as well as the introduction of our can format in more flavours than ever before.

We continue to place a lot of emphasis on marketing and investment to grow Fever-Tree's brand awareness with both consumers and the trade, focusing on the Off-Trade and digital execution in the first half of 2021, whilst also re-allocating spend back into the On-Trade as the channel re-opened. We have focused on creating "Fever-Tree perfect serve menus", as well as providing custom signage, menu boards and other products, such as outdoor parasols and furniture to the On-Trade, and we were excited to open a new pop-up bar in Texas, following the success of our original pop-up bar which remains in Bryant Park, New York. Both locations give the brand excellent visibility and enable us to provide consumers with a fantastic experience as they enjoy perfectly crafted cocktails using a range of Fever-Tree mixers.

We continued to put a great emphasis on collaborating with spirits partners, using the power of co-promotions to drive different serves, and have been featured in a number of multi-channel campaigns during the year. This included a co-promotion with Grey Goose, which promoted the Spritz serve over the summer months using our new Sodas, and a Whiskey Ginger co-promotion with Jim Beam which aimed to encourage a generation of new consumers to "Take a break from beer" and enjoy a lower ABV, lower sugar serve.

We believe some of the uplift in at-home consumption during lockdowns will remain as consumers have enjoyed experimenting with long mixed drinks at home. This is helping to drive the acceleration of premiumisation trends we have been seeing for a number of years, as consumers have purchased more premium drinks at home over the last 18 months and are now less willing to compromise when they go back to the On-Trade. Encouragingly, consumers have been increasingly choosing spirits over wine and beer, with vodka and tequila gaining share ahead of other categories. This is particularly pleasing to see as our two new Sparkling launches, Pink Grapefruit and Lime & Yuzu, have been specifically created to mix with these two spirits.

In summary, Fever-Tree's strong performance, innovation directed at specific US consumer habits, focus on influential co-promotional campaigns, and growing rate-of-sale, along with the increasing interest in premium long mixed drinks, are enabling us to increase our presence across grocery, liquor and On-Trade channels. We are extending our market-leading position, with further marketing activations, growing presence and greater consumer awareness, ensuring that we will continue this strong momentum into 2022 and beyond.

Europe

Total European revenue increased by 35% to £88.2m (40% on a constant currency basis), including £9.6m of GDP portfolio brand revenue. This strong performance was ahead of expectation and driven by Fever-Tree's increasing value across the region, a strong Off-Trade performance, a positive rebuild in the On-Trade, and some importer restocking during the first half of the year.

The On-Trade was materially impacted by closures during the first half of the year, with vaccine rollouts and consequent recovery taking slightly longer than the UK and US. However, the impetus to capture the final weeks of the summer tourist season, especially across Southern Europe, led to a very positive end to the summer with record months in a number of markets.

Fever-Tree continues to drive growth of the premium mixer category at retail in Europe, gaining share across every one of our European markets and contributing to about a third of the total category's growth during the year, well ahead of any other premium brand, and second only to Schweppes. We now hold 15.3% of the retail branded mixer value share, a 3.6% increase compared to 2019⁶.

Most pleasingly, our focus on category management has helped to build a distinct mixer category for the first time in European retail, enabling retailers to place more emphasis on how visible it is, how it's marketed to consumers and the resources that are allocated to the space. We are therefore encouraged about the whole category's growth, as well as Fever-Tree's role in driving this at the premium end, which should ensure the Off-Trade continues its strong performance even as the On-Trade gets back to pre-COVID levels.

This year we launched our Rhubarb & Raspberry Tonic across key European markets, with very promising initial sales growth. The flavour has already become one of our most popular Tonic flavours across the region, leveraging the trend towards bright, pink and sweeter mixers. We are also particularly excited about our Mediterranean Tonic and our Ginger Beer mixers, the former of which is now our most popular Tonic across a number of European markets, and the latter is growing strongly to extend our range beyond Tonics to other popular serves.

Co-promotions remain a focus of our marketing strategy, and this year we have moved from a more local to a regional approach, driving consistent initiatives across multiple markets, whilst continuing to adapt to local preferences. A great example of this is various co-promotions in over ten countries we have executed with the Aperitivo brand Lillet, where we have focused on consumer trends towards earlier and lighter drinking occasions, as well as giving us the opportunity to provide for occasions beyond the G&T.

In addition, we have invested in broader marketing activities, such as our first television campaign in Spain, delivering our "3/4" message and focusing on the quality of our ingredients, which significantly increased our prompted awareness in Catalunya, the main region the campaign was focused on. We have also introduced new flavours and formats, such as our Rhubarb & Raspberry Tonic, and a new 750ml glass bottle in Germany, aligning to German consumers' purchasing preferences.

Our progress in the Off-Trade, along with the promising recovery of the On-Trade, gives us confidence in the opportunity across Europe. The Off-Trade has been less impacted by the re-opening of the On-Trade than anticipated, with a strong net positive sales impact as both channels gain in strength. The mixer category is growing at pace and Fever-Tree has continued to extend its market-leading position, remaining the only premium mixer brand with significant scale across the region. There are a number of markets that offer real potential, and we continue to invest, build meaningful relationships in the trade and with spirit partners, and drive the growth of the premium segment.

Rest of the World

We have made good progress in our Rest of the World region with revenue growth of 6% to £26.7m, against tough comparators from the second half of last year.

In Australia, spirits are taking share of throat from beer and wine, and the category continues to premiumise which, in turn, is driving demand for premium mixers. Fever-Tree remains the clear leader in premium mixers, contributing more to the total mixer category growth at grocery than any other brand, with especially strong sales in Tonics. A fantastic demonstration of how the brand has been driving the premiumisation of the mixer category is that since our launch of larger format (500ml) Tonics in Woolworths (in December 2020), the average selling price of large format Tonics has grown by almost 30%. Fever-Tree has also gained national distribution with Premium Sodas and Gingers, as we seek to be the premium mixer of choice across Australia's most popular and trending drinks serves, and this has helped to drive our strong value growth of 52% in grocery during 2021⁷.

⁶ Nielsen & IRI 2021 top 10 EU markets (excluding PL)

⁷ National Grocery scan data (mixers include: Tonic, Soda, Ginger Ale)

CHIEF EXECUTIVE'S REVIEW continued

“Fever-Tree continues to drive growth of the premium mixer category at retail in Europe, gaining share and contributing to about a third of the total category’s growth during the year, well ahead of any other premium brand.”

In Canada, the mixer market continues to premiumise, with the premium segment outpacing the mainstream segment to reach 10% of the total mixer category. Fever-Tree continues to drive this growth and remained not only the largest premium mixer brand by value at Canadian retail, but also largest Tonic brand by value, ahead of Schweppes, with 32% shares⁸. In addition, Ginger Beer performed incredibly well, growing by almost 40%⁹ through new distribution with key retailers and expansion into our can format. Diversifying our range of mixers is a core part of our strategy for long-term success and this year we introduced our Sparkling Pink Grapefruit which has been our most successful new flavour launch in the Canadian market, capitalising on the popularity of the Paloma and Spritz Occasions. We look forward with confidence in this market as we continue to gain share, innovate, expand our distribution, and increase our rate-of-sale.

Asia remains a region with long-term potential for Fever-Tree. We have entered three new markets this year and continue to re-evaluate our distribution partners across the region to ensure we are with the right partner for the next stage of our development. We have also extended our pan-Asia deal with Accor, the largest hotel group in the region, for three years, remaining their preferred premium mixer partner across Asia, as well as continuing to develop our relationships with the international and local spirits companies, including Bacardi, Campari and Diageo.

Operational Review

Our team have continued to work very closely with our partners throughout our supply chain to help mitigate against the impacts of the global pandemic, including the increased level of supply chain disruption that impacted the entire industry this year.

Disruption was widespread, impacting global shipping availability, lead times and pricing, as well as HGV driver availability and costs in key markets. Consequently, we maintained higher stock levels of key ingredients and our team focused on preserving continuity of supply, most notably by increasing shipments to the US and building local inventory in the first half of the year, but also working with our main UK logistics partner to manage driver availability during peak periods. Whilst these actions have resulted in increased cost and impacted our margins, they have ensured that we have continued to supply our customers globally throughout this ongoing period of disruption, underpinning the strong revenue growth we are reporting.

The Group worked with our production partner in the US to successfully commission and ramp up production on our new line on the West Coast of the US. In addition, we began commissioning a new line on the East Coast at the end of the period and will be ramping up production there over the first half of 2022.

These are exciting strategic developments for the Group, adding further capacity and flexibility to our network and setting us up to realise our substantial ambition in the US market with local bottling capability.

With both US bottling lines in place, we operate across seven bottling sites and three canning sites globally. This increasingly local production network will underpin our growth ambitions in both Europe and the US, will mitigate some of our exposure to elevated logistics costs, and will help to reduce the carbon emissions associated with our supply chain operations.

The Long-term Opportunity

Fever-Tree’s long-term strategy remains unchanged and continues to be underpinned by strong global trends to premium long mixed drinking, with the brand’s excellent track record against the competition making us best placed to execute against this. Both the popularity of long mixed drinks and the premiumisation of the spirit and mixer categories have accelerated over the last two years, increasing our confidence in the future growth potential for Fever-Tree.

The value of the global spirits market has been growing over the last five years and premium spirits, which deliver authenticity, engagement and quality for consumers, have been driving this growth. The value of the most premium segments within Fever-Tree’s top 15 markets have grown by more than 50% over the last five years and now comprise approximately 40% of the category, compared to just under a third in 2015, significantly outperforming the standard and value segments¹⁰.

The advent of the well-crafted premium mixer, pioneered and led by Fever-Tree, allows these premium spirits to be consumed simply, in a long refreshing manner that is suited to today's consumer, and across a wider range of occasions both at home and in the On-Trade.

Consequently, the mixer categories across all our key markets are growing and premiumising. In the UK, Europe and the US, the mixer categories have all grown by over 10% CAGR (Compound annual growth rate) over the last two to three years, with the premium segments once again outpacing mainstream.

Our excitement stems from the fact that Fever-Tree not only sits at the heart of this fast-growing global movement to premium long mixed drinks but is the primary driver of the growth of mixer categories across the world that is resulting in the premium long mixed drink becoming increasingly important to the serve strategies of major spirits brands, especially in the US.

During the pandemic the trend to long mixed drinks accelerated in the Off-Trade, as consumers enjoyed long mixed drinks at home as a form of entertainment and a treat at the end of the working day, with much of this elevated demand remaining even as the On-Trade reopened across the world. Consequently, we believe that not only will the elevated Off-Trade demand be sustained to some extent, but also that the higher level of adoption of premium spirits and mixers in the Off-Trade will encourage premiumisation in the On-Trade as consumers have become accustomed to high-quality long mixed drinks.

What is unique is that Fever-Tree sits at the heart of these global trends, in an unrivalled position. We have the first mover advantage, track record against competition, international footprint, tools, range, global brand recognition and relationships to continue to benefit from and drive this trend forward.

Fever-Tree Team

This year has been characterised by a lower level of recruitment than we undertook in 2020. We have focused on consolidating the hires made in the last two years, ensuring we have the appropriate internal structures to drive continued success and integrate the GDP team into the Group. The prevalence of virtual working over the last two years has provided us with more opportunities to connect our teams across every one of our regions, which has been even more important as we grow and become a more global business. Despite our pace of growth, we remain entrepreneurial at heart and work hard to ensure we have a culture that enables all our team, regardless of location, department or level, to feel they can make a real difference to the business.

CHIEF EXECUTIVE'S REVIEW continued

Sustainability

The last 12 months has seen the Group build on the progress and framework established at the beginning of 2021, making real strides forward in several key areas. Most notably perhaps was the announcement in October that all our mixers sold in the UK are now carbon neutral from 2021 onwards alongside a global ambition to achieve carbon neutrality across all regions by 2025. While the way we operate helps to keep our own emissions low, we are holding ourselves to account for the emissions generated through our entire supply chain. We will continue to challenge ourselves and our partners to take steps to mitigate and reduce the carbon footprint of our drinks, reflecting our commitment to making a positive change in this important area.

Further initiatives have included becoming a founding partner of Tesco's Loop trial to promote and trial reusable packaging.

From the very beginning, we have taken pride in using infinitely recyclable glass bottles and aluminium cans for our drinks, and continue to investigate ever more sustainable packaging solutions, including refillable options, hence our investment in this initiative with one of our major customers.

Perhaps most pleasing has been the engagement we have seen both internally and externally as we have begun to roll out our sustainability roadmap. Our employees have led from the front. Whether it be establishing keeper teams to help with the maintenance and monitoring of the Fever-Tree Tiny Forest in Hammersmith, West London, offering volunteering and mentoring through our partners Future Frontiers and Key 4 Life or fundraising throughout the year for our charitable partner Malaria No More UK to support the ongoing fight against malaria, our teams across the globe have been at the heart of our strategy.

Alongside this, we have been focused on ensuring we continue to provide the best environment and culture for our employees to thrive. This has included conducting our first employee-wide engagement survey in conjunction with "Best Companies" which resulted in Fever-Tree being accredited as an "Outstanding" firm to work for, establishing a Group-wide Diversity and Inclusivity committee to build on our D&I framework, as well as providing a forum for our employees to share their experience and learnings.

“We remain entrepreneurial at heart and work hard to ensure we have a culture that enables all our team, regardless of location, department or level, to feel they can make a real difference to the business.”

Summary & Outlook

2021 has been a year of notable success, as well as significant challenges, and I am proud of how the business has navigated the volatile environment to deliver a strong set of results. We end the year with *increased confidence in the opportunity ahead* and our ability to deliver against it across the world.

Our performance in the Off-Trade remained strong, even as the On-Trade re-opened, exceeding our expectations across all our regions. There has never been more excitement around enjoying long mixed drinks at home. These trends along with our growing brand strength and awareness enabled us to drive value share gains in all our key markets, including the UK, US, Europe, Australia and Canada.

The On-Trade also came back strongly as restrictions were lifted, responding to high levels of pent-up demand around the world. The support we committed to our On-Trade partners meant we were well-positioned to benefit from a positive re-opening and therefore saw strong growth and distribution gains during the second half of the year. Not only did we end the year with over 50% market share in the UK On-Trade, but we also saw record months of trading across Europe and the US, giving us confidence in our long-term growth plans across our mature and growth regions.

During the pandemic, the strong and secure financial position of the Group has enabled us to remain focused on the long-term opportunity, continue to invest and make strategic progress. We made a number of significant launches, including our Premium Sodas in the UK On-Trade as well as our Sparkling Lime & Yuzu in the US, and our Rhubarb & Raspberry Tonic across Europe, all of which are performing ahead of our expectations. In addition, we added to our local US production, commissioning a second bottling line at the end of the year on the East Coast.

The Group remains well-placed financially with a cash position at year end of £166.2m and our asset-light, outsourced business model continues to ensure we have a low fixed cost base and the flexibility to manage any future challenges. We are of course mindful of the impact that the uncertainty and instability of the last two years has had on our gross margins. Our focus remains on driving growth and ensuring we are equipped to manage the scale and complexity of a global business. This requires us to invest in our processes, systems and to move to local production partners at the appropriate point whilst also investing ahead of demand in key markets.

We are continuing to develop our global production footprint and can look forward with confidence to opportunities to capture economies of scale, optimise local inventory holdings and reduce our exposure to global sea freight over the coming years.

Uncertainty remains going into 2022. We are mindful of the terrible events unfolding in Ukraine and related geopolitical uncertainty and will continue to monitor any future impacts this may have on our business. Alongside this, there remains a global backdrop of inflationary pressure against which we are employing a range of mitigating actions to offset some of the ongoing significant cost headwinds.

Despite this, we continue to be excited by the global growth of spirits, trends to long mixed drinks and increasing popularity of premium serves, all of which have accelerated during the last two years. In addition, new supportive trends such as mixology at home, along with our ever-increasing brand awareness and range of mixers to cater to more consumer occasions makes us increasingly confident in the opportunity ahead for the Group.

TIM WARRILLOW

Chief Executive Officer

SUSTAINABILITY REVIEW

PREMIUM INGREDIENTS FOR GROWTH

SUSTAINABILITY

SUSTAINABILITY HAS BEEN A CORE PART OF OUR DNA SINCE THE DAY THE BRAND WAS FOUNDED. OUR FOCUS ON SOURCING AND USING THE HIGHEST QUALITY INGREDIENTS REFLECTS OUR COMMITMENT TO “WORK WITH NATURE, NOT AGAINST IT” AND REMAINS CENTRAL TO OUR FUTURE SUCCESS AS A BUSINESS

We are proud to be a global brand with colleagues, consumers, customers and suppliers around the world.

As such we recognise our role in making a difference across our regions and throughout our supply chain – from where we source our ingredients through to where we live and work, and where our products are enjoyed. That’s why our five sustainability branches prioritise our key areas of: Climate, Conservation, Circular Economy, Communities and Colleagues, driving us to make a positive contribution across society and the environment.

SUSTAINABILITY REVIEW continued

FIVE BRANCHES

Our five branches guide our initiatives to care for the world we live in and the people we work with.

OUR BRANCHES

CLIMATE

We are acutely aware of the need to protect the natural environment around us from a changing climate, not only where we source our high-quality ingredients from but also where we live and work.

CONSERVATION

As we work with nature to source the best ingredients, we also seek to understand the importance of biodiversity in the regions we source from – be it the quinine from the Democratic Republic of Congo, citrus from Mexico, ginger from India, or even rhubarb from Norfolk.

OUR ROOTS UNDERPIN WHAT WE DO

Environment

We respect the natural environment that enables us to create our mixers and are committed to making mixers with the best that nature has to offer.

Ingredients

We pride ourselves on sourcing the highest quality ingredients for our mixers, with a priority on doing so in a way that is ethical and sustainable.

CONTRIBUTING TO THE UN SDGS

Our approach aligns with and supports the UN Sustainable Development Goals. We have identified the four goals that are most meaningful to our ambitions and that we are confident in delivering the most positive impact towards: 3;12;13;15.

HEALTH & WELLBEING

RESPONSIBLE CONSUMPTION
AND PRODUCTION

CLIMATE ACTION

LIFE ON LAND

CIRCULAR ECONOMY

We are committed to ensuring the relative environmental impacts are minimised throughout the life cycle of our packaging. For us, sustainable packaging means using a format that minimises its impact on the environment, while fulfilling the requirement to protect, transport and present Fever-Tree products.

COMMUNITIES

We pride ourselves on our Social, Ethical and Environmental Business Policy, which is embedded in our management system and sets out the standards of employment that we require of our partners and other major suppliers to conduct their business in line with.

COLLEAGUES

Our employees are central to our success, we value each and every person who works for us. We actively promote diversity within our workforce and wholly support equal opportunities in employment

Fighting Malaria

Malaria is one of the world's deadliest diseases and continues to threaten over half the world's population.

Fever-Tree and the global fight against malaria are inextricably linked, given the historic role quinine has played in combating the disease. We are proud to have supported Malaria No More UK since 2013 in their ambition to end malaria.

SUSTAINABILITY REVIEW continued

CLIMATE

We are acutely aware of the need to protect the natural environment around us from a changing climate, not only where we source our high-quality ingredients from but also where we live and work.

MEASURING OUR FOOTPRINT

Fever-Tree Drinks PLC has reported scope 1, 2 and 3 greenhouse gas (GHG) emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR).

This includes Fever-Tree Drinks PLC's stated emissions for the most recent reporting year – the 12 months starting 01/01/2021 and ending 31/12/2021, on top of previous analyses performed in 2018, 2019 & 2020.

Methodology

Responsibilities of Fever-Tree and Green Element

Fever-Tree was responsible for the internal management controls governing the data collection process. Green Element was responsible for the data aggregation, any estimations and extrapolations applied (as required) and GHG calculations performed, and the emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Scope and Subject Matter

The boundary of the report includes the UK, US and Germany offices which were all operational for the entire reporting period. Where missing, electricity and gas data was extrapolated from the available invoices to represent the full reporting period (this applies to the UK and Germany office).

Energy and GHG sources included in the process:

- 1 **Scope 1:** Fuel used in company vehicles and natural gas.
- 2 **Scope 2:** Purchased electricity.
- 3 **Scope 3:** Fuel used for business travel in employee owned or hired vehicles.
- 4 **All seven Kyoto protocol GHGs were included:** CO₂, N₂O, CH₄, HFCs, PFCs, SF₆ and NF₃.

The figures were calculated using UK government 2021 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO₂e).

Closer look at our emissions

Streamlined energy & carbon reporting

	UK 2018	UK 2019	UK 2020	UK 2021	US 2021	Germany 2021
Energy consumption: (kWh)						
Electricity	111,149.00	117,719.00	103,426.80	89,458.56	16,956.00	11,924.00
Gas	-	-	1,506.00	2,842.74	-	-
Transport fuel	64,350.58	251,910.46	78,473.81	121,761.69	214,195.83	514,840.83
Total energy consumption	175,499.58	369,629.46	183,406.61	214,062.99	231,151.83	526,764.83
Emissions (tCO₂e)						
Scope 1						
Emissions from combustion of gas in buildings	-	-	0.28	0.52	-	-
Emissions from combustion of fuel for transport purposes	11.51	42.13	12.05	7.80	-	125.14
Scope 2						
Emissions from purchased electricity (location-based method*)	31.46	30.09	24.11	18.99	4.26	4.04
Emissions from purchased electricity (market-based method**)	-	-	-	4.53	4.26	1.76
Emissions from purchased electricity for transport purposes	-	-	-	0.26	-	-
Scope 1 & 2						
Total Scope 1+2 emissions (location-based method*)	39.72	71.32	36.44	27.57	4.26	129.18
Total Scope 1+2 emissions (market-based method)	11.31	41.24	12.33	13.10	4.26	126.90
Scope 3						
Emissions from business travel in rental cars or employee vehicles where Company is responsible for purchasing the fuel	6.30	26.24	8.56	22.05	52.70	-
Emissions from upstream transport and distribution losses and excavation and transport of fuels (location-based method*)	11.88	24.57	11.04	14.90	15.98	36.16
Emissions from upstream transport and distribution losses and excavation and transport of fuels (market-based method**)	4.14	17.46	5.35	8.93	15.98	35.10
Total emissions for mandatory reporting (location-based method)	61.16	123.03	56.04	64.51	72.94	165.34
Total emissions for mandatory reporting (market-based method)	21.95	85.83	26.24	44.08	72.94	162.00
Intensity (tCO₂e/unit produced)						
Revenue £m	134.10	132.70	103.30	118.30	77.90	78.80
Intensity ratio: tCO ₂ e/£m (location-based method*)	0.46	0.93	0.54	0.55	0.94	2.10
Intensity ratio: tCO ₂ e/£m (market-based method**)	0.16	0.65	0.25	0.37	0.94	2.06
Methodology	GHG Protocol Corporate Accounting and Reporting Standard 2014					

* Location-based electricity reporting uses the average grid fuel mix in the country of purchase to calculate GHG emissions. This is mandatory for SECR.

** Market-based electricity reporting uses the supplier-specific fuel mix of the reporting company's tariff. This was not accessible for the US office and one of the UK office's meters, so averages were applied. This is not mandatory for SECR.

SUSTAINABILITY REVIEW continued

ENERGY EFFICIENCY ACTIONS

Energy efficiency and climate change are at the centre of Fever-Tree's strategy. Prior to/during the reporting period the following projects have taken place:

- During 2021 Fever-Tree began switching company-owned cars to hybrid.
- During 2021 Fever-Tree reviewed the possible energy efficiency actions that could be implemented in the new Germany office.
- During 2021 one of Fever-Tree's UK co-packers installed solar panels across its two production sites, which is expected to account for c.12% of their total energy usage.
- In 2022 a second bottling production site will come on line in the US, reducing the requirement to transport products from the UK.
- In 2022 the Germany office will switch to a 100% renewable energy tariff.
- In 2022 Germany will assess the possibility of switching company-owned cars to hybrid.
- In 2022 Fever-Tree will introduce a salary-sacrifice scheme, incentivising the purchase/lease of electric vehicles for UK employees.

A CLOSER LOOK AT OUR UK EMISSIONS

The last 12 months has seen our sustainability team working with the Carbon Trust and our partners throughout our supply chains to gain an in-depth understanding of our greenhouse gas emissions footprint. This has meant carrying out a cradle-to-grave product carbon footprint across our entire range of mixers sold in the UK, from our tonics and gingers, through to our sodas and lemonades.

Cradle-to-grave means all emissions associated with our mixers; from those connected to the sourcing of our ingredients and the manufacturing of our mixers, as well as the journey they go on to reach our customers, right through to how they are consumed (even including the ice used in the drink) and finally their eventual disposal.

The scope of this analysis has looked at the emissions arising from mixers sold in the UK, including:

- Growing and processing of our ingredients.
- Raw materials and production of our packaging.
- Transport of packaging and ingredients to our bottling and canning partners.
- Production of Fever-Tree mixers.
- Transport of our finished mixers to storage facilities.
- Storage at our warehouses.
- Shipping of our product to our retail and on-trade partners.
- Consumption of our mixers by our consumers, including refrigeration and ice.
- Waste and recycling at the end of all our mixers' lives.

The Carbon Trust calculated Fever-Tree's 2020 UK product carbon footprints in line with the GHG Protocol Product Standard and PAS 2050. These standards outline the approach taken to calculate greenhouse gas emissions for products, reported in tonnes of carbon dioxide equivalent gases (tCO₂e). The Carbon Trust primarily used carbon conversion factors from the Carbon Trust's own database, the UK Government (BEIS 2020) and other international governments to calculate the greenhouse gas emissions associated with the production of Fever-Tree's products in 2020. Industry or supplier-specific carbon conversion factors were used instead of industry averages where appropriate and available.

This detailed assessment has provided an in-depth understanding of the emissions related to our mixers sold in the UK throughout our supply chains, enabling us to not only identify potential hotspots but also provide the data to underpin our wider emissions reduction strategy and opportunities outlined in more detail below.

We have also undertaken a global greenhouse gas emissions analysis with consultancy Green Element to allow us to better understand our total global footprint and build our roadmap for reductions not just in the UK. We plan to build on this over the coming years as we work towards our global carbon neutral aim.

**TOTAL UK MIXER EMISSIONS AS
CALCULATED BY THE CARBON TRUST:**

45,444 TONNES

CO₂e (2020)

OUR EMISSIONS

Per 200ml INDIAN TONIC SOLD IN THE UK – 2020
based on analysis by the Carbon Trust

Liquid
0.03kg CO₂e/unit
13%

Packaging
0.13kg CO₂e/unit
65%

Manufacture
0.02kg CO₂e/unit
7%

Downstream distribution
0.01kg CO₂e/unit
5%

Use phase
0.02kg CO₂e/unit
7%

End of life
0.01kg CO₂e/unit
3%

TOTAL
0.2kg CO₂e/unit

SUSTAINABILITY REVIEW continued

EMISSIONS REDUCTION

In 2021 we committed to reduce absolute scope 1 and scope 2 GHG emissions 50% by 2030 from a 2018 base year, aligning us with the SBTi, and, in relation to our indirect emissions (scope 3), we committed to delivering a reduction in the carbon intensity per litre on an annual basis from 2021 onwards, reflecting the growth nature of the business.

Our reduction plans focus both on our own emissions, as well as emissions through our supply chain. We recognise making changes will be more challenging in certain areas but we are very pleased with the engagement and willingness of our partners to work with us on this journey.

In terms of our scope 1 and 2 emissions, we have begun to roll out hybrid cars across our On-Trade sales teams in the UK and Germany and remain committed to switching all our offices to renewable energy.

Scope 3 emissions account for the majority of the Group's emissions footprint and are where a lot of our focus continues to be. Our sustainability team are working increasingly closely with many of our suppliers and co-packers, sharing

best practice, as well as conducting site visits to identify and deliver emissions reduction projects that will make a meaningful difference.

Our increased focus on product mix has also delivered benefits. The introduction of our 15x8x150ml can packs, alongside the growing popularity of our cans as a format of choice for consumers, has driven a reduction in our emissions per litre in line with our stated goal.

This is just one example of the initiatives that are underway across our supply chain, and we continue to support and engage our partners on their emission reduction strategies.

This year we have been able to map the amount of renewable energy used by our co-packers in the production of our mixers.

Reflecting our growing global footprint, transport accounts for a significant proportion of our emissions. This year we have continued to explore the feasibility of moving production closer to our end markets, thereby cutting down on the distance our mixers have to travel to end customers and significantly reducing emissions related to road and sea freight.

We started bottling in the US at the very end of 2020 and have been ramping up production over the last 12 months, and 2022 will see the introduction of our second US bottler, on the East Coast. In addition, we have identified a glass manufacturer in the US to produce our glass bottles which will significantly reduce the amount of glass being shipped across the Atlantic.

THOMAS HARDY

Thomas Hardy, one of our key co-packers, has recently completed the installation of over 2,000 solar panels across their two production sites, which is expected to account for over 10% of their total annual energy requirements from 2022 onwards.

IN 2021 WE COMMITTED TO REDUCE
ABSOLUTE SCOPE 1 AND SCOPE 2 GHG
EMISSIONS BY

50% BY 2030

ACTING NOW

While we are committed to reducing our overall emissions, we also recognise that as a fast-growing, outsourced business delivering an absolute reduction in our emissions in line with clearly defined Net Zero ambitions will take time to achieve and will require co-operation and co-ordination of our partners throughout our supply chain.

As outlined on the previous page, we are working closely with these partners and once we have a clear, realistic picture of what is achievable and over what timeframe we will be setting our own clear Net Zero targets. But that doesn't mean we can't take steps now to drive change.

That is why alongside our reduction targets, we have already begun to compensate for our carbon footprint by offsetting the emissions created throughout the life cycle of our mixers sold in the UK. In doing so, we are placing a price on carbon emissions related to our products now – not in five or ten years' time – bringing it to the forefront of key decisions made across the Group.

Our relationship with the natural environment and how we depend on it to source our ingredients is central to our wider sustainability approach, and so it is also an important priority in how we approach the offsetting of our emissions.

We are investing in high quality, independently verified, nature-based projects in regions where we source our key ingredients with our first investment being the Isangi REDD+ Project in the Democratic Republic of Congo. As carbon sinks, forests play an important role in climate change mitigation. However, when forests are cut down the stored carbon is released into the atmosphere, and the ecosystem biodiversity is lost or damaged. Projects such as Isangi will not only help to protect these forests, but also promote sustainable economic opportunities and develop initiatives to bring a brighter future to remote communities.

Our future offsetting plans include a long-term partnership in a bespoke conservation project which we look forward to discussing in greater detail in the coming months.

These steps have meant that from 2021 all of our mixers sold in the UK are now carbon neutral. This is a significant milestone, taking ownership of emissions from the first step right through to the consumption and disposal of our mixers. We have been encouraged by the engagement from our customers and consumers since we announced this milestone, and remain committed to continuing to drive change both within our business and through our supply chain.

SUSTAINABILITY REVIEW continued

CONSERVATION

As we work with nature to source the best ingredients, we also seek to understand the importance of biodiversity in the regions we source from – be it the quinine from the Democratic Republic of Congo, citrus from Mexico, ginger from India, or even rhubarb from Norfolk.

Our ingredient suppliers share our passion for protecting the biodiversity in the regions they work, with many using traditional farming methods to limit the impact on the land.

Whether it be our lemon thyme growers harvesting the thyme using handheld machinery, our bitter orange suppliers employing traditional Mayan farming techniques, which involves mimicking nature as best as possible to protect and respect the land, or our damson growers installing bee hives in their orchards to support pollination, protecting and enhancing biodiversity remains central to their approach.

TINY FORESTS

We also believe in enriching biodiversity in places where our drinks are enjoyed, and where we live and work. That's why this year we have partnered with environmental charity Earthwatch Europe to plant London's first ever Tiny Forest.

The Fever-Tree Tiny Forest is an innovative urban tree planting project, a dense, fast-growing woodland, consisting of 600 trees planted in an area the size of a tennis court, contributing to the regeneration of derelict land in Hammersmith Park.

Environmental issues such as flooding, heat stress and loss of biodiversity are increasingly affecting urban areas. Creating thriving and climate-resilient urban areas that support economic growth, whilst also enhancing livelihoods and wellbeing, is a considerable challenge.

The Fever-Tree Tiny Forest can play a part in facing this challenge. It will bring the benefits of a forest – reconnecting people with nature and raising awareness, helping to mitigate the impacts of climate change, as well as providing nature-rich habitat patches to support urban wildlife – right into the heart of our cities and urban spaces.

Over the last year, we have held a number of monitoring days with local volunteers and Fever-Tree colleagues, enabling us to take part in scientific data collection to monitor the progress of the fauna and flora, and understand the positive impact that our Tiny Forest has on the environment.

Looking ahead to 2022, we are working with trade partners to support similar urban tree planting projects, driving a greater positive impact on biodiversity around the world.

For the latest investor relations / fever-tree.com/en_GB/investors

SUSTAINABILITY REVIEW continued

CIRCULAR ECONOMY

We are committed to ensuring the relative environmental impacts are minimised throughout the life cycle of our packaging.

LOOP INITIATIVE

In the UK, as part of our commitment to minimising the impact of our packaging even further, we have joined the Loop initiative, a first-of-its kind reusable packaging platform in partnership with the UK's number 1 retailer, Tesco.

As part of a trial in selected Tesco stores, our Indian Tonic Water and Mediterranean Tonic Water are now available in returnable and reusable 750ml bottles. Once enjoyed, the empty bottles can be returned to the participating Tesco stores, where the 20p deposit will be refunded via the Loop app. The bottles are then cleaned to industrial standards and refilled, before arriving back in Tesco stores.

For us, sustainable packaging means using a format that minimises its impact on the environment, while fulfilling the requirement to protect, transport and present Fever-Tree products.

That is why we never use PET bottles, but use glass and cans made from a portion of recycled materials to package our drinks.

Glass is infinitely recyclable, meaning the same glass material can be indefinitely recycled in an endless loop, again and again, into new bottles, thereby reducing waste and CO₂ emissions and preserving raw materials.

We are of course conscious of the energy used in the manufacture of glass bottles, and have been spending time with our glass suppliers to understand their plans and targets to reduce these emissions. Encouragingly there are also a number of industry-wide initiatives that are underway to explore energy efficient furnaces, as well as increasing the use of renewable energy. This is not about short-term fixes but ensuring the glass industry remains at the forefront of sustainable packaging solutions for the longer term.

As well as being infinitely recyclable, there are increasing numbers of trials focused on reusable and refillable packaging, something glass is ideally suited to.

Waste Management

As well as looking to increase the portion of recycled material used in our packaging, we have continued to highlight the recyclability of our packaging to customers and consumers alike, ensuring market-specific recycling messaging is on all our product packaging.

We are committed to a zero waste to landfill policy within our own operations. Any leftover product is either recycled or donated to charitable partners, and we have established recycling schemes across our offices, meaning we send zero waste to landfill.

We take time to build and sustain long-term supplier relationships to ensure that we understand the full end-to-end journey of our ingredients from growing to processing, and that outputs are maximised, reducing waste. We work with suppliers to ensure that they implement and maintain environmental management systems, to manage areas including pollution, water, emissions, energy and sourcing.

NO LIME LEFT BEHIND

We work closely with family-owned citrus processors across several regions in Mexico, including the Yucatan valley in the south east corner of Mexico, and the Colima region on the west coast.

Our suppliers have a zero-waste approach to their growing and harvesting, ensuring none of the product is wasted. The essential lime oil is gathered from the peel, juice from the flesh and the lime husks are then left to dry in the sun and used for animal feed, thereby ensuring the whole fruit is used.

For the latest investor relations / fever-tee.com/en_GB/investors

Water Stewardship

Just like our natural flavourings and ingredients, water is an equally critical ingredient for us, and we recognise the importance of managing our usage, and that of our supply chain, very carefully.

The majority of our partners' manufacturing sites are located outside of regions of water stress, but we remain committed to only using as much water as is needed, and to minimise this throughout our products' life cycles.

We work with our partners to understand their water usage and are collaborating with them as they look to improve water efficiency within the manufacturing processes, including water recovery and reuse. Recent initiatives have included the introduction of reverse osmosis process water treatments at one of our co-packers' sites, reducing overall water usage, as well as another key supplier repurposing left-over spring water to be reused across its site, thereby cutting wastage.

Ethical Sourcing

We pride ourselves on our Social, Ethical and Environmental Business Policy, which is embedded in our management system and sets out the standards of employment and behaviour that we require of our partners and other major suppliers to conduct their business in line with. These standards are set in accordance with the Ethical Trading Initiative Base Code and International Labour Organisation fundamental conventions. In addition to standards of employment, our policy covers avoiding bribery and corruption, adherence to the Modern Slavery Act, health and safety management systems and environmental management systems.

SEDEX

The vast majority of our co-packers and ingredients suppliers are members of SEDEX, which allows us to understand labour management and human rights practices in more detail, alongside our own policies that are set in accordance to international standards. We work closely with those that are not SEDEX members to ensure we have a similar level of oversight nonetheless.

Fight against Malaria

Malaria is one of the world's oldest and deadliest diseases, and the fight against it means a lot to us at Fever-Tree. In fact, it's part of the reason we exist in the first place. It is often asserted that the quinine-producing cinchona tree, known colloquially to local growers as the fever tree, was important in humanity's fight against malaria. Since then, medical advances and prevention tools have drastically curbed its power, but more needs to be done to help eradicate malaria.

We have been working with Malaria No More UK since 2013 to help fight the threat of malaria globally. In 2021, we supported World Malaria Day by revamping our Raise Your Glass campaign, running a ticketed virtual masterclass with our own drinks expert for consumers, as well as an internal engagement campaign, the 2 Minute Challenge.

We are immensely proud of our colleagues who ran the London Marathon in support of Malaria No More UK virtually - from London, to the Welsh mountains, to Central Park in New York City.

Our colleagues also ran, cycled and baked alongside them to boost their fundraising efforts.

Responsible Drinking

Fever-Tree is a brand centred on quality, not quantity, and our products are designed to be drunk as long, mixed drinks, with a variety of spirits, or even without alcohol at all.

That said, as a business we recognise our role in promoting responsible drinking and while as a mixer brand we do not need to carry the drink aware logo, we choose to do so on the front page of our website and ensure the relevant messaging is displayed where appropriate on our marketing materials and any co-promotional activity done with spirits brands.

In addition, across many of our events and On-Trade menus we provide no- or low-alcohol alternatives alongside our regular long mixed drink options, partnering with a number of the new brands that have entered the category in recent years. Our book Easy Mixing published this year also had a chapter devoted to no- and low-alcohol options.

Health & Wellness

At Fever-Tree, we are proud of our position as pioneers of the premium mixer and how we have transformed the wider mixer category. This extends to our Refreshingly Light range which was launched 2018.

We want to create delicious refreshing mixers with great flavours that can be consumed by both consumers wanting to drink a regular liquid or the more health conscious consumer wanting to reduce their sugar intake - we are all about offering choice to the consumer, with many of our new products being available as part of our Refreshingly Light range.

Alongside this we have also rolled out our Premium Soda range in 2021, providing an additional range of lower calorie mixers for consumers.

SUSTAINABILITY REVIEW continued

COLLEAGUES

Our employees are central to our success, we value each and every person who works for us. We actively promote diversity within our workforce and wholly support equal opportunities in employment. We know that differing backgrounds and perspectives create a more dynamic and inclusive environment, and this reflects our approach throughout our recruitment, training and promotion processes.

2021 has seen the Group continue to support all its colleagues during periods of lockdown and remote working, as well as introduce initiatives to support the return to the office during the second half of the year.

These initiatives and benefits were introduced following consultation with colleagues and focused on their mental, social, physical and financial wellbeing.

They included upweighted mental health support, an enhanced maternity leave policy, as well as making budget available to encourage colleagues to be able to share time together outside of the workplace through activities such as the “Stereotronics”, the office choir, yoga classes, book club and cookery challenges, alongside regular Lunch and Learn sessions to enable different regions to share insights and offer support to one another.

COLLEAGUE ENGAGEMENT SURVEY

During 2021, we also ran our first ever global Employee Engagement Study in conjunction with 'Best Companies'.

The study focused on eight areas of engagement:

- Management
- Leadership
- Company Affinity
- Personal Growth
- Teamwork
- Wellbeing
- Fair Deal
- CSR

Fever-Tree scored a 2* accreditation, meaning 'Outstanding'. We were also in the top 10 best Food and Drink Companies to work for on a national basis and in the list of London's best 50 best mid-sized companies to work for.

Through our ongoing review system, feedback analysis, wellbeing tools, internal and external community work, and organisational evolution, we continue to build on the factors that these accreditations were awarded for.



Diversity and Inclusivity:

At Fever-Tree, we think of Diversity as the differences among groups of people and individuals across many different facets of one's identity, including ethnicity, race, gender, sexual orientation, socioeconomic status, language, religion and geographical area, but also their unique differences in personality, experiences and viewpoints, including political or social beliefs and opinions, background and individual or shared life experiences.

Our commitment to Diversity & Inclusion means that we will continuously identify areas for growth/opportunity and ensure that we institute the right proactive measures within our composition, community & communications.

In 2021 a number of initiatives were introduced to further enhance our desired culture and diversity including:

- the formation of a global D&I Committee;
- an upgraded employee benefits package;
- a continued apprenticeship scheme in the UK office;
- partnership with local community charities such as Key4Life and Future Frontiers to help young people into the workplace;
- training 14 employees from cross-departmental areas as Mental Health First Aiders;
- enabling global mobility opportunities for employees; and
- a new approach to recruitment of talent through the introduction of the Fever-Tree Graduate Programme.

As of 1st January 2022, Fever-Tree employed 283 employees across 12 different markets. Across all employees our gender split is 53% female to 47% male. The gender balance of those in senior management positions and their direct reports was 60% male and 40% female. As a Group, we are committed to ensuring our senior management reflects the balance across the wider business and steps have been taken, in consultation with the Group's Chief People Officer, to identify and develop a pipeline of diverse and high-calibre candidates from within the existing workforce to take on additional roles which equate to board-level experience.

VOLUNTEERING

We believe in the mental and physical benefits that volunteering brings to our colleagues, as well as the positive impact that they can have on the community. We work with several different causes, including Ethical Angels, Future Frontiers and Key4Life.

Through Ethical Angels, we worked with Rewards Earth, a charity that provides a way for individuals to offset their personal carbon emissions by planting trees in the UK and overseas. The UK trees are planted by The Green Task Force, made up of veterans who are transitioning from the armed services. Many of these veterans suffer from conditions such as PTSD, and The Green Task force provides them a pathway to nationally recognised qualifications and ultimately employment, whilst assisting in their rehabilitation and reintegration through 'Nature Based Therapy', with proven success.

Future Frontiers is an award-winning education charity that exists to ensure young people from disadvantaged backgrounds fulfil their potential at school and when transitioning to education, employment or training at age 16.

2021 was the second year of our partnership and saw colleagues offer career guidance to young people from Ark Burlington Danes Academy to help them achieve at school and make informed choices about their future in different industries. Following the programme, 75% of students agreed their coach helped them find an inspirational career, and 100% agreed the knowledge they gained about their career has improved their attitudes towards learning.

Key4Life helps previously convicted young people at risk of committing offences establish themselves in workplaces. Over the course of the year we've run work tasters and are working with our event barstaff providers to provide opportunities for training and work placements.

FINANCIAL REVIEW

A STRONGER POSITION

“We have continued to make good strategic progress, with successful new product launches and continued investment in marketing, sustainability and our people.”

ANDREW BRANCHFLOWER

Chief Financial Officer

The Group capitalised on strong Off-Trade momentum and its commitment since the start of the pandemic to continue to invest in the brand and product innovation to deliver revenue of £311.1m (2020: £252.1m), achieving growth of 23.4% despite the ongoing On-Trade restrictions, disruption and uncertainty caused by COVID-19.

Performance in the Off-Trade was consistently strong across regions, with the brand gaining market share in our key growth markets, whilst On-Trade performance was encouraging despite being impacted by restrictions in the first half of 2021 and towards the end of the year.

We have continued to make good strategic progress, with successful new product launches and continued investment in marketing, sustainability and our people.

As a result of our strategic focus and our initiatives throughout the pandemic, we have strong momentum in a number of exciting growth markets, including the US,

Canada, Australia, as well as across our European markets, further positioning us as a truly global brand and the clear leader of the premium mixer opportunity.

As was the case across the industry, the Group was impacted throughout 2021 by considerable disruption to global logistics networks, most notably through the availability and pricing of sea freight and HGV drivers across our regions, which negatively impacted gross margin. Despite the increased level of logistics costs, we continued to invest for the long-term, and as a result, the adjusted EBITDA margin reduced to 20.2% (2020: 22.6%).

ANDREW BRANCHFLOWER

Chief Financial Officer

As we move into 2022 conditions remain challenging, with continued disruption and significant headwinds in product and logistics costs, but we are working to mitigate the impact of these increases and remain focussed on driving margin improvement over the medium term alongside our strong top line growth.

The Group generated an adjusted EBITDA of £63.0m (2020: £57.0m), returning to growth with an increase of 10.3% on 2020.

Operating cash flow conversion remained strong at 91.7% (2020: 95.8%), and we end the year with an improved cash position of £166.2m (2020: £143.1m). As a reflection of our confidence in the financial strength of the Group, the Board is recommending a final dividend of 10.47 pence per share, an increase of 1.9% year-on-year, as well as a special dividend of 42.90 pence.

Gross Margin

Gross margin of 42.1% represents a reduction from the 46.2% gross margin reported in 2020. Whilst there were marginal impacts from net foreign currency headwinds and the impact of consolidating a full year of GDP portfolio brand revenue, the most significant impact on gross margin was the increase in logistics costs.

The disruption to global logistics networks had multiple impacts on gross margin, including increased UK logistics costs driven by shortages of HGV drivers and significantly increased Trans-Atlantic freight charges for the shipping of product to the US. In order to mitigate the impact of uncertainty of sea freight availability, we took the decision to build inventory in the US in the first half of the year.

This successfully ensured continued product availability in the US, however, it also resulted in elevated storage charges and, at the end of the year, we were required to book a £1.3m provision against inventory approaching its expiry date. The unsold inventory largely related to a narrow range of new product lines which were shipped to the US early in 2021 ahead of expected new distribution in both the Off- and On-Trade channels which was subsequently delayed until later in the year due to the ongoing impact of the pandemic.

Disruption and uncertainty is ongoing as we proceed into 2022, and we anticipate significant headwinds in both logistics and product costs.

Against this backdrop we are focused on mitigating actions, with the ramping up of local production on the East Coast of the US, alongside a fully functioning West Coast production line, essential in reducing our exposure to elevated Trans-Atlantic freight costs, as well as allowing for lower inventory holdings in the US. We are also working on a number of initiatives, including transitioning to new warehousing locations in the US closer to our bottling lines, as well as multiple other projects across the Group, all of which are aimed at driving improvements in gross margin over the medium term.

Operating Expenditure

Despite the ongoing impact of the pandemic on our On-Trade revenue, and the impact of global logistics disruption on our gross margin, we continued to focus on the significant opportunity ahead for the Group and invest in the brand, our people and our capabilities. This led to underlying operating expenses¹ increasing by 14.6% to £67.9m (2020: £59.3m), reducing to 21.9% of Group revenue (2020: 23.5%).

We invested in TV advertising campaigns in the UK and Spain, upweighted digital marketing spend across regions and executed strong On-Trade activations across the summer period. Premium spirit brands are more engaged than ever in seeking co-promotional opportunities to drive sales, resulting in multiple significant campaigns across our key markets. Total marketing spend from the Group remained strong at 9.3% of Fever-Tree brand revenue (2020: 9.9%).

Staff costs and other overheads increased to £38.7m (2020: £34.1m). Following a significant increase in headcount in 2020 we recruited less this year, consolidating the team and continuing to integrate the GDP staff and operations following the acquisition in July 2020.

¹ Underlying operating expenses is defined as Administrative expenses (£75.3m) less Depreciation (£3.2m), Amortisation (£1.5m) and Share based payment expenditure (£2.7m).

FINANCIAL REVIEW continued

We will continue to build the team in 2022, to invest ahead and underpin the increasing scale, scope and complexity of the business. Whilst we will necessarily increase our headcount, we intend to remain a lean organisation, and preserve the entrepreneurial culture and operational agility that has served the Group so well to date.

Whilst underlying operating expenses reduced as a percentage of revenue to 21.9%, this was not sufficient to offset the decrease in gross margin and as a result, the adjusted EBITDA margin reduced to 20.2% (2020: 22.6%). Despite this reduction in margin, due to the strong revenue performance adjusted EBITDA returned to growth in 2021, increasing by 10.3% to £63.0m (2020: £57.0m).

Amortisation charges increased to £1.5m (2020: £1.1m) following a full year of amortisation of the intangible asset created on acquisition of GDP in July 2020. Depreciation charges also increased to £3.2m (2020: £2.7m), largely driven by the reusable packaging system in Germany, including the launch of a new 750ml glass bottle format. Finally, share based payment charges increased to £2.7m (2020: £1.9m).

As a result of the increases in amortisation, depreciation and share based payment charges, the 10.3% increase in adjusted EBITDA translates to an 8.3% increase in operating profit to £55.6m (2020: £51.3m) and profit before tax of £55.6m (2020: £51.6m), an increase of 7.7%.

Tax

The effective tax rate in 2021 increased to 19.7% (2020: 19.1%), driven by an adjustment to deferred tax in relation to future UK corporation tax rate changes.

Earnings Per Share

The basic earnings per share for the year are 38.29 pence (2020: 35.86 pence) and the diluted earnings per share for the year are 38.19 pence (2020: 35.76 pence).

In order to compare earnings per share year-on-year, earnings have been adjusted to exclude amortisation and the UK statutory tax rates have been applied (disregarding other tax adjusting items). On this basis, normalised earnings per share for 2021 are 39.70 pence per share, and for 2020 were 36.72 pence per share, an increase of 8.1%; for further detail see note 9 of the Consolidated Financial Statements on page 126.

Balance Sheet and Working Capital

We began 2021 with elevated levels of inventory as we sought to mitigate the impact of ongoing COVID-related disruption alongside the UK's exit from the EU. Whilst we were able to navigate the latter with minimal disruption, supply chain uncertainty contributed to the decision to build inventory further in the first half of 2021, notably in the US. During the second half, we reduced inventory levels in the US as West Coast production ramped up and as we approached commissioning of an East Coast bottling line. As a result, year-end inventory levels were £36.2m, a reduction of £2.5m from 2020 (2020: £38.7m).

Trade and other receivables increased in line with revenue growth to £70.3m (2019: £56.0m). Our strong relationships, proactive engagement with customers and appropriate levels of credit insurance position us well to continue to manage the ongoing credit risk. However, we recognise that the current external environment contributes to an elevated level of credit risk and consequently increased our credit loss provision at year end to £3.1m (2020: £1.2m). The movement in trade and other receivables was partially offset by an increase in trade and other payables to £49.4m (2020: £42.4m).

As a result of the above movements, there was only a marginal increase in working capital of £4.7m to £57.1m (2020: £52.4m) and therefore working capital improved to 18.3% of revenue (2020: 20.8%), which resulted in cash generated from operations of 91.7% of adjusted EBITDA (2020: 95.8%).

Capital Expenditure

Due to the structure of the Group's business model, capital expenditure requirements remain low, with additions of £5.8m in the year (2020: £2.5m). The additions in the year included continued investment in reusable packaging in Germany, reflecting the growth in that market.

Cash Position

The Group continues to retain a strong cash position, with cash at year end increasing by 16% to £166.2m (2020: £143.1m). This platform provides a significant competitive advantage over many of our premium mixer competitors globally and has allowed the Group to remain focused on driving strategic progress over the last two years despite the disruptions caused by the pandemic.

The Group's Capital Allocation framework remains unchanged. We intend to retain sufficient cash to allow for investment against the opportunity ahead and primarily foresee this investment taking the form of operational expenditure, including upweighted marketing spend across our growth regions at the appropriate stage, whilst we also intend to retain sufficient cash reserves to allow us to take advantage of opportunities to upweight and accelerate investment as they arise.

Whilst not a priority or essential component of the Group's plans, we also remain vigilant with regards to M&A opportunities that would further assist with the delivery of our strategy, as demonstrated by the acquisition of GDP in 2020. Where the Board considers there to be surplus cash held on the Balance Sheet it will consider additional distribution to shareholders.

Dividend

The Group remains committed to a progressive dividend policy and as such, the Board is recommending a final dividend of 10.47 pence per share in respect of 2021 (2020: 10.27 pence per share). If approved, this would bring the sum of the interim and final ordinary dividend in respect of 2021 to 15.99 pence per share (2020: 15.68 pence per share).

In addition to this, reflecting the strong year end cash position, ongoing cash generation and confidence in the execution of the 2022 plan and beyond, the Board considers it appropriate to recommend a special dividend of 42.90 pence per share. If approved, this would bring the total dividend for 2021 to 58.89 pence per share (2020: 15.68 pence per share).

If approved by shareholders at the AGM on 19 May 2022 the final dividend will be paid on 27 May 2022 to shareholders on the register on 7 April 2022.

Performance Indicators

The Group monitors its performance through a number of key indicators. These are formulated at Board meetings and reviewed at both an operational and Board level.

Progress against these key indicators was closely monitored during the year. Due to the ongoing disruption caused by the pandemic during 2021, targeted performance was adjusted accordingly as the year progressed. Group revenue growth was strong and ahead of expectations, whilst the gross margin and adjusted EBITDA margin were both down year-on-year and behind the Board's expectations.

- **Revenue growth %**
 - Group revenue growth was +23.4% in 2021 (2020: -3.2%).
- **Gross margin %**
 - The Group achieved a gross margin of 42.1% in 2021 (2020: 46.2%).
- **Adjusted EBITDA margin %**
 - The Group achieved an adjusted EBITDA margin of 20.2% in 2021 (2020: 22.6%).

ANDREW BRANCHFLOWER
Chief Financial Officer

SECTION 172 AND STAKEHOLDER ENGAGEMENT

Under section 172 of the Companies Act 2006 (“Section 172”), a Director is required to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The following pages comprise our Section 172 statement, which describes how the Board have had regard to the matters in Section 172 in carrying out their duties over the course of 2021.

Board papers are prepared with Section 172 duties in mind and the Board’s consideration of their Section 172 duties form a key basis for their decisions. During 2021, we continued to identify seven key stakeholders as critical for the success of our future business; the interests of whom the Board considers and balances in making their decisions.

We set out below the key priorities for each stakeholder group and the ways in which we engaged with them during the course of 2021. This list is not intended to be an exhaustive list of all stakeholder priorities and engagement activity, but to provide a summary that illustrates the importance stakeholder groups play in the Board’s decision making.

Workforce

Key priorities


- Providing a safe, diverse and inclusive working environment with opportunities to develop and make an impact, that also allows an open dialogue for how the business can continue to innovate and improve.

Board engagement

- The Board’s engagement with our workforce includes formal and informal meetings. The ongoing use of remote working provided an ongoing opportunity for both the Board and the wider the global business to work together more closely and successfully than ever. Directors were also invited to attend a number of more informal company events where they had the opportunity to engage with the workforce.
- In addition, our Chief People Officer presented to the Board on the Group’s culture, including the results of workforce engagement surveys and positive feedback from employees on the Group’s response to the pandemic.
- Kevin Havelock, our designated Non-Executive Director for workforce engagement, met with employee groups in the UK and US throughout the year and provided feedback to the Board on team culture and alignment with Company values.

Impact on decision-making

- During the year and informed by workforce engagement, the Board supported a number of initiatives to further enhance our desired culture and diversity including:
 - the formation of a global D&I Committee;
 - an upgraded employee benefits package;
 - a continued apprenticeship scheme in the UK office;
 - partnership with local community charities such as Key4Life and Future Frontiers to help young people into the workplace;
 - training 14 employees from cross-departmental areas as Mental Health First Aiders;
 - enabling global mobility opportunities for employees; and
 - a new approach to recruitment of talent through the introduction of the Fever-Tree Graduate Programme.
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 **Further information:** Sustainability Review / pages 36 to 53 Nomination Committee Report / pages 80 and 81
Remuneration Committee Report / pages 82 to 95

Suppliers

Key priorities


- Close engagement with the business to better understand demand.
- Prompt and accurate payment for goods and services.
- Developing mutually beneficial growth.

Board engagement

- Our outsourced business model and commitment to innovation rely on a network of strong and long-term supplier partnerships. The Board is updated on supply chain matters at every Board meeting, and also received presentations from the Group's Chief Supply Chain Officer during the year. The Board are eager to meet with key supply chain partners in due course and once it is more readily achievable.
- The pandemic continued to provide a formidable test for supply chains globally, with challenges to demand forecasting, material sourcing, production planning and logistics. The Group's ability to react resiliently to changing circumstances and successfully mitigate disruption, working closely with its suppliers to ensure the health and safety of their workers, was a testament to the strength of its partnerships.

Impact on decision-making

- The Board continued to endorse various measures used to react to the pandemic and mitigate its effects including:
 - weekly meetings with key suppliers to anticipate issues as early as possible and mitigate effects accordingly;
 - collaborative working between technical, innovation and supply chain to re-engineer raw materials or components, as well as trialling new product specifications to address shortages of particular commodities and/or raw materials; and
 - supporting key suppliers in their internal projects and adjusting ways of working accordingly, in order to preserve our long-term partnerships.
 - The Board also supported the commencement of production at our second US bottling plant to serve the East Coast, allowing the business to better service its growing US consumer base.
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 Further information: Business Model / pages 10 and 11 Sustainability Review / pages 36 to 53

International Distributors

Key priorities


- Regular communication and strong partnerships.
- Clear marketing plans and tailored branding support.
- Joint investment to drive long-term growth.

Board engagement

- Outside of the UK, US and Germany, the Group operates through a network of international distributors. The Board is updated on international performance by the CEO at every Board meeting. In addition, the Board receives presentations from regional heads on strategic plans and performance in their market. The Company's international brand guidelines and the tailoring of product innovations for specific markets have also been an important feature of Board discussions during the year.

Impact on decision-making

- Each Board member regularly takes the opportunity at meetings to challenge international strategy and provide market insights based on their own local knowledge and experience.
 - The Board endorsed further investment in the Company's international teams during the year, and also supported a number of key initiatives including:
 - TV media campaign in Spain in May 2021;
 - launch of 750ml format in Germany;
 - retail launch of Wild Berry Tonic Water in Northern Europe; and
 - continued investment in Category Management insight to support establishing mixer category across major European retailers.
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 Further information: Business Model / pages 10 and 11

SECTION 172 AND STAKEHOLDER ENGAGEMENT continued

Customers (On- and Off-Trade Partners)

Key priorities

- Open and regular communication channels.
- Support amidst a challenging economic environment.
- Product innovation and availability.

Board engagement

- The Board receives regular updates from management on customer relationships, development and engagement. Regional heads also provide the Board with feedback on On-Trade and Off-Trade strategy and performance and in normal years the Board would conduct market visits which would include time spent with our customers and at outlets.
- With the ability to hold face-to-face meetings during the year limited, the Fever-Tree team conducted a number of virtual drinks “masterclasses” with its customers during the year to showcase product innovations and record feedback.

Impact on decision-making

- The Board were encouraging of a broad programme of support to our customers during the year including:
 - the continued extension of payment terms for On-Trade partners during extended lockdowns;
 - continuing to provide On-Trade support once trade reopened following lockdowns (for example, through providing POS materials such as parasols for pub gardens to improve the outdoor drinking occasion); and
 - category executions in the Off-Trade such as Fever-Tree branded gin and tonic bays in Sainsbury’s and co-branded vodka and soda displays with one of our spirits partners.
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Consumers

Key priorities

- Sourcing the finest ingredients to create the best quality drinks.
- Innovations to cater for new and different occasions.
- A responsible brand committed to producing products ethically and sustainably.

Board engagement

- Our Board are regularly informed of consumer needs, preferences and concerns and further building consumer brand awareness and household penetration has been a key theme of Board discussions during the year.
- The Group’s marketing strategy, product innovation programme and sustainability strategy formed the basis of stand-alone sessions with the Board, which included feedback from consumers and tracking studies and econometrics to evaluate the impact on our end consumer.

Impact on decision-making

- Consumer considerations and feedback directly informed the Board’s support for a number of initiatives including:
 - reacting to changing consumer demands with the launch of new flavours such as our Rhubarb & Raspberry Tonic Water (UK and Europe) and Distillers Cola (US);
 - continuation of spirit partnerships across our major markets;
 - continuing to create engaging content for our consumers through our social media channels, whilst ensuring we remained relevant to different markets across shifting global lockdowns;
 - continuing our national TV campaign in the UK and also rolling this out in Spain;
 - overseeing the continuous roll out of our improved packaging graphics and brand visual identity across our markets; and
 - communicating and championing our carbon neutral credentials in the UK and wider global ambitions in this space.
-

Communities

Key priorities

- A commitment to doing business in a way that is beneficial to both the environment and the wider community.
- A socially responsible business that sources conscientiously and engages with local communities at every level of the supply chain.

Board engagement

- Our Social, Ethical and Environmental Business Policy is embedded in our partnerships and underpins our business model.
- Looking ahead, the Board is aligned on a focus on environmental objectives as a strategic priority and is encouraged by a number of exciting sustainability initiatives in development.

Impact on decision-making

- The Board considers the impact of Fever-Tree's operations on the community and the environment in all its decision-making. This included, for example, its development of US bottling capacity with the introduction of a new bottler in the US on the East Coast allowing the Company to produce closer to market, further reduce product miles travelled and react more quickly to consumer demand.
 - The Board also continues to support the many community-led initiatives within the business including:
 - a continued partnership with charity Future Frontiers which connects young people from disadvantaged backgrounds with mentors from our UK business;
 - a new charity partnership with Key4Life which aims to help reduce youth reoffending through the delivery of a rehabilitation programme, including offering work placements at our London HQ;
 - planting London's first Tiny Forest in Hammersmith Park, just 1 mile from our London office, working with local community members to bring nature back into the city;
 - product donations to local volunteers including to St John's ambulance staff at the 2021 London Marathon; and
 - continuation of our long-standing partnership with Malaria No More, including through a donation via every mixed drink purchased at the Fever-Tree pop-up bar in Covent Garden in central London which was in place from June through October 2021.
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Investors

Key priorities

- Clear communication of short-term trading and long-term strategy to outline the delivery of sustainable and profitable growth (via three trading updates and two full results presentations; full year/interims).
- Regular engagement and consultation with investors throughout the year.
- Consistent engagement with sell-side analysts, including consensus management to ensure expectations are in line with internal estimates.

Board engagement

- The Group maintains communication with institutional investors through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results.
- The Group's Investor Relations Director shares shareholder feedback with the Board regularly, with investor relations activity a standing item on the Board's agenda for each of its meetings.
- The Executive Directors are sent monthly Investor Relations summaries of share price movement, share register changes (significant buyers/ sellers), sell-side views and consensus management.

Impact on decision-making

- The Remuneration Committee Chair consulted shareholders on proposals for a new remuneration policy, including the introduction of a sustainability element to annual bonus and an LTIP plan that supports international revenue growth. The new structure was voted in favour by investors at the AGM during 2021.
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PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING RISK

“We recognise that maximising our potential and growth opportunities in accordance with our strategy requires a robust and effective risk management framework. Our approach to managing risk is simple and practical.”

The Audit Committee, under delegated authority from the Board, oversees our internal controls and risk management framework, including reviewing the controls in place to mitigate any potential adverse impacts. The Board is ultimately responsible for facilitating the effective identification, evaluation, management and mitigation of risks for the Group.

Each functional area of the Group is tasked with monitoring emerging or changing risks in their field with risk and mitigation owners appointed. This includes the formation of sub-Committees for particular areas of risk, that meet through the year to monitor trends and challenge the impact of mitigation efforts relating to that risk. The output of these processes is subject to periodic review with the Executive Directors and reported back to the Audit Committee and Board.

In addition, the Board receives presentations from different departments within the Group on an ongoing basis to keep the Board informed on strategic and operational performance and the controls in place to mitigate risks faced by the Group. We aim to hold at least one such presentation at each Board meeting with contributions from Regional Heads and Strategy, Supply Chain, Technical, HR, Marketing, Sustainability, Legal and Finance teams during the year.

When we look at risks, we specifically consider the effects they could have on our business model, our culture and our long-term strategic objectives. We consider both short-term and long-term risks, as well as environmental, social and governance risks. Each risk is independently quantified against set criteria, considering both the likelihood of occurrence and the potential impact on the Group both before and after the application of controls. We promote the use of the results to identify specific actions and mitigation measures, and the implementation of these in operations by each of our Group companies.

These assessments are recorded in a Group Key Risk Register, approved and maintained by the Audit Committee, formed of our most significant risks from across the entire business. This register is then finally reviewed, challenged and then ratified by the Board on a bi-annual basis.

An overview of the principal risks facing Fever-Tree is summarised on the following page. The Board’s assessment of the long-term viability of the Group is also reviewed annually and more detail on this can be found in the Audit Committee Report on pages 76 to 79.

Principal Risks and Uncertainties

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business. This list is not intended to be an exhaustive list of all the risks faced by the business. The Board recognises that the nature and scope of risks can change and that there are other risks to which the Group is exposed.

COVID-19 ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>The disruption created by the pandemic, and the ongoing emergence of new variants, continues to directly impact our workforce, supply chain, suppliers, customers and consumers, with the further potential for longer standing macro-economic effects that could continue to impact the global economy in 2022 and beyond.</p>	<p>Government policies of social distancing, restrictions and lockdowns can have an immediate and pronounced effect on the Group's trading in its key geographic markets where introduced. Whilst sales in the Off-Trade channel have been less affected to date, the impact has been felt most keenly in the On-Trade channel, where lockdowns, opening restrictions on outlets and staff absences have led to severe slowdowns in trading during certain periods. There is heightened credit risk as customers and importers are put under increasing financial pressure. Furthermore, the Group's supply chain is placed at risk of disruption as our suppliers, production and logistics partners come under increasing operational and financial pressure, particularly if the situation continues for a further prolonged period.</p> <p>In the medium term, it is possible that financial pressures will result in some On-Trade outlets either not reopening or closing permanently following any periods of restrictions. Any reduction in On-Trade outlets as a result of closures could have an ongoing impact on the Group's trading. It is also possible that recurring emergence of new strains of the pandemic will contribute to a prolonged worsening of economic conditions in the Group's key geographic markets, which could result in further input cost inflation, and a reduction in consumer confidence and spending. Reduced consumer confidence and spending could lead to reduced demand for products and limitations on the Group's ability to increase or maintain the prices of its products.</p>	<p>The Group is a global business with revenue diversified across regions, channels and customers and as such is not reliant on one region, channel or major customer. Alongside this, the Group is in a very strong financial position. We are debt-free, with year-end cash increasing to £166.2m. Our strong underlying cash flow conversion, our low level of capital commitments and low fixed cost base means that we are in a robust position to continue to withstand any ongoing impacts of the pandemic.</p> <p>A dedicated cross-departmental Committee was convened early in the crisis, and continues to meet weekly, actively monitoring the changing situation with regards to the pandemic and is able to agree and rapidly deploy mitigating actions as and when developments occur.</p> <p>The On-Trade channel, which prior to the pandemic made up c.45% of Group sales, has been challenged across many of our regions over the last two years. We remain in close contact with our On-Trade customers, all of whom have been affected and some of whom have been severely impacted by the crisis. Our focus has been on offering support during periods of restrictions, both through extending payment terms to help ease cash flow pressure and providing support as re-openings occur.</p> <p>The Group's unique asset-light, outsourced business model imparts the flexibility to adapt to the challenges presented by these unprecedented times. We continue to work very closely with our bottling and canning partners across the UK, Europe and the US as they have enacted their own business contingency plans during waves of high infection rates. To date, our key bottlers and canners have continued to operate throughout the crisis with strong working practices, testing regimes and segregated shift patterns where necessary and as a result we have not suffered any notable disruption to supply.</p> <p>Our operating model means we have a relatively well contained supply chain process with a limited number of well-established suppliers which provides comfort as to the security of our major sources of ingredients, raw materials and packaging. Whilst certain ingredients cannot be held on-site for long periods ahead of production, as a matter of course we hold healthy contingency stock levels of all other key raw materials and took steps early on in the crisis to increase these further and continue to retain elevated stockholdings.</p>

KEY:

↑ Higher ↓ Lower ↔ No change

PRINCIPAL RISKS AND UNCERTAINTIES continued

Political and Economic Environment ↑

Description of risk	Impact of risk	Actions to mitigate risk
<p>The combination of COVID-19, the UK's exit from the EU in 2020 and the current instability in Ukraine has heightened the risk of a worsening of economic conditions in the Group's key geographic markets.</p>	<p>A worsening of economic conditions could lead to further input cost inflation, and reduced consumer confidence and spending which could impact demand for products and limitations on the Group's ability to increase or maintain the prices of its products in its key markets.</p> <p>In the UK, the Group is at a more mature phase and as a market leader may be more exposed to downturns in consumer confidence than it was during phases of accelerated growth and rapid gains in market share.</p>	<p>The position of the Group's products as an affordable luxury alongside its diverse customer, channel and regional mix would be expected to mitigate the impact at Group level of worsening economic conditions on consumer demand in specific markets. In the US, one of the Group's key growth markets, a successful price optimisation during 2022 would also help to mitigate the potential impact of reduced consumer spending.</p> <p>During the financial crisis in 2008, the Group's trend of strong growth continued, giving the Group confidence in its ability to grow even in periods of economic downturn. However, we are also mindful that the Group is at a more mature phase in the UK and so remains vigilant as to the potential impact that worsening economic conditions could have on trading within certain markets, particularly those in which the Group has already achieved strong market share.</p>

Competition ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>The Group continues to face competition from other beverage companies in the mixer category. This could intensify in the Group's core markets through other companies further increasing focus and investment in their existing brands, introducing their own brands or acquiring local brands.</p> <p>In the UK, the Group's priority is to continue to grow in the face of aggressive pricing policies and marketing strategies from its competitors, who are focused on taking share from the brand. Outside of the UK, the Group's emphasis remains on continuing to drive category growth and increased market share by building brand and category awareness and further catalysing the long-standing consumer trends towards premiumisation and long mixed drinks.</p>	<p>Increased competition and unanticipated actions by competitors could lead to a decline in the Group's market share or pressure on pricing and marketing spend, which may have an adverse effect on the Group's profitability and hinder its growth potential.</p>	<p>The Group has consistently faced strong, robust competition over its lifetime, from both large multinationals and more focused, copycat local brands, and despite this has successfully built market share in every region in which it operates. The Group's key strengths, including first mover advantage, product and innovation quality, brand strength and diverse territorial, channel and customer mix all combine to mitigate the risk that increased competition will affect overall Group performance. The Group's entrepreneurial culture and exceptional track record of innovation and category leadership, alongside the strength of its team and increasing levels of investment available to deploy, also continue to strengthen its ability to defend and react to competitor actions.</p> <p>In 2021 we have seen further evidence of the Group's ability to defend and grow market share against its premium mixer competition, with consumer preference in the premium segment remaining with Fever-Tree. We remain in a market-leading position in the UK and have driven category growth and increased market share across all of our key markets in North America, Europe and Australasia.</p>

KEY:

↑ Higher ↓ Lower ↔ No change

Supply Chain Risks

I. Disruption to Outsourced Production and Logistics ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>The Group operates an asset-light, outsourced business model, working with third party bottlers, canners, logistics and distribution partners. In addition, the Group is dependent on the supply of a number of key ingredients for its products, such as quinine and fresh green ginger, for which there are a limited number of suppliers.</p> <p>The Group could be affected if there were a significant disruption to any of the Group's key raw material suppliers, production, storage or distribution partners.</p>	<p>In the event of such disruption the Group may not be able to arrange for alternative supply, production, storage or distribution on as favourable terms, or with sufficient speed to ensure continuity of business.</p>	<p>The Group continues to increase its footprint of outsourced production, with increasing redundancy to absorb any potential disruption to its production sites. It now manufactures with eight different partners across the UK, Europe and US. In addition, the Group's principal UK bottling partner manufactures the Group's products across four bottling lines located in four distinct buildings across two separate sites. The Group now bottles its products at two sites in the US, with West Coast bottling well established and East Coast bottling ramping up in the first quarter of 2022, further increasing the capacity and degree of resilience to disruption of the Group's bottling footprint.</p> <p>In respect of key ingredients, the Group requests, where appropriate, that its suppliers hold contingency stock, and alongside this the Group maintains elevated levels of stock of these key ingredients to allow sufficient buffer for continued production should there be a period of disruption in supply. In 2020, due to the combined impacts of the pandemic and uncertainty as to the terms of the UK's withdrawal from the EU, the Group further increased contingency stock levels of these key ingredients and it has retained these elevated levels in 2021 in light of the continued impact of COVID-19 variants.</p> <p>To further mitigate risk, alongside holding appropriate insurance cover, the Group maintains, tests and updates a thorough business continuity plan which monitors and seeks to continually improve the redundancy of supply and reduce lead times in the event of disruption in all aspects of the outsourced business model. This includes an evaluation of key suppliers' own business continuity plans.</p>

II. Inconsistent Quality or Contamination of the Group's Products ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>The quality of the Group's products is a key component of Fever-Tree's brand strength. The Group's products are produced by a network of outsourced production partners based around the world, and the products include key ingredients sourced from multiple partners. The network of different bottling partners and ingredients suppliers must combine to consistently deliver products of the highest quality which are safe for consumption by Fever-Tree's consumers.</p>	<p>A lack of consistency in the quality of products or contamination of the Group's products, whether occurring accidentally or through deliberate third party action, could harm the integrity of, or consumer support for, the brand. A significant product liability issue or a widespread product recall could negatively impact the reputation of the affected product and/or the Group's brand for a period of time depending on product availability, competitive reaction and consumer attitudes.</p>	<p>The Group employs an experienced Technical and Quality Director who is supported by a Technical team that we have continued to invest behind and grow during 2021. Together, they work closely with key ingredient and packaging suppliers alongside our production and logistics partners to ensure appropriate systems and controls are in place to minimise the risk of quality or contamination issues.</p> <p>This begins with a rigorous due diligence process to evaluate the quality controls of any new manufacturers and suppliers that are onboarded, alongside scheduled ongoing periodic audits with established suppliers and production partners. The Group also partakes in regular mock product recall exercises, including periodically a more involved case study facilitated by an independent third party to test the robustness of its systems and identify areas for further improvement.</p>

PRINCIPAL RISKS AND UNCERTAINTIES continued

Supply Chain Risks continued

III. Environmental ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>Climate change, including both short-term (e.g. an increased frequency of extreme weather events), and longer-term trends, presents a risk to the Group's ability to source ingredients from around the world, as well as potentially impacting our ability to produce and sell our products. As well as any physical impacts, Governments may seek to introduce new regulations in this area to accelerate the transition to a low-carbon economy. Alongside this, as the Group scales, we are mindful of the impact our own operations may increasingly have on the wider environment. Failure to identify areas for improvement and/or current risks in our supply chain could have a negative impact on the environment, the Group's ability to function efficiently and also impact the brand's public perception.</p>	<p>A shortage of ingredients due to a poor annual harvest or further supply constraints resulting from climate changes over time could impact our ability to produce and sell our products. Regulatory or consumer perception shifts could have a marked impact on our sales and marketing, operations and packaging in future years, and/or require incremental future investment to comply with, and meet them, respectively.</p>	<p>The Group has continued to upweight its focus on sustainability and environmental issues during 2021 as we work against the initiatives set out within our ESG framework.</p> <p>We have set science-based emissions reduction targets through the Science Based Target Initiative and are working towards an emission reduction roadmap across scopes 1, 2 and 3. In the near term we are taking steps to compensate for our emissions, investing in high-quality, verified, nature-based projects in regions where we source our key ingredients and as such were proud to announce that from 2021 onwards all Fever-Tree products sold in the UK will be carbon neutral, the first mixer brand to achieve that status. We are committed to achieving carbon neutrality globally by 2025.</p> <p>This year we worked with the Carbon Trust to carry out a cradle-to-grave life cycle analysis across our entire range of mixers. All our packaging is 100% recyclable and a proportion of each glass bottle and aluminium can is made from recycled materials. The Group has never sold its products in plastic PET bottles. Alongside working within the reusable glass system in Germany, the Group is also engaged with the implementation of the Deposit Return Scheme in Scotland in 2023. In addition, the Group continues to increase the international footprint of its bottling network, onboarding a bottling line on the East Coast of the US, which further shortens our route to market and reduces our carbon footprint. Our business contingency planning includes alternative scenarios for sourcing key raw materials in case of supply constraints (including linked to climate change).</p>

IV. Social and Ethical ↑

Description of risk	Impact of risk	Actions to mitigate risk
<p>The Group and components of its supply chain operate in certain international markets which may have inherent risks relating to enforcement of obligations, cultural differences, security of staff, lawful working conditions, fraud, bribery and corruption.</p>	<p>There is increased focus on these issues from regulators, consumers and investors and any form of non-compliance in this area could have a significant negative impact on the brand, as well as the Group's operations.</p>	<p>The Group's Social, Ethical and Environmental Business Policy is embedded into its relationships with all suppliers, distributors and partners, seeking to ensure that the Group's partners behave with respect to human rights and the environment. This includes compliance with the terms of the ETI code, the Bribery Act and the Modern Slavery Act. The Technical team conducts regular audits, site visits and traceability exercises on our suppliers to monitor compliance with these standards and identify potential issues. The Group is investing in additional dedicated resource in this area in 2022, as our business continues to grow.</p> <p>The Group has confidence in its long-standing relationships with trusted suppliers of its key ingredients. Any new supplier identified to source raw materials goes through a robust formal approval and audit process to ensure their standards and certifications match our expectations.</p>

Key Management ↔

Description of risk	Impact of risk	Actions to mitigate risk
<p>The Group's success is linked to the efforts and abilities of key personnel and its ability to retain such personnel. The Executive management team, which includes one of the founders of the business, has significant experience in the industry and has made an important contribution to the Group's growth and success.</p>	<p>The loss from the Group of a member of the Executive management team could have an adverse effect on operations.</p>	<p>The Group's Remuneration Policy is designed to attract, retain and motivate key management and includes a long-term incentive scheme and performance-related pay.</p>

IT ↑

Description of risk	Impact of risk	Actions to mitigate risk
<p>The Group uses information technology systems for the processing, transmission and storage of electronic data relating to its operations and financial reporting. A significant portion of communications among the Group's personnel, customers and suppliers relies on the efficient performance of information technology systems. Owing to its outsourced model, the Group is also reliant on the proper functioning of IT systems at its major suppliers. The Group acknowledges that the incidence and sophistication of cyber-attacks across the industry has increased notably in the past 12 months.</p>	<p>If the Group, or any of its significant stakeholders or partners, were subject to a cyber-attack or other issue impacting the ability for its IT systems to effectively operate, this could have a material adverse effect on the Group's operations.</p>	<p>The Group recruited a Technology Director in 2021, who works alongside the IT Manager to develop, test, maintain, and improve the security of our IT infrastructure. The Group also established an IT Security Committee this year, which meets regularly to monitor potential threats and take mitigating actions.</p> <p>Penetration testing and vulnerability assessments were completed in July 2021, and showed the Group has a good level of protection and controls in place to avoid exposure to known threats. A continual improvement programme of work is in progress to address key risks, including the implementation of an externally managed security services provider, updates to employee and IT policies, and the implementation of a rolling security training programme to improve employee vigilance to security risk.</p> <p>The Group has engaged with key suppliers to better understand the robustness of their IT environments and risks associated with any planned maintenance of or changes to those environments. The Group also has Cyber and Crime insurance policies in place which mitigate its financial exposure to these risks. The Group obtained Cyber insurance during 2021 with a third party extension for certain key suppliers, to further mitigate the potential impact of this risk.</p>

KEY:

↑ Higher ↓ Lower ↔ No change

VIABILITY STATEMENT

As required by the FRC's UK Corporate Governance Code, the Board has assessed the Group's prospects and viability over a three-year period to 31 December 2024. A three-year assessment period was selected as it corresponds with the Board's normal strategic planning horizon, as well as the period over which senior management are remunerated via long-term incentive plans. The three-year period balances the long-term nature of investments in the beverages industry with an assessment of the viability of the key drivers of near-term business performance, as well as external factors impacting our business.

In making this assessment, the Board took account of the Group's current financial position, annual budget, three-year plan, forecasts, and sensitivity testing on the performance of the business over the medium term. The Board also considered several other factors, including the Group's operational business model, its risk management and internal control effectiveness and whether the principal risks and uncertainties, alone or combined, would be likely to impact the Group's viability during the three-year period under consideration.

The Board also considered the ongoing impact of the pandemic on the Group's prospects within the scenarios modelled. Even though the Group has a strong balance sheet, with no debt and a significant cash balance, the pandemic has the potential to continue to impact over the three-year period of consideration.

Therefore, the Board applied three scenarios:

- The impact of future waves of COVID-19 during 2022, resulting in restrictions and closures across the On-Trade channel.
- A significant business interruption issue, resulting from a disruption in availability of a key ingredient due to an extreme weather event.
- The potential for continued significant inflationary cost increases alongside increased pricing pressure.

Against these highly conservative, prudent scenarios, and before considering the opportunity for mitigating actions such as the utilisation of existing redundancy in our production model, or making reductions in variable operating expenditure, the forecasts for the period to December 2024 indicate that the Group would continue to hold significant cash balances.

Based on this assessment, notwithstanding the remaining level of uncertainty related to the re-emergence of COVID-19 variants, the Board has a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due during the period to 31 December 2024.

This Strategic Report was approved on behalf of the Board on 15 March 2022

ANDREW BRANCHFLOWER
Chief Financial Officer

GOVERNANCE

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BOARD OF DIRECTORS

Bill Ronald (66) Chairman

Bill Ronald has been the Chairman of the Group since the business listed in November 2014. Bill has a sales and marketing background, having spent 23 years in a variety of roles at Mars, including Managing Director of the UK confectionery operation. Since leaving Mars, he has been Chief Executive Officer of Uniq and has held non-executive roles in Bezier, Halfords, Alfesca, Dialight, the Compleat Food Group and Fox International.

Tim Warrillow (47) Co-founder and Chief Executive Officer

Tim has been the CEO of the Group since 2014. Tim has a business management degree from Newcastle University, specialising in food marketing. During university he started his first business, a waitering agency. In 1998 he joined a London-based advertising and branding agency. Subsequently, he launched the Business Development Consultancy which included identifying opportunities in the premium food and drink sector. It was in this role that he made contact with Charles Rolls, which resulted in the co-founding of Fever-Tree in 2004.

Andrew Branchflower (42) Chief Financial Officer

Andrew joined the Group in September 2012 and joined the Board on 16 October 2014. Andrew is a graduate of Cambridge University, where he studied natural sciences, and qualified as an ACA in 2007. He worked for a boutique firm specialising in start-ups and fast-growing businesses and prior to joining the Group, was Head of Finance at the Design Council. Andrew joined the Group in September 2012, in the run-up to the investment in the Group by Lloyds Development Capital and was appointed Finance Director in September 2013.

Coline McConville (57) Senior Independent Non-Executive Director

Coline joined the Group as a Non-Executive Director on 7 November 2014 and is Chair of the Remuneration Committee. Coline studied law at the University of New South Wales and holds an MBA from Harvard (Baker Scholar). She has previously worked for McKinsey and for Clear Channel as CEO of the International division and was Chairman of the Remuneration Committee at Inchcape plc for five years. Coline currently serves as a Non-Executive Director and Remuneration Committee Chair for both 3i Group plc and Travis Perkins plc. She is also on the German Supervisory Board of TUI AG, since its merger with TUI Travel plc. Coline was Remuneration Committee Chair at TUI Travel plc for three years.

Domenic De Lorenzo (57)**Independent Non-Executive Director**

Domenic joined the Group as a Non-Executive Director on 17 May 2018 and is Chair of the Audit Committee. Domenic is a qualified chartered accountant and brings with him a wealth of management experience in the beverages and consumer goods sector having spent 20 years at SABMiller, the former FTSE 100 beverage company, focusing on strategy and corporate development before reaching the position of Chief Financial Officer and Executive Board Director. Domenic is a Non-Executive Director of Asahi Breweries Europe Group and is a senior consultant to Asahi Group Holdings.

Jeff Popkin (57)**Independent Non-Executive Director**

Jeff joined the Group as a Non-Executive Director on 11 January 2018. Jeff has significant experience across the North American beverage industry, gathered over almost 30 years, with particular expertise in sales and distribution in the US. His experience spans the beer, spirits, premium non-alcoholic carbonated soft drink and health & wellness beverage categories for a range of global brands. His leadership roles have included CEO of Red Bull Distribution, North America, President of Vita Coco and most recently as North American CEO of Mast-Jägermeister.

Kevin Havelock (64)**Independent Non-Executive Director**

Kevin joined the Group as a Non-Executive Director on 11 January 2018. Kevin has more than 25 years' drinks industry experience and was Global President of Refreshment at Unilever from 2011 until the end of 2017, responsible for the Group's €10bn revenue global beverages and ice cream business. Kevin held a wealth of senior leadership positions for Unilever around the world, including Chairman for Unilever UK, Unilever France and Unilever Arabia as well as President, Unilever North America. He was a Unilever Executive Committee member, sat on the Group's Sustainability Board and was co-Chair of the Pepsi/Lipton tea joint venture. Kevin is a Trustee of the Eden Project and sits on the board of The All-England Lawn Tennis Club and Championships. Kevin was a Non-Executive Director of Morrisons Plc from February 2018 until it was taken private in October 2021. Kevin is also the Group's designated Non-Executive Director responsible for engaging with employees and ensuring that the employee voice is represented in the boardroom.

Laura Hagan (49)**Independent Non-Executive Director**

Laura joined the Group as a Non-Executive Director on 20 May 2021. Laura is currently Chief Human Resource Officer at Tate & Lyle PLC. With over 20 years of experience in HR, Laura has held senior positions at Dyson Limited, including Group HR Director, along with leading roles in global talent, resourcing and organisational development. Earlier in her career she worked as a management consultant for Arthur Andersen.

CORPORATE GOVERNANCE STATEMENT

AN INTRODUCTION FROM OUR CHAIRMAN

“Our Board recognises the important role a robust governance framework plays in the successful delivery of our long-term strategy.”

BILL RONALD

Chairman

I am pleased to present this year’s Corporate Governance Report.

Our Board recognises the important role a robust governance framework plays in the successful delivery of our long-term strategy. Although drafted with larger, main market listed companies in mind, the Group has adopted the 2018 UK Corporate Governance Code (the “Code”). The Code is available to view on the Financial Reporting Council’s website. The Group has complied with all of the provisions set out in the Code during the year, subject to the limited exceptions detailed and explained on page 75 (Chairman Independence – Provision 9) and page 84 (Directors’ Remuneration Policy – Shareholding Guidelines – Provision 36). A key focus of the Code is the requirement for detailed expositions on stakeholder engagement and how the Directors have had consideration to and applied their duties under s.172 of the Companies Act 2006. Our statements on these topics are detailed on pages 58 to 61.

This year we welcomed Laura Hagan to the Board following the Company’s 2021 AGM and have quickly felt the benefit of her experience and input. Otherwise, the Board’s composition has remained unchanged.

Leadership

Role of the Board

The Board is responsible to the shareholders and sets the Group’s strategy for achieving long-term success in accordance with our purpose and values. The Board is also ultimately responsible for establishing the Group’s governance structure, the effectiveness of internal controls, risk management, and the direction of the Group in accordance with our purpose and values to help deliver our strategy. We look to provide the framework for our Group companies to follow these principles and provide guidance at Group level on measures to implement them.

The day-to-day responsibilities for the running of each of our Group companies is delegated to the executive and senior management. However, there are a number of matters where, because of their importance to the Group, it is considered appropriate to have enhanced oversight from the Board. The Board therefore has a documented formal schedule of matters reserved for its approval, which is reviewed annually.

BILL RONALD
Chairman

This includes matters relating to:

- The Group's strategic aims and objectives.
- The structure and capital of the Group.
- Financial reporting, financial controls and dividend policy.
- Internal controls, risk and the Group's risk appetite.
- The approval of unusual and/or significant capital expenditures or disposals.
- Effective communication with shareholders.
- Any changes to Board membership or structure.

The Board understands the importance of the Group's governance framework to ensure it effectively challenges strategy, performance, responsibility and accountability to ensure that every decision we make is of the highest quality. All of its decisions are discussed within the context of the risks involved. Effective risk management is central to achieving our strategic objectives and further details of the Group's internal processes are set out on pages 62 to 67.

Division of Responsibilities

Chairman and CEO

The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chief Executive Officer is responsible for delivering the strategy and commercial objectives agreed by the Board. There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority between leadership of the Board and executive leadership.

Non-Executive Directors and SID

The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors, as well as maintaining good working relationships between all Directors, with Non-Executive Directors communicating directly with Executive Directors and senior management between formal Board meetings.

Coline McConville is the Senior Independent Director (SID). She provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. As the SID, Coline is available to shareholders, as may be appropriate in certain circumstances. Coline meets the other Non-Executive Directors at least annually to appraise the Chairman's performance, providing feedback as appropriate.

Role of Committees

The Board has delegated specific responsibilities to the Audit, Remuneration, Nomination and Disclosure Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of the terms of reference for each Committee are available on the Company's website or on request from the Company Secretary. The terms of reference of each Committee have been reviewed by the Board during the year and it is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. The Company Secretary, Alex O'Connell, is the secretary of each Committee.

Audit Committee

The Audit Committee is chaired by Domenic De Lorenzo and its other members during the year were Coline McConville, Kevin Havelock. Laura Hagan (from her appointment in May 2021) and Jeff Popkin. All members are independent. The Audit Committee has primary responsibility for assisting the Board in the fulfilment of its obligations regarding the monitoring of the effectiveness of the Group's risk management and internal control system; reviewing the integrity of the Group's interim and full year financial statements and reporting; and assessing the scope, resources, performance, effectiveness and independence of the external Auditors. It receives and reviews reports from the Group's management and Auditor relating to the annual accounts and the accounting internal control systems in use throughout the Group. The Audit Committee meets at least twice a year and has unrestricted access to the Group's Auditor. The Chairman, Chief Executive Officer and Chief Financial Officer attend the Committee meetings by invitation. In addition to its formal meeting schedule, the Audit Committee also holds separate dedicated Risk sessions, to review the Risk Register, challenge mitigating actions and assess changes in risk profile, with deep dive presentations on certain key risks from relevant departments in the business.

The Audit Committee Report on pages 76 to 79 contains more detailed information on the Committee's role.

CORPORATE GOVERNANCE STATEMENT continued

Remuneration Committee

The Remuneration Committee is chaired by Coline McConville. Its other members during the year were Kevin Havelock, Laura Hagan (from her appointment in May 2021) and Domenic De Lorenzo. Coline, Kevin, Laura and Domenic are independent. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Group is set by the Board. The Chief Executive Officer and Chief Financial Officer are invited to attend for some parts of the Committee meetings where their input is required although they do not take part in any discussion on their own benefits and remuneration.

The Remuneration Committee Report on pages 82 to 95 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

Nomination Committee

The Nomination Committee is chaired by Bill Ronald. Its other members are Coline McConville, Kevin Havelock, Jeff Popkin, Laura Hagan (from her appointment in May 2021) and Domenic De Lorenzo. The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.

The Nomination Committee Report on pages 80 and 81 contains more detailed information on the Committee's activity during the year.

Disclosure Committee

The Disclosure Committee is chaired by Bill Ronald and its other members are Tim Warrillow, Andrew Branchflower and Domenic De Lorenzo. The Disclosure Committee supports the Board in overseeing the Group's compliance with its disclosure obligations, taking advice from internal and external advisers as appropriate. The Disclosure Committee is responsible for reviewing and approving the release of shareholder and/or regulatory announcements by Fever-Tree on an ad hoc basis, where such announcements have not been approved by the Board. Further, the Committee has been established to keep disclosure procedures at the Group under periodic review.

Board and Committee Meetings

The Board meets regularly to help ensure it discharges its duties effectively. Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board has a schedule

of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Board held seven scheduled Board meetings during the year and also met on short notice on one further occasion to consider matters of a time-sensitive nature. Directors are expected to attend all relevant Board and Committee meetings. In addition, the Board held focused, dedicated strategy days in November 2021 for in-depth reviews of Group strategy and budgets.

The table below sets out attendance at all Board and Committee meetings held during the year to 31 December 2021.

Board Effectiveness

The Board continuously evaluates the balance of skills, experience, knowledge and independence of the Directors. It ensures that all new Directors receive a tailored induction programme and the Board scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their biographical details on pages 70 and 71.

Name	Full Board					
	Scheduled	Short Notice	Audit	Rem	Nom	Disclosure
Bill Ronald	7/7	1/1	-	-	2/2	4/4
Tim Warrillow	7/7	1/1	-	-	-	4/4
Andrew Branchflower	7/7	1/1	-	-	-	4/4
Domenic De Lorenzo	7/7	1/1	3/3	2/2	2/2	4/4
Kevin Havelock	7/7	1/1	3/3	2/2	2/2	-
Coline McConville	7/7	1/1	3/3	2/2	2/2	-
Jeff Popkin	7/7	1/1	3/3	-	2/2	-
Laura Hagan	4/4	1/1	2/2	1/1	2/2	-

Chairman's Independence

In light of his existing appointment as Chairman of the Group in June 2013 prior to admission to AIM, Bill Ronald is not considered to be independent which is an area in which the Group is non-compliant with the Code. However, Coline McConville, Kevin Havelock, Jeff Popkin, Laura Hagan and Domenic De Lorenzo are considered to be independent by the Board, and therefore the Board satisfies the requirement of the Code of having a balanced Board and exceeds the requirement that at least half of the Directors excluding the chairman are independent.

Appointments to the Board

The Nomination Committee leads the process for the appointment of new Directors to the Board. Page 80 and 81 sets out more detailed information on the Nomination Committee, its role and principal activities during the financial year.

Commitment

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they can make the required commitment before they were appointed. This requirement is also included in their letters of appointment. The Board is satisfied that the Chairman and each of the Non-executive Directors are able to devote sufficient time to the Group's business.

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience. The acceptance of appointment to such positions is subject to the approval of the Chairman. Currently, the Executive Directors do not have any external appointments.

Development

When new Directors join the Board a formal, rigorous and transparent induction programme takes place, which is tailored to their existing knowledge and experience. New members are also introduced to senior employees and, as appropriate, external advisers. The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's other professional advisers where appropriate.

Executive Directors are subject to the Group's performance development review process, through which their performance against predetermined objectives is reviewed by the Chairman and their personal and professional development needs considered. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

Information and Support

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors one week prior to meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers are fed back to management.

Directors have access to independent professional advice at the Group's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

Evaluation

Each year the Board carries out an evaluation process. An external evaluation of the Board is scheduled for 2022. This year's evaluation was conducted internally by way of an anonymous questionnaire and separate follow-up sessions. Feedback from the evaluation was then summarised by the Company Secretary and shared with the Board for discussion.

Overall, feedback from the evaluation was very positive. Consensus was that the Board is operating well, and the balance is correct between being supportive and providing challenge where appropriate. Feedback was particularly positive on the Board's view of Group performance and implementation of strategy. Moving forwards, the Board agreed to put a particular focus on succession planning (both at a Board and senior management level), and committed to meeting more regularly with senior management and beyond within the business as well as customers, suppliers and other key stakeholders.

In addition, the Non-Executive Directors met informally, without the Chairman present, to evaluate his performance. Feedback, which was positive, was shared by the Senior Independent Director with the Chairman.

Annual General Meeting

The Annual General Meeting of the Company will take place on 19 May 2022. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting can be found on pages 144 to 149. In accordance with the Code, all Directors will be submitted for re-election at the Annual General Meeting.

BILL RONALD
Chairman

AUDIT COMMITTEE REPORT

“On behalf of the Board, I am pleased to present the Audit Committee Report for the year ending 31 December 2021.”

DOMENIC DE LORENZO
Audit Committee Chairman

Dear shareholder,

The role of the Audit Committee is to monitor and review the integrity and adequacy of the Group’s financial statements and reporting, the effectiveness of its internal control and risk management processes, business viability, whistleblowing, integrity and policy breach allegation investigations, and the appointment and performance of the external Auditor. During this financial year, the Committee has ensured that it has had oversight of all these areas while also focussing on a diverse range of risks such as supply chain management, people risk, cyber security, climate change, data management and privacy and the financial control environment, to gain further assurance on the adequacy and efficacy of the Group’s internal control and risk management processes.

The Committee reviewed the interim results announcement, including the interim financial statements, the Annual Report and associated preliminary results announcement, focussing on key areas of judgement and complexity, critical accounting policies, disclosures (including those relating to contingent liabilities, climate change and principal risks), viability and going concern assessments, provisioning and any changes required in these areas or policies.

The Audit Committee has considered whether the Annual Report is ‘fair, balanced and understandable’ and has recommended to the Board that it could make the required statement in that regard.

The Committee met three times during the year. The members of the Audit Committee are independent Non-Executive Directors, and it comprises Domenic De Lorenzo, Coline McConville, Kevin Havelock, Jeff Popkin and Laura Hagan. The Chairman of the Board, the Chief Executive, the Chief Financial Officer, the Company Secretary, the Group Finance Director, the Head of Internal Audit (recently appointed) and the external Auditor BDO, regularly attend meetings of the Committee. The Audit Committee Chairman met with BDO, the Chief Financial Officer and more recently the Head of Internal Audit regularly during the year. There is regular engagement with BDO to ensure that their views, opinions, and comments are reflected within the Committee’s deliberations and dealings.

COMPOSITION OF THE COMMITTEE

- Domenic De Lorenzo
- Coline McConville
- Kevin Havelock
- Jeff Popkin
- Laura Hagan

NUMBER OF MEETINGS

3

Objectives and Duties of the Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities. Its primary objectives include providing effective governance of the Group's financial controls, corporate and financial reporting, the adequacy of related public disclosures (including ensuring that its financial statements and announcements relating to its financial performance are fair, balanced and understandable); the Group's systems of risk management and internal controls; and the performance and independence of the external Auditor.

The main responsibilities of the Audit Committee are set out in its Terms of Reference, which are available on the Group's website (www.fever-tree.com) and are available on request from the Company Secretary. The Committee's Terms of Reference are reviewed annually. The Committee reports to the Board on its activities, identifying any key issues, including recommendations as to the steps to be taken and on how it has discharged its responsibilities.

Activities of the Audit Committee during the Year

Financial and Corporate Reporting

In relation to the integrity of the full year financial statements and interim and preliminary reporting, the Audit Committee:

- Reviewed reports from management and from the external Auditor and discussed key matters, including the appropriateness and consistent application of accounting policies.
- Assessed the financial statements' compliance with applicable accounting standards and statutory and listing requirements.
- Focused on significant areas of accounting judgement and estimation made in the preparation of the financial statements, noting the key area of revenue recognition, specifically the classification of certain marketing and promotional-related expenses between overheads and as a net-off against revenue.
- Considered the nature and size of any one-off items impacting the quality of the earnings and cash flow of the Group, and the appropriateness of any related disclosure of such items in the financial statements.
- Considered whether the carrying value of assets, in particular debtors and stock valuations, was supportable. Specific focus was applied to debtor recoverability and the methodologies applied by management to manage credit risk and provide for bad debt. There was also increased focus on stock valuation, the timing and attendances of stock counts given the challenges raised by the spread of the Omicron variant at year end and the level of stock provision, particularly against finished goods stock held in the US and approaching its expiry date.

The Audit Committee worked with management and considered the work of the external Auditor on the above to ensure suitable positions were reached. The Committee did not uncover any material issues or concerns about the above matters, and are satisfied that the move to local production in the US alongside an optimisation of the sales and operational planning process as part of a wider programme of work in 2022 will reduce the risk of future inventory provisions in that market.

Effectiveness of the risk management and internal control systems

The Board has delegated responsibility for the review of the adequacy and effectiveness of the Group's risk management framework and system of internal controls to the Audit Committee. As further described on pages 62 to 67, the Group has an established framework of risk management and internal control systems, policies, and procedures.

During the year, the Board twice reviewed the processes for identifying, evaluating and managing the principal and emerging business risks that the Group faces, including those that would threaten the Group's business model, competitive position, reputation and future performance, including a detailed evaluation of key sustainability initiatives and related risks such as the potential impact of climate change on ingredient sourcing, and the impact of our operations and packaging formats on the environment. We have continued to develop our risk management processes, specifically within the context of COVID-19, to ensure that they remain relevant to the changing environment.

AUDIT COMMITTEE REPORT continued

Our review included the discussion of a wide range of matters with management and BDO. This included an assessment of the Group's principal and emerging risks and changes in the level of these risks during the year. The review included consideration of the potential impact and probability of such events or circumstances happening, alongside a review of the procedures in place to identify emerging risks.

The Group continues to review its system of financial and operating internal controls to ensure compliance with best practice and Code guidance, whilst also having regard to its size and the resources available. The Group notes that BDO obtained an understanding of our internal controls for the purposes of forming their audit opinion as set out on pages 100 to 107. No significant deficiencies in our internal controls were reported by the external Auditor.

Considering the continuing growth in scale and complexity of the business, the Committee believes the Group is now at the appropriate point to develop an Internal Audit function. We have appointed a Head of Internal Audit, who will work alongside KPMG within a co-sourced model. The Audit Committee have reviewed and approved an initial Internal Audit work plan to deliver against in 2022.

The Audit Committee Chairman and other members of the Committee had several meetings with senior finance and operational management during the year to go through key risk management and internal control procedures in place. Areas of specific focus included:

- review of the budget and planning systems, together with monitoring and reporting the performance of the Group to the Board;
- review of key systems and internal controls, including an overview of a programme of work beginning in 2022 which will focus on our operations, ways of working and augmentation of IT systems where appropriate;
- review of the financial risk register;
- review of treasury policy effectiveness and an update on tax compliance;
- review of the bad debt provision;
- presentation on approach to managing and monitoring product liability risk and risks in relation to the sourcing of key ingredients;
- overview of the continued development of the Group-wide finance function, with specific focus on the US finance team;
- review of approach to talent identification and development within the organisation and succession planning for the senior management team; and
- a detailed review of cybersecurity systems and controls.

These meetings are a standard part of the Audit Committee process, and no major issues were raised.

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda, and updates are provided at each meeting. During the year, there were no major incidents for consideration.

Despite the risks and challenges faced in 2021, we have been able to respond quickly and efficiently to the evolving risk environment and have deployed effective risk management processes across the Group. On this basis, the Board is satisfied that it has carried out a robust assessment of Fever-Tree's principal and emerging risks. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

External Audit Independence and Effectiveness

During the year, the Audit Committee reviewed the external audit strategy and the findings of the external Auditor from its audit of the consolidated financial statements. The Audit Committee assesses the ongoing effectiveness and quality of the external Auditor and audit process through several methods, commencing with a review of the detailed audit plan presented to the Audit Committee at the start of the audit cycle. The key audit risks identified by BDO were reviewed by the Committee and the work performed by the Auditor was used to test management's assumptions and estimates relating to such risks.

The effectiveness of the audit process in addressing these matters was assessed through reports presented by the Auditor to the Audit Committee which were discussed by the Committee. No major areas of concern were highlighted by the Auditor during the current financial year.

Following completion of the audit process, feedback on its effectiveness was provided through review meetings with the Group's finance team and management in advance of management and the Auditor providing assessments of Auditor effectiveness and quality to the Audit Committee for consideration. This year, overall performance of the Auditor was assessed as satisfactory. The increased focus on IT General Controls and involvement from BDO's technology team was assessed to be a significant area of assurance.

In relation to the provision of non-audit services, the Auditor is precluded from engaging in services that would compromise its independence or violate any professional requirements or regulations affecting its appointment as Auditor.

Any non-audit services proposed to be provided by the external Auditor require justification as to why such appointment is in the best interests of the Group and how independence would be safeguarded, and above a certain de minimis fee level, require approval by the Committee. The level of fees for non-audit services for 2021 was de minimis at £1,200. The breakdown of the external Auditor's fees between audit and non-audit services as approved by the Committee is provided in note 5 of the Group's consolidated financial statements.

We note that, as part of their normal cycle of reviews, the Financial Reporting Council ("FRC") is reviewing BDO's audit of the 31 December 2020 Annual Report. We met with the FRC as part of this review and will consider their findings once finalised.

Following completion of the 2020 audit, which represented Diane Campbell's third year as lead audit partner, and BDO's eighth year as the Group's Auditor, the Audit Committee performed a tender process for the 2021 audit. We invited three firms to tender, including BDO, and after a rigorous and detailed process, were delighted to reappoint BDO as the Group's Auditor at the AGM on 20 May 2021. The reappointment of BDO has led to greater level of engagement during the financial year, with an earlier start to audit planning. It has also allowed for increased involvement from the BDO Technology team, resulting in a greater reliance on IT General Controls. We are mindful of the Code's requirement to tender every ten years, however, given the Group's potential for growth in scale and complexity we will assess the opportunity to re-tender within that timescale should we consider it appropriate.

DOMENIC DE LORENZO
Audit Committee Chair

NOMINATION COMMITTEE REPORT

“On behalf of the Board, I am pleased to present the Nomination Committee Report of the Company for the year ended 31 December 2021.”

BILL RONALD

Nomination Committee Chairman

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.

Members of the Nomination Committee

During the year, the Committee consisted of Bill Ronald, Laura Hagan (from her appointment in May 2021), Kevin Havelock, Jeff Popkin and Coline McConville. All but Bill Ronald are independent. Although only members of the Committee have the right to attend meetings, other individuals, such as other Board members and external advisers, may be invited to attend for all or part of any meeting.

Duties

The Committee's principal duties are to:

- monitor the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;

- give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;
- keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- keep up to date and fully informed about strategic issues and commercial changes affecting the group and the market in which it operates.

The Committee's full Terms of Reference are available on our website. They were last reviewed on 15 December 2021.

Committee Attendance

The Nomination Committee met formally twice during 2021 with all representatives present and also on an ad hoc basis when required.

COMPOSITION OF THE COMMITTEE

- Bill Ronald
- Coline McConville
- Domenic De Lorenzo
- Jeff Popkin
- Kevin Havelock
- Laura Hagan

NUMBER OF MEETINGS

2

Board Evaluation

During the year we carried out an internal evaluation of the Board, its committees and individual Directors, which reflected that the Board is functioning well and provided some areas of focus for 2022. Further details are set out on pages 74 and 75.

Diversity

As a Board we believe we have an excellent mix of talent, experience, industry expertise, regional knowledge, character, judgement and diversity of background which has produced a strong chemistry and an environment that is both appropriately challenging and supportive.

One clear area of focus shall be to improve and evolve our Board diversity. During 2021, we welcomed Laura Hagan to the Board, who joined as a Non-Executive Director immediately following the Company's 2020 AGM. Laura is currently Chief Human Resources Officer at Tate and Lyle plc and has over 20 years' experience in HR. I know I speak for all the Board in recognising the valuable contribution Laura's expertise and input has already delivered to Board matters, including the evolution of Fever-Tree's diversity and succession planning at Board and senior management level. We engaged Spencer Stuart, who have no other connection with the Company or any of its Directors, to assist with Laura's appointment.

We recognise the value of increased diversity at Board level in achieving our strategic objectives and in driving innovation and growth. Whilst Board appointments will continue to be based on merit and relevant skill, the Directors appreciate that different backgrounds, experiences and opinions can promote more balanced and nuanced debate and lead to improved decisions. With regard to gender diversity, the Directors are mindful that as at the date of this Report the Board currently comprises 25% female representation, which falls below our ultimate targeted level of 33%.

At employee level, as part of our commitment to diversity and inclusion, we are continuously identifying areas for further improvement. These include taking proactive measures to improve the diversity of our workforce, and carrying out a review to ensure that we include representative images of society in all of our marketing. We are also proud of our community engagement efforts, some of which are discussed in our Sustainability Report on pages 50 and 51.

As at 1 January 2022, the gender balance of those in senior management positions and their direct reports was 60% male and 40% female. If we expand that to all managers in the business, the split is 51% male and 49% female. Our business is working to identify and develop a pipeline of diverse and high-calibre candidates internally who can step up to senior management positions in the future.

Fever-Tree adopts an Equal Opportunities Policy, which aims to develop and sustain a diverse and inclusive workforce, including with regards to gender, age, expertise, nationality, sexual orientation, experience and otherwise.

Succession Planning

Ensuring that there are robust succession plans in place at Board and senior management level is fundamental to the long-term prospects of the business. The Committee conducted a review of its succession plans during the year, with a separate Risk session dedicated to the topic in November 2021. Feedback from that session was positive, and it was agreed that succession planning will be included as a standing agenda item for all Committee meetings in 2022.

Nomination Committee in 2022

The Committee is scheduled to meet at least twice in 2022. The Committee will continue to review the balance of skills and diversity of the Board. The Board shall also be conducting an externally facilitated evaluation of its effectiveness with support from the Company Secretary with a view to providing a constructive agenda for continued improvements.

BILL RONALD

Nomination Committee Chair

REMUNERATION COMMITTEE REPORT

“On behalf of the Board, I am pleased to present the 2021 Directors’ Remuneration Report, which sets out the remuneration paid to the Directors in 2021 and the implementation of our remuneration policy for 2022.”

COLINE MCCONVILLE

Remuneration Committee Chair

Chair’s Statement

Fever-Tree is listed on the Alternative Investment Market (AIM) and therefore provides these remuneration disclosures on a voluntary basis. As such, the charts and tables included here are unaudited, but, in general, our disclosures have been prepared in accordance with best practice for an AIM company of our size.

As the pandemic continues to impact the world around us, our priority remains the wellbeing of the Fever-Tree team who are integral to our continuing success. The decision not to furlough any staff throughout the crisis has been fully supported by the Board all along, and not only provided everyone with job security, but also put us in a strong commercial position with our ongoing support of the On-Trade. The Board is confident more broadly that continuing to invest in our people and our brand will position us strongly as we continue to emerge from the current period of uncertainty, and will enable us to capitalise on future growth opportunities.

Annual and Long-term Incentive Payouts based on Performance

For the year under review, annual bonuses were based 60% on turnover, 20% on adjusted EBITDA (hereafter referred to as EBITDA throughout this Remuneration Committee Report) and 20% on a scorecard of environmental and sustainability measures, including those related to the Group’s carbon footprint and commitment towards conservation causes. The performance targets were set to be stretching in the context of the external environment, rewarding Fever-Tree’s ability to adapt and respond to the challenges presented while also ensuring the maximum payout would only be achieved if exceptional performance was delivered.

Revenue for 2021 was £311.1m which represented c.23% growth on 2020 performance. Revenue performance was between target and stretch performance resulting in an 83.4% payout for this element. Despite delivering 11% EBITDA growth, performance was below threshold and no element of this portion of the annual bonus will payout. The Committee considered progress against ESG objectives and noted the strong performance, including in respect of Fever-Tree colleagues, ensuring a strong foundation from which to build in future years.

COMPOSITION OF THE COMMITTEE

- Coline McConville
- Domenic De Lorenzo
- Kevin Havelock
- Laura Hagan

NUMBER OF MEETINGS

2

Overall, it was determined that the ESG element would pay out at 75% of maximum, resulting in an overall bonus of 65.1% of maximum.

The 2019 LTIP awards are due to vest in May 2022 following the completion of the three-year performance period to the end of 2021. These awards were based 75% on turnover and 25% on EBITDA. The targets were set in 2019 to be exceptionally stretching, reflecting our ambitious growth strategy.

Despite the strong financial performance of our business in very challenging circumstances, the impact of the current external environment on performance for 2021 meant that performance targets were not met and therefore these awards will lapse in full.

The Committee did not exercise any discretion in the above outcomes.

Remuneration Arrangements for 2022

Executive remuneration at Fever-Tree continues to be structured slightly differently from typical UK market practice, with lower base salaries but higher long-term incentive opportunities, ensuring Executive Directors are rewarded for operational performance and aligned with overall value creation. We aim to ensure that the maximum opportunities are challenging to achieve, as shown by the outcomes in 2020 and 2021 in particular. The Committee believes that this reward philosophy remains appropriate in the context of Fever-Tree's growth journey.

Last year, the Committee approved a number of changes to the executive remuneration framework to further support the Group's strategic ambitions. This included an evolution of the existing long-term incentive arrangement by introducing an additional three-year element focused on the delivery of critical strategic objectives (stretching international revenue growth targets for the award in 2021

and 2022) and the introduction of a new strategic non-financial measure into the annual bonus framework incorporating environmental and sustainability measures. The Committee consulted extensively with shareholders on these arrangements and was pleased with the level of support received from shareholders at the 2021 AGM.

The Committee remains satisfied with the current executive remuneration framework and its ability to incentivise management in an appropriate way. We are comfortable that the framework is suitably clear, proportionate and predictable, and that it aligns executive pay with Company culture, strategy and the overall desire for value creation.

As a result, the Committee is not proposing any significant changes to the framework for 2022.

Progress with Remuneration

This year, the Committee has reflected on the progress that Fever-Tree has made as a business, and the progress that has been made in terms of our remuneration structure and overall governance. Fever-Tree remains a high-growth group in the early stages of its existence compared to many of its peers.

We are proud to have implemented the following improvements as part of our efforts to continuously improve governance:

- maintaining an advisory shareholder vote on Directors' remuneration, even though we are not required to do so;
- creating and maintaining a Remuneration Committee which is made up entirely of independent Non-Executive Directors with relevant experience, and that complies with the UK Corporate Governance Code;
- introducing an LTIP scheme for Executive Directors in 2016, supported by a policy for our wider workforce which

is increasingly cascaded down through the business;

- maintaining an equal pension policy for our entire workforce, including Executive Directors, from the start;
- keeping a consistent philosophy of reward throughout the business, which is strongly correlated to performance and low base/high potential incentive based;
- consulting and maintaining an open dialogue with shareholders and advisory bodies on all key remuneration decisions since IPO;
- introducing additional disclosure of Executive Director LTIP targets within one year of grant, rather than at vesting; and
- keeping any areas where we do not fully align with main market best practice under close review annually, and discussing these areas as a Remuneration Committee.

Closing Remarks

Fever-Tree continues to be a fast-growing business with a highly entrepreneurial and performance-oriented culture. The Committee aims to continue to foster and encourage this culture, recognising that aspects of our remuneration policy and practice will need to evolve and adapt as we grow. This is the fifth year that the Committee has voluntarily put the Directors' Remuneration Report to a shareholder advisory vote, reflecting shareholders' expectations in this area and the Remuneration Committee's desire to be open and transparent. I very much look forward to your support and I am happy to answer any questions you may have regarding our remuneration philosophy and arrangements.

COLINE MCCONVILLE

Remuneration Committee Chair

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy for Executive Directors and outlines how this policy will be implemented for 2022.

The Remuneration Committee has addressed clarity, simplicity, risk, predictability, proportionality, and alignment to culture when determining the Executive Director remuneration policy. Fever-Tree remains an innovative, rapidly growing and dynamic business. Our remuneration arrangements are designed to be clear and simple while supporting our ambitious growth strategy and are therefore structured slightly differently from typical UK market practice, with lower base salaries but higher long-term incentive opportunities. This ensures Executive Directors are rewarded for operational performance and aligned with value creation. Overall, the Committee considers the remuneration package competitive and in line with other companies of a similar size and complexity while being appropriate in the context of our approach to remuneration throughout the organisation. Maximum incentive awards are capped and incentive targets are set to be stretching while not encouraging excessive risk-taking.

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2022
<p>Base salary To reflect size and scope of the role and individual's performance and contribution</p>	<p>Reviewed on an annual basis, with any increases normally taking effect from 1 January. Payable in cash.</p> <p>The Committee reviews base salaries with reference to:</p> <ul style="list-style-type: none"> • the size and scope of the individual's roles; • the individual's performance and experience; • business performance and the external economic environment; • market practice at other companies of a similar size and complexity; and • salary increases across the Group. 	<p>There is no maximum salary increase. The Committee retains discretion to make appropriate adjustments to salary levels to ensure they remain appropriate in the context of the size and scope of the role and the size and complexity of the business.</p>	<p>Group and individual performance are considered when setting Executive Director base salaries.</p>	<p>Base salaries will be increased by 4% with effect from 1 January 2022 to:</p> <p>CEO – £417,550 CFO – £268,448</p> <p>These increases are in line with the increases across the wider workforce.</p>
<p>Pension To provide a market-competitive pension</p>	<p>Executive Directors may participate in the Group pension scheme.</p> <p>Salary is the only element of remuneration that is pensionable.</p>	<p>As previously disclosed, a pension allowance was introduced from 1 January 2019 for Executive Directors. This pension allowance was initially 5% of salary and will increase by 1% of salary per annum up to a maximum of 10% of salary. This approach is in line with the policy for other employees in the Group.</p>	<p>Not performance related.</p>	<p>Maximum pension contribution or cash allowance for 2022 is 8% of salary.</p>
<p>Benefits To provide market-competitive benefits</p>	<p>Benefits may include car allowance and private health insurance.</p> <p>Other benefits may be introduced as appropriate and include relocation and other expatriate benefits.</p>	<p>Benefits vary by role and individual circumstances; eligibility and cost are reviewed periodically.</p>	<p>Not performance related.</p>	<p>No changes. The only benefit currently provided is private health insurance.</p>

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2022
<p>Annual bonus</p> <p>To incentivise the delivery of annual financial performance and the achievement of strategic business priorities, thus delivering value to shareholders.</p>	<p>Performance is measured on an annual basis for each financial year.</p> <p>Performance measures are reviewed prior to the start of the year to ensure they remain appropriate and align with the business strategy. Stretching targets are set.</p> <p>At the end of the year the Committee determines the extent to which these were achieved.</p> <p>Awards are paid in cash.</p> <p>Clawback (of any bonus paid) provisions apply (see below).</p>	<p>The Committee determines the maximum bonus opportunity each year to ensure that the overall remuneration package remains competitive.</p> <p>25% of the maximum annual bonus opportunity will be paid at Threshold performance, 50% at Target performance and 100% at Maximum performance, with straight-line vesting between each.</p>	<p>Performance measures are selected, and their respective weightings may vary from year to year, depending on financial and strategic priorities. Measures may include personal performance objectives provided no less than 75% of the annual bonus is based on financial measures.</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p>	<p>There is no change in the annual bonus maximum opportunity for 2022, which remains at 150% of salary for all Executive Directors.</p> <p>For 2022, performance measures are:</p> <ul style="list-style-type: none"> • 60% on turnover. • 20% on EBITDA. • 20% on a scorecard of strategic measures, including environmental and sustainability measures, such as those relating to carbon footprint and the Group's commitment towards conservation causes.
<p>LTIP</p> <p>To drive sustained long-term performance that supports the creation of shareholder value.</p>	<p>Annual awards of shares or nil-cost options may be made to participants.</p> <p>Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate.</p> <p>Awards made under the LTIP will have a performance period of at least three years and a minimum vesting period of three years.</p> <p>Dividend equivalents may accrue on LTIP awards and are paid on those shares which vest.</p> <p>Malus (of any unvested LTIP) and clawback (of any vested LTIP) provisions apply (see below).</p>	<p>The "core" LTIP provides for annual awards of up to 300% of salary for Executive Directors.</p> <p>An additional LTIP element of up to 150% of salary for Executive Directors. It is intended that this additional LTIP element will operate for three years from 2021.</p> <p>The Committee reserves the right to review the maximum opportunity to ensure that the overall remuneration package remains competitive.</p> <p>Under each measure, Threshold performance will result in 25% of maximum vesting for that element, rising on a straight-line basis to full vesting for achieving Stretch performance.</p>	<p>Vesting of LTIP awards is subject to Group performance and continued employment.</p> <p>The Committee has discretion to adjust the formulaic LTIP outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the performance period.</p>	<p>There is no change in the existing "core" LTIP for 2022. Maximum annual opportunity remains at 300% of salary for all Executive Directors, and vesting is subject to the following performance measures:</p> <ul style="list-style-type: none"> • 75% on turnover. • 25% on EBITDA. <p>The maximum opportunity for the additional LTIP element will also remain unchanged at 150% of salary. As disclosed last year, this additional LTIP element will be focused on the delivery of specific objectives, which are critical to achieving Fever-Tree's long-term strategic ambitions. For 2022, as in 2021, vesting will therefore be subject to stretching international revenue growth targets.</p>

Notes to the Policy Table

Malus and clawback

Malus and clawback provisions may be applied in the following circumstances:

- material misstatement of results;
- an act or omission by the participants which would enable the Company to summarily dismiss them;
- an error in assessing the performance conditions;
- serious reputational damage to the Company or any other Group Company (2019 awards onwards);
- material corporate failure in the Company or any other Group Company (2019 awards onwards); and
- any other instance where the Remuneration Committee regards it appropriate.

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

Performance Measures

For 2022, the annual bonus and the “core” LTIP award will continue to be based primarily on turnover and EBITDA as these are considered by the Board to be the two most important key performance indicators for Fever-Tree, and are well aligned with Fever-Tree’s short- and long-term strategy. Fever-Tree operates in a segment which is attractive to new entrants and it is therefore critical to drive market penetration and consequent revenue growth as fast as possible.

The Committee is mindful of shareholder guidance around the same performance measures being used in both the annual bonus plan and the LTIP; however, for the reasons outlined, the Committee considers that this approach remains appropriate especially with the addition of a strategic measure to the annual bonus.

In addition to turnover and EBITDA, 20% of the annual bonus will continue to be subject to strategic measures, which for 2022 will include environmental and sustainability measures, such as those relating to carbon footprint and the Group’s commitment towards conservation causes.

The additional LTIP award was introduced last year to focus on the delivery of specific objectives, which are critical to achieving Fever-Tree’s long-term strategic ambitions. For 2022, it will continue to be subject to stretching international revenue targets, providing a strong focus on the development and growth of the international business. When considering performance outcomes under the LTIP, the Committee will explicitly consider the spread of revenue generated across the business, including revenue generated in both the UK and the US, and will determine, looking at performance across both the “core” LTIP and the additional LTIP element, whether outcomes are reflective of the overall shareholder experience.

Targets applying to the annual bonus and LTIP awards are reviewed annually, based on internal and external reference points, and are set to be stretching but achievable with regard to the particular strategic priorities in a given year.

Our market is highly competitive and we have consistently faced strong competition from both large multinationals and more focused, similar local brands. More information on this is included in the section on Principal Risks and Uncertainties on pages 62 to 67. As a result, we consider our annual bonus and LTIP targets to be commercially sensitive. We will disclose annual bonus targets one year after the end of the performance period. Taking shareholder feedback into account, we now disclose our stretching LTIP targets within one year of grant rather than at vesting.

Shareholding Guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up significant shareholdings in the Company. Our shareholding guidelines require Executive Directors to acquire a holding equivalent to 200% of base salary within five years of joining the Company. Until the relevant shareholding levels are acquired, vested but unexercised awards are included in shareholding guidelines on a net of tax basis. Details of the Executive Directors’ current personal shareholdings are provided in the Annual Report on Remuneration and are substantially in excess of the requirement.

The Committee has considered whether it would be appropriate to introduce an additional LTIP holding period and/or post-employment shareholding guidelines. It is considered that the current leaver provisions under the LTIP along with the significant shareholdings in the business of both Executive Directors ensure the continued alignment of the interests of our Executive Directors and our shareholders post-cessation of employment. The Committee is however mindful of evolving shareholder expectations and will keep its approach in this area under review.

Non-Executive Director Policy Table

Details of the policy on fees paid to our Non-Executive Directors and how this policy will be implemented for 2022 are set out in the table below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2022
<p>Fees</p> <p>To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Group.</p>	<p>The Chair and Non-Executive Directors receive a basic fee for their respective roles.</p> <p>Additional fees may be payable to Non-Executive Directors for additional services such as acting as Senior Independent Director or as Chair of any of the Board's Committees, etc.</p> <p>Fee levels are reviewed from time to time against similar roles at comparable companies, taking into account time commitment and responsibility of the role, with any adjustments normally effective 1 January in the year following review.</p> <p>The fees paid to the Chair are determined by the Committee, whilst the fees of the Non-Executive Directors are determined by the Chair, CEO and CFO.</p>	<p>There is no maximum fee increase.</p> <p>It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the <i>life of the policy</i>.</p> <p>However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.</p>	<p>Not performance related.</p>	<p>As disclosed last year, the Chair's fee will be increased from £160,000 to £175,000 with effect from 1 January 2022. The Committee believes that this increased fee is appropriate taking into account the size and complexity of the business and scope of the role.</p> <p>The basic Non-Executive Director fee and additional fee for the Senior Independent Director were increased, with effect from 1 January 2021 and will remain unchanged for 2022. Additional fees for the Chairs of the Board's Audit and Remuneration Committees also remain unchanged. Fees for 2022 are therefore as follows:</p> <ul style="list-style-type: none"> • Basic Non-Executive Director fee - £55,000 • Senior Independent Director additional fee - £7,000 • Audit and Remuneration Committee Chair additional fee - £10,000

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

Pay Scenario Charts

The charts below provide estimates of the potential future reward opportunity for the two current Executive Directors based on remuneration arrangements for Executive Directors in 2022 as described in the policy table. The potential is split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'On Target', 'Maximum' and 'Maximum (including share price growth)'.

In illustrating potential reward opportunities, the following assumptions have been made:

Component	'Minimum'	'On-target'	'Maximum'	'Maximum (including share price growth)'
Base salary (from 1 January 2022)			CEO - £417,550 CFO - £268,448	
Pension (from 1 January 2022)			8% of base salary	
Other benefits		£2,000 (based on disclosed single figure for 2021)		
Annual bonus	No bonus payable	Target bonus (50% of maximum)	Maximum bonus	
LTIP*	No LTIP vesting	Threshold vesting (25% of maximum)	Maximum vesting (assumes a "core" LTIP award of 300% of salary and an additional LTIP of 150% of salary)	Maximum vesting plus 50% share price growth over the performance period

* LTIP awards granted in a year normally vest on the third anniversary of the date of grant. The projected value of LTIP amounts excludes the impact of any dividends over the vesting period.

Approach to Recruitment Remuneration

In the case of appointing a new Executive Director, the Committee may make use of any or all of the existing components of remuneration, as described in the Policy table.

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the pay arrangements are in the best interests of Fever-Tree and its shareholders.

The Committee may consider it appropriate to grant an award under a structure not included in the Policy, for example to buy out incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider all relevant factors, including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such “buyout”, the guiding principle is that awards would generally be on a “like-for-like” basis unless this is considered by the Committee not to be practical or appropriate.

Service Contracts

Executive Directors

The Executive Directors signed new service contracts with the Company on admission to AIM. These are not of fixed duration and are terminable by either party giving 12 months' written notice. Executive Directors' contracts may be terminated early by making a payment in lieu of notice. Any payments in lieu of notice will normally be based on base salary only but may also include pension and benefits.

Executive Director	Date of service contract
Tim Warrillow	3 November 2014
Andy Branchflower	3 November 2014

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Company for the provision of Non-Executive Directors' services, which may be terminated by either party giving one month's written notice. The Non-Executive Directors' fees are determined by the Board.

Non-Executive Director	Initial agreement date	Expiry date of current agreement
Bill Ronald	16 October 2014	15 October 2023
Coline McConville	16 October 2014	15 October 2023
Kevin Havelock	11 January 2018	11 January 2024
Jeff Popkin	11 January 2018	11 January 2024
Domenic De Lorenzo	17 May 2018	17 May 2024
Laura Hagan	20 May 2021	20 May 2024

Exit Payment Policy

In the event that an Executive Director leaves, LTIP awards will normally lapse, unless the individual is considered a 'good leaver'. 'Good leavers' retain an interest in LTIP awards, with performance normally tested at the end of the relevant three-year performance period and awards normally pro-rated for time based on the proportion of the vesting period served. An individual would normally be considered a 'good leaver' if they leave for reasons of death, ill-health, injury, redundancy, retirement with the agreement of the Company, or such event as the Remuneration Committee determines.

Similarly, in respect of the annual bonus, if an Executive Director leaves, they would normally lose any entitlement for bonus, unless a 'good leaver'. 'Good leavers' retain an interest in the bonus and the award is normally pro-rated for time and performance.

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

Consideration of Conditions Elsewhere in the Company

Fever-Tree remains in many ways a small group, with around 280 employees globally. The Committee considers the range of base pay increases across the Group when determining the base salary increases for Executive Directors. The Committee envisages that the US remuneration context will increasingly play a role when considering pay elsewhere in the Group.

The Remuneration Committee does not consult with employees over the effectiveness and appropriateness of the executive remuneration policy and framework; however, Remuneration Committee members are also Board members and therefore receive updates from the Executive Directors on their discussions and consultations with the wider employee population, and senior colleagues present to the Board on a regular basis. During the year, the Board received an update on our people strategy from the Chief People Officer, including our approach to retention throughout the Group. The Board also normally makes at least one operational visit during the year.

In line with the UK Corporate Governance Code, Kevin Havelock was appointed in 2018 as the Group's designated Non-Executive Director responsible for engaging with employees and ensuring that the employee voice is represented in the boardroom. During 2021, he attended employee group meetings and engaged with employees on multiple occasions throughout the Group's network. Feedback received through these channels, including on remuneration as applicable, was fed into Board discussions. For further details on workforce engagement activities please see pages 52 and 53.

Consideration of Shareholder Views

The Committee is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. The Committee undertook an extensive shareholder consultation exercise in advance of the implementation of the new executive remuneration framework in 2021. The Committee is very grateful to shareholders for their support and engagement throughout this process, which cumulated in a high-level of support for the Directors' Remuneration Report at the 2021 AGM.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration at Fever-Tree remains appropriate in the context of both the Group's growth and the governance environment. The Committee will continue to regularly engage with shareholders.

Annual Report on Remuneration

The following section provides details of how Fever-Tree's remuneration policy was implemented during the financial year ending 31 December 2021.

Remuneration Committee Membership and Activities in 2021

The Remuneration Committee's members as at 31 December 2021 were Coline McConville, who is the Chair of the Committee, Kevin Havelock, Domenic De Lorenzo and Laura Hagan. All members of the Committee are independent Non-Executive Directors. Bill Ronald, Company Chair, is also invited to attend meetings.

The Committee operates under the Group's agreed Terms of Reference which sets out its duties, including reviewing all senior executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of Executive Directors and other designated members of senior management (including the Company Secretary).

The Committee's Terms of Reference are available on the Group's website (www.fever-tree.com) and on request from the Company Secretary. The Remuneration Committee met formally twice during 2021 and also on an ad hoc basis when required.

Remuneration Committee activities during the year were as follows:

- Approval of the Directors' Remuneration Report for 2020.
- Review and approval of the Executive Directors' performance against 2020 annual objectives.
- Implementation of changes in executive remuneration framework for 2021.
- Determination of performance targets for the Executive Directors' annual bonus for 2021.
- Determination of performance targets for the 2021 LTIP grant.
- Review of developments in corporate governance and best practice.
- Review of remuneration arrangements and policies for senior management and the wider Group.

Advisers

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Committee Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. The Chief Executive Officer, Chief Financial Officer and Chair were not present for any discussions that related directly to their own remuneration.

The Committee has appointed Deloitte to provide independent advice on executive remuneration matters. Deloitte is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to Deloitte in relation to advice provided to the Committee for 2021 were £17,100. The Committee evaluates the support provided by Deloitte annually and is comfortable that they do not have any connections with Fever-Tree that may impair their independence. No non-remuneration related advice was provided by Deloitte to the Group in the year.

Single Total Figure of Remuneration for Executive Directors

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2021 and the prior year:

	Basic salary/fees (£k)		Taxable benefits (£k)		Pension (£k)		Annual bonus (£k)		LTIP (£k)		Total (£k)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021 ¹	2020 ²	2021	2020
Executive Director												
Tim Warrillow	£401	394	2	2	28	24	392	484	-	-	823	904
Andy Branchflower	£258	253	2	2	18	15	252	311	-	-	530	581
Non-Executive Director												
Bill Ronald	160	140	-	-	-	-	-	-	-	-	160	140
Coline McConville	72	67	-	-	-	-	-	-	-	-	72	67
Kevin Havelock	55	52	-	-	-	-	-	-	-	-	55	52
Jeff Popkin	55	52	-	-	-	-	-	-	-	-	55	52
Domenic De Lorenzo	65	62	-	-	-	-	-	-	-	-	65	62
Laura Hagan ³	34	-	-	-	-	-	-	-	-	-	34	-
Charles Rolls ⁴	-	48	-	-	-	-	-	-	-	-	-	48

1 LTIP awards granted in 2019 vest on 8 May 2022 based on performance to 2021. Performance targets were not met and awards therefore lapsed in full.

2 LTIP awards granted in 2018 were due to vest on 8 May 2021 based on performance to 2020. Performance targets were not met and awards therefore lapsed in full.

3 Laura Hagan was appointed as a Non-Executive Director on 20 May 2021.

4 Charles Rolls stepped down from his position as Non-Executive Deputy Chairman on 4 June 2020. Remuneration is shown to this date.

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

Incentive Outcomes for the Year Ended 31 December 2021

Annual Bonus in Respect of 2021 Performance

The maximum annual bonus award for 2021 was 150% of salary for Tim Warrillow and Andy Branchflower. Performance was measured based 60% on turnover, 20% on EBITDA and 20% on a scorecard of environmental sustainability measures, including those related to the Group's carbon footprint and commitment towards conservation causes. The performance targets were set to be stretching in the context of the external environment, rewarding Fever-Tree's ability to adapt and respond to the challenges presented while also ensuring the maximum payout would only be achieved if exceptional performance was delivered.

Revenue for 2021 was £311.1m which represented 23% growth on 2020 performance. Revenue performance was between target and stretch performance resulting in an 83.4% payout for this element. Despite delivering 11% EBITDA growth, performance was below threshold and no element of this portion of the annual bonus will payout. ESG highlights included the work done to enable Fever-Tree to announce that all products sold in the UK are carbon neutral, being ranked in the top 10 best Food and Drink Companies to work for on a national basis and in the list of London's best 50 best mid-sized companies to work for. More detail on these and other achievements is included in our Sustainability Review on pages 36 to 53.

The Committee considered progress against ESG objectives to be strong, providing a good foundation to build from in future years, and judged that 75% of this element should be paid. Overall, the bonus paid was 65.1% of maximum.

Fever-Tree has grown rapidly since its establishment and our strategic focus is on continuing to drive rapid expansion to cement our market-leading position. As explained above, our market is highly competitive – we have consistently faced strong, robust competition from both large multinationals and more focused, similar local brands. As a result, the Committee strongly believes that the targets set for our incentive arrangements could provide market intelligence to our competitors which could be damaging to our business and therefore ultimately to shareholders. Consequently, and in line with previous years, we have not disclosed our annual bonus targets for 2021, but we plan to do so next year, provided the Board is comfortable that this information is no longer commercially sensitive.

Last year, we committed to disclose within this report the annual bonus targets for 2020, unless the Board considered that these targets continue to be commercially sensitive. In keeping with this commitment, we have provided these performance targets below. Overall, the Executive Directors received a bonus of 82% of maximum in respect of 2020.

Annual Bonus Targets for 2020

	Weighting	Threshold 25% payout	Target 50% payout	Stretch 70% payout	Maximum 100% payout	Actual performance achieved for 2020	Payout (% of maximum)
Turnover	75%	£215.0m	£231.8m	£245.2m	£260.5m	£252.1m	84%
EBITDA	25%	£40.0m	£48.0m	£54.5m	£65.7m	£57.0m	77%

LTIP Vesting in Respect of 2021 Performance

LTIP awards granted in 2019 vest on 8 May 2022 based on performance to 2021. These awards were based 75% on turnover and 25% on EBITDA. The targets were set in 2019 to be exceptionally stretching, reflecting our ambitious growth strategy. Despite the strong financial performance of our business in very challenging circumstances, the impact of the current external environment on performance for 2021 meant that performance targets were not met and therefore these awards will lapse in full.

Performance Targets for the 2019 LTIP Award

	Weighting	Target 25% vesting	Maximum 100% payout	Performance achieved	Portion vesting
Turnover	75%	£354.7m	£453.2m	£311.1m	0%
EBITDA	25%	£104.6m	£135.3m	£63.0m	0%
Total					0%

Scheme Interests Awarded in 2021

2021 LTIP

In 2021, a “core” LTIP award was granted at a face value of 300% of salary to both Executive Directors. The awards will vest on 28 April 2024 subject to the achievement of a stretching performance condition based 75% on turnover and 25% on EBITDA.

In addition to the “core” LTIP award, an additional LTIP award was also granted to both Executive Directors with a face value of 150% of salary. This additional award will vest 28 April 2024 subject to stretching international revenue growth targets.

The three-year performance period began on 1 January 2021 and will end on 31 December 2023.

Executive Director	Date of grant	Face value ¹	End of performance period	Performance measures
Tim Warrillow	20 May 2021	76,065 shares (£1,811,283)	31 December 2023	“Core” LTIP award – 75% on turnover and 25% on EBITDA
Andy Branchflower	20 May 2021	48,903 shares (£1,164,493)		Additional LTIP award – 100% on international revenue growth (25% vests for threshold performance, increasing on a straight line to full vesting for stretch performance)

¹ Face value based on the average ordinary share price in the Company for the two months immediately preceding the date of grant of 2,381.23p.

Performance Targets for the 2021 LTIP Award

LTIP performance targets for the above awards were set, taking into account internal and external reference points, to be stretching but achievable with regard to our strategic priorities and the economic environment. In line with the commitment made last year, full disclosure of performance targets is provided below.

“Core” LTIP Award

	Weighting	Target 25% vesting	Maximum 100% payout
Turnover	75%	£372.9m	£421.9m
EBITDA	25%	£85.4m	£100.0m

Additional LTIP Award

	Weighting	Target 25% vesting	Maximum 100% payout
International revenue ¹	100%	£244.8m	£275.4m

¹ Defined as Group revenue less UK revenue less GDP portfolio brand revenue.

Considering shareholder feedback and to increase transparency over executive remuneration arrangements, performance targets for the 2020 LTIP award are also disclosed below.

Performance Targets for the 2020 LTIP Award

	Weighting	Target 25% vesting	Maximum 100% payout
Turnover	75%	£324.0m	£365.0m
EBITDA	25%	£77.5m	£100.0m

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

Exit Payments made in the Year

There were no payments for loss of office in the year.

Payments to Past Directors

There were no payments to past Directors in the year.

Pay for Performance

The following chart compares the total shareholder return performance (TSR) of the Group vs. the FTSE 250 and AIM 100 indices since IPO. The AIM 100 index has been chosen as this is the index of which the Company is a constituent. The FTSE 250 has been chosen as it includes other companies of comparable market capitalisation to Fever-Tree.

Total shareholder return performance

The chart shows the value by 31 December 2021 of £100 invested in Fever-Tree on 7 November 2014 compared with the value of £100 invested in the FTSE 250 Index and the FTSE AIM 100 Index on the same date.

The table below shows the CEO's single figure pay since 2014 and what percentage of the maximum bonus and LTIP vesting was achieved each year.

	2014 £000	2015 £000	2016 £000	2017 £000	2018 ¹ £000	2019 £000	2020 £000	2021 £000
CEO single figure (£000)	487	460	725	842	4,098	1,373	904	823
Annual bonus payout (% of maximum)	100%	100%	100%	100%	100%	0%	81%	65%
LTIP vesting (% of maximum)	-	-	-	-	100%	100%	0%	0%

¹ The CEO single figure for 2018 includes the value of the 2016 LTIP award. This award, which vested in full, had a value of £3,176k given share price growth of over 300% between the date of grant and date of vest.

Directors' Interests and Shareholding

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2021:

Director	Ordinary shares at 31 Dec 2021	Options held			Shareholding Requirement (% salary)	Requirement met?
		Vested but not exercised	Unvested and subject to continued employment	Options exercised		
Tim Warrillow	5,460,172	-	183,866	-	200%	Yes
Andy Branchflower	141,488	-	118,208	-	200%	Yes
Bill Ronald	400,000	-	-	-	-	-
Coline McConville	11,406	-	-	-	-	-
Kevin Havelock	92,747	-	-	-	-	-
Jeff Popkin	12,033	-	-	-	-	-
Dom De Lorenzo	3,500	-	-	-	-	-
Laura Hagan	-	-	-	-	-	-

Directors' Interests in Shares and Options

The individual interests of the Executive Directors under the Group's share option schemes are as follows:

	Date of grant	Share price ¹	Exercise price	Number of shares/ options Awarded	Face value at grant	Performance period	Release date
Tim Warrillow							
LTIP	20/05/21	2,381.23p	0.25p	76,065	£1,811,283	01/01/2021 - 31/12/2023	28/04/24
LTIP	20/05/20	1,435.29p	0.25p	68,561	£984,049	01/01/2020 - 31/12/2022	20/05/23
LTIP	08/05/19	2,950.10p	0.25p	39,240	£1,157,619	01/01/2019 - 31/12/2021	08/05/22
Andrew Branchflower							
LTIP	20/05/21	2,381.23p	0.25p	48,903	£1,164,493	01/01/2021 - 31/12/2023	28/04/24
LTIP	20/05/20	1,435.29p	0.25p	44,079	£632,661	01/01/2020 - 31/12/2022	20/05/23
LTIP	08/05/19	2,950.10p	0.25p	25,226	£744,192	01/01/2019 - 31/12/2021	08/05/22

¹ Based on the average mid-market price of an ordinary share in the Company for the two months immediately preceding the date of grant.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2021. The Corporate Governance Statement on pages 72 to 75 also forms part of this Directors' Report.

Dividends

The Board is pleased to recommend a final dividend of 10.47 pence per share and a special dividend of 42.90 pence per share, bringing the total dividend for 2021 to 58.89 pence per share (2020: 15.68 pence per share).

Directors

The Directors of the Group during the period and to the date of this report are as follows:

WDG Ronald
 TDG Warrillow
 AJ Branchflower
 CL McConville
 KJ Havelock
 J Popkin
 D De Lorenzo
 LK Hagan (appointed 20 May 2021)

The names of the Directors, along with their brief biographical details are given on pages 70 and 71.

Directors' Interests

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on pages 82 to 95.

No Director has any beneficial interest in the share capital of any subsidiary or associate undertaking.

Directors' Indemnity Provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity

was in force throughout the financial period and at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political Donations

The Group made no political donations in the financial period.

Disclosure of Information to Auditor

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's Auditor in connection with preparing their Report) of which the Group's Auditor is unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Financial Instruments

The financial risk management objectives of the Group, including credit risk, interest rate risk and currency risk, are provided in note 3 to the Consolidated Financial Statements on pages 119 to 122.

Subsidiaries

The Company has ten subsidiaries; a complete list is provided at note 15 to the Consolidated Financial Statements on page 131.

Share Capital Structure

At 31 December 2021, the Company's issued share capital was £291,375 divided into 116,550,000 ordinary shares of 0.25p each. Further details of the Company's issued share capital are given in note 22 on page 134.

The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Company. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website (www.fever-tree.com).

Restriction on Shares

The Company's ordinary shares are freely transferable and there are no restrictions on the size of a holding. Transfers of shares are governed by the provisions of the Articles of Association and prevailing legislation. The ordinary shares are not redeemable; however, the Company may purchase any of the ordinary shares, subject to prevailing legislation and other relevant rules.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to Allot and Purchase own Shares

At the 2021 Annual General Meeting, the Directors were granted the authority to allot ordinary shares in the Company up to an aggregate nominal value of £97,099. The Company was also authorised by shareholder resolution at the 2021 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were allotted or purchased by the Company during the year under these authorities.

Significant Shareholders

As of 31 December 2021, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Name	Holding (shares, millions)	%
Lindsell Train Investment Management Capital Group	9.70	8.35
Morgan Stanley Investment Management Fundsmith	7.56	6.48
Mr Charles Rolls	6.78	5.82
Mr Timothy Warrillow	6.03	5.18
	5.59	4.79
	5.46	4.68

Share Option Schemes

Details of employee share schemes are set out on page 135 in note 23 to the Consolidated Financial Statements.

Appointment and Retirement of Directors

The rules for appointing and replacing Directors are set out in the Company's Articles of Association. Directors can be appointed by ordinary resolution of the Company or by the Board. The Company can remove a Director from office by passing an ordinary resolution.

Articles of Association

The Company's Articles of Association can only be amended by special resolution and are available at www.fever-tree.com/en_GB/investors.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. In reaching this conclusion, the Directors have considered the current situation in Ukraine. Whilst the Group has no direct supply chain exposure to Ukraine or Russia, the Directors are mindful of the impact a sustained change to commodity pricing or wider disruption to global supply of key packaging raw materials could have on trading.

However, with reference to the scenarios modelled as part of our viability assessment, which demonstrate significant resilience under prudent assumptions for inflationary cost increases and potential business interruption events, the Directors have concluded that no further scenario modelling is required with regards the current situation in Ukraine. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Significant Events since the End of the Financial Year

There have been no material events affecting the Group since 1 January 2022.

Strategic Report

This is set out on pages 9 to 68 and includes the Group's Sustainability Review (which includes the Group's Streamlined Energy and Carbon Reporting), a description of how the Group engages with its key stakeholders and an indication of potential future developments.

Research and Development

The Group carries out such research and development as it deems necessary to support its principal activities.

Directors' Statement

The Directors believe that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated.

Auditor

BDO LLP has expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 19 May 2022 at 11.30am.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2021, approval of the Directors' Remuneration Report for the year ended 31 December 2021, the re-election of Directors, the reappointment of BDO LLP as Auditor and authorisation of the Directors to determine the Auditors' remuneration.

The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting will be separately announced by the Company.

Approval

This Directors' Report was approved by the Board and was signed on its behalf on 15 March 2022.

ANDREW BRANCHFLOWER
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the 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 Group's Consolidated Financial Statements in accordance with the UK adopted international accounting standards and the Company Financial Statements in accordance with FRS 101 "Reduced Disclosure Framework". 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 Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 they have been prepared in accordance with the UK adopted IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 Group and Company, and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEVERTREE DRINKS PLC

Opinion on the Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fevertree Drinks PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company 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 the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The Directors' assessment of going concern: we obtained an understanding of the process undertaken by the Directors to prepare the going concern assessment and how the impacts of and recovery from COVID-19, post-Brexit trading, the conflict in Ukraine, and the ongoing challenges of the global supply chain on the business had been evaluated and incorporated into the forecasts.
- Assessment of assumptions within the cash flow forecasts: we challenged the assumptions used in the forecasts, in particular the sales growth rates, gross margins and cash flows generated from operations against actuals achieved in recent financial years. We considered the Group's assessment of the financial impact of COVID-19, supply chain challenges, the ongoing conflict in Ukraine, and Brexit with reference to current year and post year-end financial results. We have corroborated Group assumptions used to external references where possible.

- We tested the numerical accuracy of the model used to prepare the forecasts.
- Cash balances: we agreed a significant amount of the Group cash balances to post year-end bank statements and compared these to the amounts included in the forecast.
- Sensitivity analysis: evaluation of sensitivities over the Group's cash flows to changes in the significant inputs and assumptions used. The analysis considered reasonably possible adverse effects that could arise as a result of a decrease in sales and further cost inflation, a slower than predicted recovery from COVID-19, or a business interruption event.
- Post year-end trading performance: comparison of the post year-end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.
- Disclosures: evaluation of the adequacy of the disclosures (note 1) in relation to the specific risks posed and scenarios the Group has considered in reaching their going concern assessment.

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 Group and the Parent 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.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage	<i>103% (2020: 108%) of Group profit before tax*</i>
	<i>90% (2020: 96%) of Group revenue</i>
	<i>98% (2020: 94%) of Group total assets</i>
	<i>*Our audit covers over 100% of Group profit before tax due to losses within non-significant components of the Group.</i>

Key audit matters	Revenue recognition – customer arrangements	2021	2020
		<hr/>	

Materiality	<i>Group financial statements as a whole</i>
	<i>£2.9m (2020: £3.3m) based on 5% of the average Profit before tax over the previous three year period (2020: 5% of the average Profit before tax over the previous three year period).</i>

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF FEVERTREE DRINKS PLC

An Overview of the Scope of our Audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

A full scope audit was completed by the Group audit team in respect of three significant components. There were two non-significant components identified, where the Group audit team performed specific audit procedures over certain in-scope balances. Certain inventory counts completed by third party managed warehouses were attended by BDO network firms in the United States, Germany, and Belgium in accordance with our instructions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition - customer arrangements (Note 1)</p> <p>The Group agrees promotional sales related discount arrangements with certain distributors and customers and, for some agreements, also contributes towards marketing and campaign expenditure to support and develop the Fever-Tree brand.</p> <p>The accounting for these arrangements is complex and judgemental. This gives rise to scope for error in the measurement, recognition and presentation of these promotional sales discounts and contributions as either a reduction in revenue or as marketing expenditure within administrative expenses.</p> <p>Furthermore, as these amounts are material and revenue is a key performance indicator, we consider there to be a risk of management override. Management could manipulate reported revenue and results through incomplete recording of the discounts and contributions or through presentation as administrative expenses rather than a deduction against revenue.</p> <p>We therefore identified this to be a significant audit risk and a significant area of focus for our audit.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed a sample of contracts and discussed arrangements in place with management to obtain an understanding of the more significant arrangements with customers and challenge the accounting treatment for these. We considered the accounting for these customer arrangements in the context of relevant accounting standards. • We tested a sample of revenue and marketing expense entries to agreed arrangements with customers and distributors to check that the Group's accounting policy had been correctly applied and that the amounts had been correctly presented in the profit and loss account. • We tested whether amounts were accurately recorded in the correct accounting period through sampling and recalculating accruals for marketing commitments and price arrangements in place around the year end. • We obtained corroborative third party evidence or documentation prepared by the Group to confirm the accounting treatment for these arrangements, including around year end. This included determining whether a distinct good or service has been received by the Group or whether payments to customers better reflect a sales price discount. <p>Key observations:</p> <p>Based on our audit procedures we have not identified evidence of inappropriate management override in the recording or presentation of revenue relating to customer arrangements and consider the judgements made by management in the recognition of these arrangements to be appropriate.</p> <p>We consider that the disclosures in the financial statements are appropriate and in accordance with relevant accounting standards.</p>

Our Application of Materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £m	2020 £m	2021 £m	2020 £m
Materiality	2.9	3.3	2.7	2.5
Basis for determining materiality	5% of 3 year average profit before tax		2% of total assets	
Rationale for the benchmark applied	We consider the benchmark of profit before tax is the most relevant measure of financial performance and the key metric for users of the Group's financial statements. In the current and prior year, given the fluctuation in profit before tax, we considered a pre-tax profit averaged over the last three years to be appropriate.		We consider an asset based measure to best reflect the nature of the Parent Company which acts as a holding company for the Group's investments in subsidiary undertakings.	
Performance materiality	2.03	2.30	1.89	1.75
Basis for determining performance materiality	70% of materiality based on our experience and knowledge of the Group and Parent Company, Group structure, planned testing approach, and history of errors.			

Component Materiality

We set materiality for each significant component of the Group based on a percentage of between 52% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.5m to £2.7m. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £58,000 (2020: £66,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF FEVERTREE DRINKS PLC

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. 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.

Corporate Governance Statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018 we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 97); and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page 68).
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 97; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 97); • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (set out on pages 77 and 78); and • The section describing the work of the Audit Committee (set out on pages 76 to 79).

Other Companies Act 2006 Reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report 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 have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent 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.

Matters on which we are required to report by exception 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the Parent Company 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.
-

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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 Group's and the Parent 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 Group or the Parent 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 these financial statements.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF FEVERTREE DRINKS PLC

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group. The most significant of these was considered to be the applicable financial reporting frameworks (UK adopted International Financial Reporting Standards, FRS 101, Companies Act 2006 and the UK Corporate Governance Code), relevant tax compliance regulations, AIM rules, and food standards legislation in the jurisdictions in which the Group operates.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including understanding where and how fraud might occur. This includes the procedures described in the Key Audit Matters section of this audit report to identify whether price related discounts were being appropriately recorded against revenue. We also considered performance targets and management remuneration incentives and how they could influence management to manage reported revenue and earnings.
- We obtained an understanding of the procedures and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.
- Based on the understanding obtained, we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of in-house legal counsel, management, the Audit Committee, review of Board minutes, and correspondence with legal counsel and regulators.
- We tested a sample of journal entries, focusing on journal entries containing characteristics of audit interest, year-end consolidation journals, journals processed by users with privileged IT systems access rights and those relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our Report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DIANE CAMPBELL

Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor

London, UK
15 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

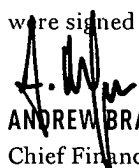
	Note	2021 £m	2020 £m
Revenue	4	311.1	252.1
Cost of sales		(180.2)	(135.8)
Gross profit		130.9	116.3
Administrative expenses		(75.3)	(65.0)
Adjusted EBITDA		63.0	57.0
Depreciation	11 & 13	(3.2)	(2.7)
Amortisation	12	(1.5)	(1.1)
Share based payment charges	23	(2.7)	(1.9)
Operating profit	5	55.6	51.3
Finance income	7	0.3	0.5
Finance expense	7	(0.3)	(0.2)
Profit before tax		55.6	51.6
Tax expense	8	(11.0)	(9.9)
Profit for the year		44.6	41.7
Items that may be reclassified to profit or loss			
Foreign currency translation difference of foreign operations		-	(0.2)
Effective portion of cash flow hedges		(1.3)	0.6
Related tax		0.3	-
Total other comprehensive income		(1.0)	0.4
Total comprehensive income for the year		43.6	42.1
Earnings per share			
Basic (pence)	9	38.29	35.86
Diluted (pence)	9	38.19	35.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

At 31 December 2021	Note	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment	11	9.6	7.5
Intangible assets	12	47.7	48.8
Deferred tax asset	21	2.8	1.9
Total non current assets		60.1	58.2
Current assets			
Inventories	16	36.2	38.7
Trade and other receivables	17	70.3	56.0
Derivative financial instruments	19	0.9	1.3
Corporation tax asset		2.4	1.1
Cash and cash equivalents		166.2	143.1
Total current assets		276.0	240.2
Total assets		336.1	298.4
Current liabilities			
Trade and other payables	18	(49.4)	(42.4)
Loans and borrowings	20	(0.1)	(0.1)
Lease liabilities	13	(0.7)	(0.7)
Corporation tax liability		(0.6)	-
Total current liabilities		(50.8)	(43.2)
Non-current liabilities			
Lease liabilities	13	(2.1)	(1.1)
Deferred tax liability	21	(1.6)	(1.5)
Total non-current liabilities		(3.7)	(2.6)
Total liabilities		(54.5)	(45.8)
Net assets		281.6	252.6
Equity attributable to equity holders of the company			
Share capital	22	0.3	0.3
Share premium	24	54.8	54.8
Capital redemption reserve	24	0.1	0.1
Cash flow hedge reserve	24	(0.2)	0.8
Translation reserve	24	(0.2)	(0.2)
Retained earnings	24	226.8	196.8
Total equity		281.6	252.6

The financial statements were approved and authorised for issue by the Board of Directors on 15 March 2022 and were signed on its behalf by:


ANDREW BRANCHFLOWER
 Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £m	Share premium £m	Capital redemption reserve £m	Cash flow hedge reserve £m	Translation reserve £m	Retained earnings £m	Total £m
Equity as at 31 December 2019	0.3	54.8	0.1	0.2	-	170.7	226.1
Profit for the year	-	-	-	-	-	41.7	41.7
Foreign currency translation difference of foreign operations	-	-	-	-	(0.2)	-	(0.2)
Effective portion of cash flow hedges	-	-	-	0.6	-	-	0.6
Total comprehensive income for the year	-	-	-	0.6	(0.2)	41.7	42.1
Contributions by and distributions to owners							
Dividends issued	-	-	-	-	-	(17.8)	(17.8)
Share based payments	-	-	-	-	-	1.9	1.9
Tax on share based payments	-	-	-	-	-	0.3	0.3
Shares issued	-	-	-	-	-	-	-
Equity as at 31 December 2020	0.3	54.8	0.1	0.8	(0.2)	196.8	252.6
Profit for the year	-	-	-	-	-	44.6	44.6
Foreign currency translation difference of foreign operations	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	(1.0)	-	-	(1.0)
Total comprehensive income for the year	-	-	-	(1.0)	-	44.6	43.6
Contributions by and distributions to owners							
Dividends issued	-	-	-	-	-	(18.4)	(18.4)
Share based payments	-	-	-	-	-	2.7	2.7
Tax on share based payments	-	-	-	-	-	1.1	1.1
Shares issued	-	-	-	-	-	-	-
Equity as at 31 December 2021	0.3	54.8	0.1	(0.2)	(0.2)	226.8	281.6

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £m	2020 £m
Operating activities		
Profit before tax	55.6	51.6
Finance expense	0.8	0.2
Finance income	(0.3)	(0.5)
Depreciation	3.2	2.7
Amortisation of intangible assets	1.5	1.1
Share based payments	2.7	1.9
Impairment losses on receivables and inventories	3.8	-
Gain on disposal of fixed asset	0.1	-
	66.9	57.0
Decrease/(increase) in trade and other receivables	(14.6)	4.0
Decrease/(increase) in inventories	0.5	(17.2)
(Decrease)/increase in trade and other payables	7.7	10.8
(Decrease)/increase in derivative asset/liability	(2.8)	-
	(9.2)	(2.4)
Cash generated from operations	57.7	54.6
Income taxes paid	(10.9)	(16.5)
Net cash flows from operating activities	46.8	38.1
Investing activities		
Purchase of property, plant and equipment	(3.6)	(2.6)
Interest received	0.3	0.5
Investment in intangible assets	(1.0)	-
Acquisition of subsidiary, net of cash acquired	-	(1.7)
Net cash used in investing activities	(4.3)	(3.8)
Financing activities		
Interest paid	(0.2)	(0.2)
Dividends paid	(18.4)	(17.8)
Repayment of loan	(0.1)	(0.9)
Payment of lease liabilities	(0.6)	(0.7)
Net cash used in financing activities	(19.3)	(19.6)
Net increase in cash and cash equivalents	23.2	14.7
Cash and cash equivalents at beginning of period	143.1	128.3
Effect of movements in exchange rates on cash held	(0.1)	0.1
Cash and cash equivalents at end of period	166.2	143.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

Basis of Preparation

Fevertree Drinks PLC (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public company limited by shares, domiciled in England and Wales, in the United Kingdom. The address of its registered office is Kildare House, 3 Dorset Rise, London, EC4Y 8EN. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

There are a number of amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021. The Group has concluded that none of these amendments have a material impact on the consolidated financial statements.

The consolidated financial statements are presented in Sterling. Amounts are presented in millions, rounded to the nearest £100,000, unless otherwise stated.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated.

The impact of COVID-19 and the ongoing instability in Ukraine has been reflected in the Directors' assessment of the going concern basis of preparation. This has been considered by modelling the impact on the Group's cashflow for the period to the end of March 2023. In completing this exercise, the Directors established there were no plausible scenarios that would result in the Group no longer continuing as a going concern.

The Directors have therefore concluded that the Group has adequate resources to continue in operational existence for at least the 12 months following the publication of the financial statements, that it is appropriate to continue to adopt the going concern basis of preparation in the financial statements, that there is not a material uncertainty in relation to going concern and that there is no significant judgement involved in making that assessment.

Basis of Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intragroup balances including unrealised profit in stock, where inventory purchased from Group companies has not been sold on to third parties, are eliminated upon consolidation.

Business Combinations

Business combinations are reflected through the acquisition method of accounting. Identifiable assets and liabilities, including intangible assets and contingent liabilities, are recognised at fair value as at the date of acquisition. The consideration payable is also measured at fair value.

The difference between the fair value of consideration transferred and the identifiable net assets received is recognised as goodwill. Any payments to former owners, contingent on continued employment are recognised as administrative expenses as are all transaction related costs.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. There is only one type of product – premium carbonated mixers – thus the revenue recognition policy is consistent across all sales.

Revenue is recognised when the Group's performance obligations are fulfilled i.e., when control over goods is transferred to customers. Customers obtain control of the goods when they are delivered to and have been accepted at their premises or made available for ex-works collection, depending on individual customer arrangements.

1. Accounting policies continued

Revenue Recognition – continued

Invoices are generated at that point in time and are usually payable within 30 days. Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts and rebates, and exclusive of value added tax on goods supplied to customers during the year.

There are a variety of discounts and rebates provided to customers, which are assessed on a case-by-case basis as to whether the resulting payment to customers is for a distinct good or service (such as marketing) or for a promotional discount.

If a payment to a customer is judged to be for a distinct good or service, this is accounted for as a cost in administrative expenses. If the payment is judged to represent a discount, this is accounted for as a reduction in the underlying transaction price. Management will restrict revenue to the amount that is highly unlikely to subsequently be reduced by promotion or discount. Accruals are included in the consolidated statement of financial position in respect of expected amounts necessary to meet the claims of the Group's customers based on discount and rebate agreements in place. None of the discounts or rebates result in a material right being provided to the customer, as there are no cases where customers are given the option to purchase at a discount in the future as a result of their historical purchases.

Returns are permitted, but typically these only occur in isolated instances where inaccuracy has been made in the order.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when a present obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group.

Goodwill is not amortised but tested for impairment annually. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed. On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of Non-financial Assets

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken annually at the reporting date. Other non-financial assets are subject to impairment tests if there is any indication of impairment. Where the carrying value of an asset is judged to exceed its recoverable amount (i.e. the higher of value in use or the fair value less costs to sell), the asset is written down accordingly. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the lowest group of assets, in which the asset belongs, for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges, and the reversal of previous impairment charges, are expensed/credited to the profit or loss. An impairment loss recognised for goodwill is not reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies continued

Externally Acquired Intangible Assets

Externally acquired intangible assets, including software, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The amortisation expense for both externally acquired and internally generated intangible assets is recognised within administrative expenses and charged as follows:

Computer Software – 20% per annum straight-line

Intangible Assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date and comprises the Group's brand names and customer relationships acquired. All intangible assets acquired through business combination are amortised over their estimated useful lives.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Brands	20 years	Fair value
Customer relationships	10 years	Fair value

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and, where appropriate, provision for impairment in value. Amortisation is included within administrative expenses.

Property, Plant and Equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Subsequently, property, plant and equipment are stated at cost less the accumulated depreciation and, where appropriate, provision for impairment in value or estimated loss on disposal.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is included within administrative expenses and is charged at the following rates:

Leasehold property – over the life of the lease

Fixtures and fittings – 33% per annum straight-line

Re-usable packaging – 20% per annum straight-line

Plant, equipment, and vehicles – 20% per annum straight-line

Cash and Cash Equivalents

Included within cash and cash equivalents are demand deposits and short-term deposits used for short-term cash requirements. The carrying amount of these assets approximates to their fair value.

1. Accounting Policies continued

Financial Assets

The Group classifies its financial assets into the categories, discussed below, based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as fair value through other comprehensive income ("FVOCI").

Fair value through profit or loss ("FVTPL")

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives) not used for hedge accounting purposes. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. Other than these derivative financial instruments, the Group does not have any assets classified as FVTPL.

Amortised Cost

The Group's assets at amortised cost comprise trade and other receivables included within the consolidated statement of financial position and cash and cash equivalents including cash held at bank.

Trade and other receivables are classified as financial assets at amortised cost as they are held only with the purpose of collecting the contractual cash flows. They arise principally through the provision of services to customers (e.g. trade receivables), where the contractual cash flows comprise only the invoiced amounts, but also incorporate other types of contractual monetary assets in which payments comprise only principal and interest.

They are initially recognised at fair value plus, where relevant, directly attributable transactions costs and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised based on the expected credit loss model, with the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised separately in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired:

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in-the-money derivatives) not used for hedge accounting purposes. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the profit or loss.

Other financial liabilities

The Group's other financial liabilities comprise bank loans, trade payables and other borrowings, including short-term monetary liabilities. Bank loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. The interest expense includes initial transaction costs and premiums payable on redemption, as well as any interest coupon payable while the liability is outstanding.

Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value, are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies continued

Hedge Accounting

The Group designates a portion of its derivatives as cash flow hedges, hedging the currency risk of highly probable forecast future sales transactions by utilising forward contracts. The forward rate designation accounting approach is used, which includes the forward element of the derivative in the hedge designation. Changes in fair value of the effective portion of the hedge accounted derivatives are recognised in other comprehensive income before being recycled to the statement of profit or loss when the forecasted cash flow affects the profit or loss. Hedge effectiveness is forward looking and is tested on an ongoing basis. The Group utilises critical terms matching to assess effectiveness and any ineffectiveness is recognised immediately in the profit or loss.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Leased Assets

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an identified asset under a period of time in exchange for consideration. The Group has elected not to separate non-lease components for the lease of land and buildings. Leases of low value items and short-term leases (leases of less than 12 months at the commencement date) are charged to the profit or loss on a straight-line basis over the lease term in administrative expenses.

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. Right of use assets are depreciated on a straight-line basis in line with the Group's accounting policy for property, plant and equipment. The lease liabilities are recognised at amortised cost using the effective interest rate method. Discount rates used reflect the incremental borrowing rate specific to the lease.

During the financial year, the Group has not revised the estimated lease term of any leases recognised on transition to IFRS 16, therefore there has been no adjustment to carrying amounts of the lease liability or right of use assets recognised.

In addition, during the financial year, the Group has not benefitted from rent concessions on any lease as a result of COVID-19; therefore, amendments to IFRS 16 have not been applied.

Deferred Taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

1. Accounting policies continued

Deferred Taxation – continued

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Deferred tax is recognised as income or an expense and included in profit or loss for the period except in relation to deferred tax on share based payments. If the amount of a future tax deduction exceeds the amount of the cumulative remuneration expense, the excess of the associated deferred tax is recognised directly in equity.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value after making allowance for obsolete and slow-moving items.

Weighted average cost is used to determine the cost of ordinarily interchangeable items by considering the cost of similar items at the beginning of the period and the cost of similar items purchased or produced during the period.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

The Board considers that although the Group's activity is generated from global sales across four regions (as shown in the Chairman's statement and note 4), there is ultimately one overarching reporting and operating segment. This is due to the centralised nature of the Group, with many expenses incurred at the Group head office. Management reviews the performance of the Group by reference to total results against budget.

The total profit measures are operating profit, adjusted EBITDA and profit for the year, all disclosed on the face of the profit or loss. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

Adjusted EBITDA

Operating profit is adjusted for a number of non-cash items, including amortisation of the Fever-Tree brand intangible acquired in March 2013 and other intangible assets, depreciation, and the share based payment charge which recognises the fair value of share options granted.

The intention is for adjusted EBITDA to provide a comparable, year on year indicator of underlying trading and operational performance. Adjusted EBITDA is the Group's primary alternative performance measure (APM).

Share-based payments

Where share options are awarded to employees, the fair value of the option at the date of grant is charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

Where share options are cancelled, their remaining unamortised fair value is fully written off through the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies continued

Foreign Currency

Functional and presentation currency

The consolidated financial statements of the Group are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the Company.

Transactions and balances

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit or loss.

Foreign operations

The profit or loss and statement of cash flows of foreign operations are translated at the average rate of exchange during the period. The statement of financial position of a foreign operation is translated at the ruling rate at the reporting date. Exchange differences arising on opening net assets and arising on the translation of results at an average rate compared to a closing rate are both recognised in other comprehensive income and accumulated in the translation reserve.

2. Critical accounting estimates and judgements

Management has made estimates and accounting judgements within the financial statements; these are reviewed regularly and revisions to estimates are recognised prospectively.

Customer Arrangements

An element of judgement is involved in determining whether payments to customers are in exchange for a distinct good or service under IFRS 15 or are instead a reduction in transaction price, namely in relation to discretionary marketing spend with our Europe and Rest of World distributors.

Management carefully assesses what is received in each individual arrangement with customers to determine the correct accounting treatment. Third party evidence is obtained to corroborate the information provided by customers. In the absence of clear evidence to the contrary, payments to customers are recognised as reductions to revenue. Management restricts revenue recognised to the amount that is highly unlikely to subsequently be reduced by customer arrangements.

Business Combinations

As detailed in note 1, the Group uses the acquisition method for business combinations as required by IFRS 3. Judgement is used in identifying and measuring the assets and liabilities acquired. Intangible assets such as customer relationships disclosed in note 12, rely on estimation of future performance and customer retention which are uncertain. External valuation experts have been used to assist in the valuation process.

Inventory Provision

Under IAS2, inventories are carried at the lower of cost and net realisable value, and as such are subject to estimates around the provision applied to certain inventory items. The level of provision recorded is subject to estimation uncertainty when determining the expected sales price of goods to customers in future, as well as assessing if items are slow-moving or obsolete.

Estimated Credit Loss Provision

The measurement of estimated credit losses for trade receivables requires the use of assumptions about future macroeconomic conditions and credit behaviour and the impact that these have on specific customer behaviour, such as the likelihood of customers defaulting and the resulting losses. For 2021, the Group assessed the default risk on a customer level and assigned a likelihood of default across all outstanding invoices, irrelevant of the age of such invoices. Due to the concentration of customers in our export markets and the potential macroeconomic implications of COVID-19 there has been a significant increase in the estimated credit loss provision for the year.

3. Financial Instruments and Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group uses derivative financial instruments including forward currency contracts to manage its exposure to certain financial risks.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Pricing risk
- Market risk

The Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Forward currency contracts

To the extent that financial instruments are not carried at fair value in the consolidated statement of financial position, the carrying values approximate fair values at 31 December 2021 and 31 December 2020.

Financial Instruments by Category

Financial assets

	Financial assets at fair value		Financial assets at amortised cost	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash and cash equivalents	-	-	166.2	143.1
Trade and other receivables	-	-	62.9	49.0
Derivative financial instruments in cash flow hedges	-	1.0	-	-
Other derivative financial instruments	1.2	0.3	-	-
Total financial assets	1.2	1.3	229.1	192.1

Financial liabilities

	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2021 £m	2020 £m	2021 £m	2020 £m
Trade and other payables	-	-	48.6	41.7
Lease liabilities	-	-	2.8	1.8
Loans and borrowings	-	-	0.1	0.1
Derivative financial instruments in cash flow hedges	0.3	-	-	-
Other derivative financial instruments	-	-	-	-
Total financial liabilities	0.3	-	51.5	43.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Financial Instruments and Risk Management continued

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2021 the Group has net trade receivables of £58.4m (2020: £47.9m).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. Companies which are not deemed to be creditworthy can only deal with the Group on a prepayment basis.

The Group further mitigates credit risk by undertaking credit insurance through "A" credit rated underwriters for some of its receivable balances. Supply of products by members of the Group results in trade receivables, which the management consider to be of low risk; other receivables are likewise considered to be low risk. The management do not consider that there is any concentration of risk within either trade or other receivables.

The Group performs an expected credit loss assessment for all trade receivables to calculate a provision for expected credit loss, based on historical credit loss information, current conditions and forecasts of future economic conditions. The simplified approach is used, in accordance with IFRS 9. The resulting provision in respect of outstanding balances at 31 December 2021 is not material.

Trade receivables are written off when there is no reasonable expectation of recovery; indicators of this include the counterparty going into administration or receivership.

Credit risk on cash and cash equivalents is considered to be low as the counterparties are all substantial banks with investment grade credit ratings.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations.

The Group actively manages its cash and currently holds substantial cash balances in Sterling, US Dollars and Euros. The Group should have access to additional equity funding if it was required. Trade and other payables are monitored as part of normal management routine.

The contractual maturity profile (undiscounted) of the Group's financial liabilities and derivatives is set out below.

31 December 2021

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
Trade and other payables	48.6	-	-	-
Lease liabilities	0.7	2.0	0.2	-
Bank borrowings principal	0.1	-	-	-
Derivative financial instruments (outflow)	92.8	-	-	-
Derivative financial instruments (inflow)	(91.8)	-	-	-

3. Financial Instruments and Risk Management continued

31 December 2020

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
Trade and other payables	41.7	-	-	-
Lease liabilities	0.8	0.6	0.5	-
Bank borrowings principal	0.1	-	-	-
Derivative financial instruments outflow	87.9	-	-	-
Derivative financial instruments (inflow)	(86.9)	-	-	-

Pricing Risk

Pricing risk is the risk that oscillation in the price of key input costs will affect the profitability of the business. The Group manages this risk by agreeing long-term prices with suppliers where possible.

Market Risk

Market risk arises from the Group's interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value, or future cash flows, of a financial instrument will fluctuate because of changes in the interest rates (interest rate risk) or foreign exchange rates (foreign exchange risk).

(a) Interest rate risk

The Group's policy is to balance exposure to interest rate risk with the cost and flexibility of funding. This policy is managed centrally. The requirement for interest rate hedging is reviewed periodically, being a mechanism available to manage interest rate risk. These reviews acknowledge that interest rate hedges will not necessarily protect the Group from the risk of paying rates in excess of current market rates nor eliminate cash flow risk associated with the variability in interest payments.

Judgements are therefore exercised in the context of the market and the materiality of the potential risk compared to the cost. The Group does not currently have any debt facilities, nor does it engage in interest rate hedging.

(b) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group is exposed to transaction foreign exchange risk as it operates predominantly within the US and Europe where transactions are denominated in US Dollars and Euros respectively. The exposure is limited to the extent to which there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies.

Forward contracts are used to manage foreign exchange risk. Those financial assets in currencies other than Sterling may be the subject of economic hedging arrangements using forward contracts. Receivables are carried in the consolidated statement of financial position at the rate of exchange at the period end. The derivative instruments are carried at fair value with that value being the contract value at the reporting date.

At 31 December 2021, there were commitments to purchase foreign currency exchange forward contracts with a total Sterling value of approximately £92.8m (2020: £87.9m) mainly in Euros and US Dollars. All contracts mature within 12 months of the reporting date.

Commitments to sell/(purchase) foreign currency exchange forward contracts	2021	2020
USD	49.5	46.2
EUR	34.7	31.0
Other currencies	8.6	10.7
	92.8	87.9

Although the Board accepts that this policy does not protect the Group entirely from currency risk or from incurring an exchange rate in the future that is adverse to the then spot rate in operation, it considers that it achieves an appropriate balance against exposure to the risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Financial Instruments and Risk Management continued

Market Risk – continued

(b) Foreign exchange risk - continued

The summary quantitative data about the Group's exposure to currency risk (before the effect of balance sheet hedging) is as follows. This includes intragroup balances which eliminate on consolidation.

	2021 Currency in m		2020 Currency in m	
	Euro	USD	Euro	USD
Receivables	22.7	36.9	19.3	26.2
Payables	(8.3)	(0.9)	(6.1)	(0.5)
Cash	16.2	5.6	3.8	6.5
Total	30.6	41.6	17.0	32.2

Effect of Cash Flow Hedges

At 31 December 2021, the Group held derivatives with a notional value of £24.3m (2020: £36.6m) designated as hedging instruments for cash flow hedging purposes. They all have maturities in 2022 and have a range of hedged rates between EUR 1.15 – 1.18 and USD 1.32 – 1.41.

In respect of cash flow hedges the Group has recognised a net loss of £1.0m (2020: £0.6m gain) in other comprehensive income in the year due to changes in fair value, amounts transferred to profit and loss, and deferred tax related to hedging instruments. A gain of £1.7m (2020: £1.2m loss) has been transferred out of other comprehensive income to net revenue to offset the foreign exchange impact on the underlying transactions. There was no ineffectiveness recognised in the year.

Capital Management

The Group's capital is made up of share capital, retained earnings and other reserves.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

4. Revenue

(a) Revenue Streams

There is one revenue stream, being the sale of premium carbonated mixers. All revenue arises from this revenue stream.

Analysis of concentration of customers top 3 and other:

	2021	2020
Customer 1	9%	11%
Customer 2	6%	6%
Customer 3	6%	6%
Other	79%	77%
	100%	100%

An analysis of turnover by geographical market is given below:

	2021 £m	2020 £m
United Kingdom	118.3	103.3
United States of America	77.9	58.5
Europe	88.2	65.3
Rest of the World	26.7	25.0
	311.1	252.1

In the year ended 31 December 2021, the Group had one customer representing £30.2m of sales, accounting for 9% of Group revenue (2020: one customer represented £30.8m of sales, accounting for 11% of revenue).

(b) Contract Balances

The following table provides information about receivables from contracts with customers.

	Note	31 December 2021 £m	31 December 2020 £m
Receivables, which are included in "trade and other receivables"	17	61.5	49.1

No information is provided about remaining performance obligations at 31 December 2021 that have an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Profit from Operations

Operating profit is stated after charging:

	2021 £m	2020 £m
Foreign exchange loss/(gain)	0.3	0.2
Depreciation	3.2	2.7
Amortisation of intangible assets	1.5	1.1
Lease payments directly through profit or loss (short-term leases)	0.1	0.1
Logistics and warehousing	35.2	19.5
Discretionary marketing	29.2	25.2
Share based payments	2.7	1.9
Net remeasurement of expected credit loss allowance	1.9	0.1
Auditors' remuneration:		
Fees for audit of the company	0.2	0.2
Fees for audit of subsidiaries	0.1	0.1
Non audit services*	0.0	0.0

* Total audit fees in 2021 are £300,000 (2020: £260,000). Non audit services of £1,200 (2020: £21,100) have been rounded down to zero in the above disclosure. Fees of €35,000 are payable to an associate of the group's auditor for the local statutory audit of the German subsidiary.

6. Staff Costs

	2021 £m	2020 £m
Wages and salaries	22.2	19.3
Employers national insurance	2.3	2.3
Pensions	1.1	0.6
	25.6	22.2

The average monthly number of employees (including Directors) during the period was as follows:

	2021	2020
Sales and Marketing	192	138
Production and Administration	189	121
	271	259

Directors' remuneration included in staff costs	2021 £m	2020 £m
Salaries	1.2	1.1
Bonuses	0.6	0.8
	1.8	1.9

Total remuneration regarding the highest paid Director was £0.8m (2020: £4.3m). For 2020 the total remuneration regarding the highest paid Director includes the gain on exercise of share options, which is not included in staff costs. There were no director exercises of share options in 2021.

The Directors' gain on exercise of share options was £Nil (2020: £7.3m). All of the share options that vested in 2021 had performance criteria attached, and as is disclosed in the single figure table, performance targets were not met for the 2019 grants that vested in 2021.

7. Finance Income and Expenses

	2021 £m	2020 £m
Finance income		
Interest income	0.3	0.5
	0.3	0.5
Finance expense		
Interest on lease liabilities	0.1	0.1
Bank loan interest and other charges	0.2	0.1
	0.3	0.2

8. Income Tax

	2021 £m	2020 £m
Current tax expense		
Current tax on profits for the period	10.6	10.0
Adjustment in respect of prior period	(0.2)	0.9
	10.4	10.9
Deferred tax expense		
Origination and reversal of temporary differences	0.4	(0.6)
Adjustment in respect of prior period	(0.2)	(0.4)
Effect of tax rate change on opening balance	0.4	-
Total tax expense	11.0	9.9

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year are as follows:

	2021 £m	2020 £m
Profit for the year	55.6	51.6
Expected tax charge based on corporation tax rate of 19% in 2021 (19% in 2020)	10.6	9.8
Expenses not deductible for tax purposes	0.1	-
Effect of tax rate change on opening balance	0.4	-
Adjustment in respect of prior period	(0.4)	0.5
Differences in tax rates	0.3	(0.4)
Total tax expense	11.0	9.9

During the year, corporation tax relief of £nil (2020: £0.9m) was recognised within equity in relation to share options exercised in the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Earnings per Share

	2021 £m	2020 £m
Profit		
Profit used in calculating basic and diluted EPS	44.6	41.7
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	116,536,876	116,277,921
Weighted average number of dilutive employee share options outstanding	302,357	335,590
Weighted average number of shares for the purpose of diluted earnings per share	116,839,233	116,613,511
Basic earnings per share (pence)	38.29	35.86
Diluted earnings per share (pence)	38.19	35.76

Normalised EPS

	2021 £m	2020 £m
Profit		
Reported profit before tax	55.6	51.6
Add back:		
Amortisation	1.5	1.1
Adjusted profit before tax	57.1	52.7
Tax - assume standard rate (19%)	(10.8)	(10.0)
Normalised earnings	46.3	42.7
Number of shares	116,536,876	116,277,921
Normalised basic earnings per share (pence)	39.70	36.72

Normalised EPS is an APM in which earnings have been adjusted to exclude amortisation and the UK statutory tax rates have been applied (disregarding other tax adjusting items for comparability).

10. Non-current Assets

Non-current assets by geographic location are as follows:

	2021 £m	2020 £m
United Kingdom	42.8	41.8
US	0.4	0.6
Europe	14.1	13.9
Balance as at 31 December 2021	57.3	56.3

Non-current assets exclude deferred tax and financial instruments. Non-current assets in Europe are substantially all situated in Germany.

11. Property, Plant and Equipment

Property, plant and equipment comprises owned and leased assets, as follows:

	2021 £m	2020 £m
Owned property, plant and equipment	6.9	5.8
Leased property, plant and equipment (right-of-use assets, see note 13)	2.7	1.7
Total property, plant and equipment	9.6	7.5

Owned property, plant and equipment is detailed as follows:

	Leasehold property improvements £m	Re-usable packaging £m	Plant, equipment and vehicles £m	Fixtures and fittings £m	Totals £m
Cost					
At 31 December 2019	0.7	6.4	0.5	0.8	8.4
Acquisition of GDP	-	-	-	0.1	0.1
Additions	0.2	2.1	-	0.2	2.5
At 31 December 2020	0.9	8.5	0.5	1.1	11.0
Additions	-	3.5	0.1	-	3.6
Disposals	-	(0.4)	-	-	(0.4)
Exchange differences	-	-	-	-	-
At 31 December 2021	0.9	11.6	0.6	1.1	14.2
Depreciation					
At 31 December 2019	0.3	2.2	0.2	0.4	3.1
Charge for the year	0.2	1.6	0.1	0.2	2.1
At 31 December 2020	0.5	3.8	0.3	0.6	5.2
Charge for the year	0.2	1.9	0.1	0.3	2.5
Disposals	-	(0.4)	-	-	(0.4)
At 31 December 2021	0.7	5.3	0.4	0.9	7.3
Net book value					
At 31 December 2021	0.2	6.3	0.2	0.2	6.9
At 31 December 2020	0.4	4.7	0.2	0.5	5.8
At 31 December 2019	0.4	4.2	0.3	0.4	5.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible Assets

	Goodwill £m	Brands £m	Customer relationships £m	Assets under development £m	Software £m	Totals £m
Cost						
At 31 December 2019	31.5	14.4	-	-	-	45.9
Acquisition of GDP	0.8	-	8.0	-	0.2	9.0
Additions	-	-	-	-	0.1	0.1
Exchange differences	(0.1)	-	(0.1)	-	-	(0.2)
At 31 December 2020	32.2	14.4	7.9	-	0.3	54.8
Additions	-	-	-	0.9	-	0.9
Exchange differences	-	-	(0.5)	-	-	(0.5)
At 31 December 2021	32.2	14.4	7.4	0.9	0.3	55.2
Amortisation						
At 31 December 2019	-	4.9	-	-	-	4.9
Charge for the year	-	0.7	0.4	-	-	1.1
At 31 December 2020	-	5.6	0.4	-	-	6.0
Charge for the year	-	0.7	0.7	-	0.1	1.5
At 31 December 2021	-	6.3	1.1	-	0.1	7.5
Net book value						
At 31 December 2021	32.2	8.1	6.3	0.9	0.2	47.7
At 31 December 2020	32.2	8.8	7.5	-	0.3	48.8
At 31 December 2019	31.5	9.5	-	-	0.3	41.0

Brands represent the fair value at the 12 March 2013 acquisition date of the “Fever-Tree” brand. The fair value was determined by applying the “relief from royalty” method to the estimated cash flows to be earned from the brand. The key management assumptions are around growth forecasts (over 20 years and at an ongoing growth rate of 3%), discount factors (a discount factor of 20% was used) and royalty percentage utilised. A brand useful life of 20 years is considered appropriate and projected cash flows have been discounted over this period.

Customer relationships represent the fair value on acquisition of the customer base of Global Drinks Partnership GmbH (GDP) on 1 July 2020. They were valued using the multi-period excess earnings method using a 5-year forecast followed by long-term growth at 1% reflecting local industry and inflation assumptions. A 10-year useful economic life is considered appropriate considering historic customer retention. Management did not identify any indicators of impairment in relation to individual intangible assets.

Goodwill recognised upon the acquisition of Fevertree Limited on 12 March 2013 and upon the acquisition of Global Drinks Partnership GmbH (GDP) on 1 July 2020 represented the difference between the consideration paid and the fair value of assets acquired, and liabilities assumed on each occasion.

In line with IAS 36, the cash generating unit(s) to which goodwill has been allocated is tested for impairment at least annually by comparing the carrying amount of the unit(s), including the goodwill, with the recoverable amount of the unit(s).

The impairment model for this group of CGUs is based on fair value less costs to sell using the quoted price of the Company’s shares as an estimate of the fair value less costs of disposal. This exercise showed significant headroom in the year. There is no reasonably possible change in key assumptions that would cause the recoverable amount of this group of CGUs to exceed their carrying amount.

13. Leases

The Group leases its office premises in London, New York and Germany, and a small fleet of motor vehicles used by its UK-based sales team and Germany-based team.

Right-of-use assets:

	Leasehold property £m	Motor vehicles £m	Total £m
Balance at 31 December 2019	1.6	-	1.6
Acquisition of GDP	0.4	0.3	0.7
Additions	-	-	-
Depreciation charge for the year	(0.5)	(0.1)	(0.6)
Balance at 31 December 2020	1.5	0.2	1.7
Additions	2.0	0.1	2.1
Disposals	(0.3)	-	(0.3)
Depreciation charge for the year	(0.6)	(0.1)	(0.7)
Exchange differences	(0.1)	-	(0.1)
Balance at 31 December 2021	2.5	0.2	2.7

Lease liabilities:

	2021 £m	2020 £m
Undiscounted future cash flows		
Not later than one year	0.7	0.8
Later than one year and not later than five years	2.0	1.1
Later than five years	0.2	-
Total undiscounted future cash flows	2.9	1.9

	2021 £m	2020 £m
Lease liabilities at 31 December		
Current lease liabilities	0.7	0.7
Non-current lease liabilities	2.1	1.1
Total lease liabilities	2.8	1.8

Amounts recognised in the profit or loss

	2021 £m	2020 £m
Interest on lease liabilities	0.1	0.1
Depreciation charge for right-of-use assets	0.8	0.7
Charge relating to short-term leases	0.1	0.7

Amounts recognised in consolidated statement of cash flows

	2021 £m	2020 £m
Total cash outflow for leases	0.6	0.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2021

14. Acquisition of GDP Global Drinks Partnership GmbH

There were no acquisitions in the current year.

On 1 July 2020, the Group completed the acquisition of the entire share capital of GDP Global Drinks Partnership GmbH (GDP). GDP has exclusively distributed Fever-Tree products across Germany for a number of years. GDP also distributes a number of other, complementary, premium products.

The results of GDP were consolidated from 1 July 2020 onwards, contributing £14.6m to Group revenue and £2.0m to Group adjusted EBITDA in the prior year. If the acquisition had been made on 1 January 2020, management estimate, it would have contributed £23.4m to Group revenue and £2.5m to Group adjusted EBITDA. GDP was previously the Group's sales agent in Germany therefore a portion of net revenue would have been recognised in other Group companies as principal had the acquisition not been made.

The measurement period for GDP ended in 2021 with no adjustments to the recognised assets or liabilities.

Summary of acquisition of GDP

	2020 £m
Intangible assets – Customer relationships	8.0
Property, plant, equipment, and Software	0.9
Inventories	1.0
Trade and other receivables	2.6
Cash and cash equivalents	0.3
Trade and other payables	(5.1)
Loans and borrowings	(1.0)
Lease liabilities	(0.6)
Deferred tax assets	2.0
Deferred tax liability	(2.6)
Fair value of net assets acquired	5.5
Goodwill	0.8
Consideration	6.3
Consideration satisfied by:	
Cash consideration	2.0
Deferred consideration	0.4
Settlement of existing relationships	3.9
Consideration	6.3

Net cash flow – business combination

	2020 £m
Cash consideration	2.0
Net cash acquired	(0.3)
Net cash outflow in respect of business combinations	1.7

15. Subsidiaries

The subsidiaries of the Company, which have been included in the consolidated financial statements, are as follows:

Name	Principal activity	Incorporated	Registered address	2021 Ownership %	2020 Ownership %
Fevertree Limited	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
Fevertree USA Inc.*	Development and sale of premium mixer drinks	USA	251 Little Falls Drive, Wilmington, Delaware, 19808, USA	100%	100%
Fevertree USA Holding Co. Inc.*	The activities of a holding company	USA	251 Little Falls Drive, Wilmington, Delaware, 19808, USA	100%	100%
Fevertree USA Production Co. Inc.*	Development and sale of premium mixer drinks	USA	251 Little Falls Drive, Wilmington, Delaware, 19808, USA	100%	100%
Fevertree UK Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
Fevertree US Limited*	The activities of a holding company	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
Fevertree Europe Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
Fevertree ROW Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
Fevertree Germany Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London, W6 7NL, UK	100%	100%
GDP Global Drinks Partnership GmbH*	Distribution of premium mixers and other drinks	Germany	Marienstr. 17 80331 München DE	100%	100%

* Denotes indirectly held subsidiary

16. Inventories

	2021 £m	2020 £m
Raw materials	9.8	8.7
Finished goods	26.4	30.0
	36.2	38.7

The cost of inventories recognised as an expense and included in the cost of sales amounted to £134.2m (2020: £106.8m). The amount charged to the consolidated statement of profit or loss and other comprehensive income in respect of impairment and write off of inventories to net realisable values was £4.4m (2020: £1.2m). Reasons for impairment included expired stock, wastage and damages. The impairment provision includes £1.1m relating to damaged stock at our German warehouse which is offset by an insurance receivable disclosed in other receivables – see note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Trade and Other Receivables

	2021 £m	2020 £m
Trade receivables	61.5	49.1
Expected credit loss provision	(3.1)	(1.2)
Net trade receivables	58.4	47.9
Other receivables	4.5	1.1
Total financial assets other than cash and cash equivalents held at amortised cost	62.9	49.0
Prepayments	6.4	4.0
Recoverable VAT	1.0	3.0
Total trade and other receivables	70.3	56.0

There is no material difference between the net book amount and the fair value of current trade and other receivables due to their short-term nature.

There is a moderate level of concentration of credit risk to the Group's trade receivables as the Group has a limited number of distributors for its export markets.

Expected Credit Loss assessment for customers as at 31 December 2021

The following table provides information about the exposure to credit risk and ECLs (expected credit losses) for trade receivables as at 31 December 2021. The simplified approach has been used, as permitted by IFRS 9.

	Weighted average loss rate	Gross carrying amount £m	Impairment loss allowance £m
31 December 2021			
Current (not past due)	5%	52.0	2.4
1-30 days past due	7%	4.4	0.3
31-60 days past due	9%	2.7	0.2
Over 60 days past due	8%	2.4	0.2
31 December 2020			
Current (not past due)	2%	41.2	0.8
1-30 days past due	2%	6.7	0.1
31-60 days past due	11%	0.9	0.1
Over 60 days past due	67%	0.3	0.2

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions, credit insurance and the Group's view of economic conditions over the expected lives of the receivables.

Impaired receivables are only written off following the conclusion of administration proceedings.

Movements in the allowance for impairment in respect of trade receivables

Movements in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021 £m	2020 £m
Balance at 1 January	1.2	1.3
Amounts written off	-	(0.2)
Net remeasurement of loss allowance	1.9	0.1
Balance at 31 December	3.1	1.2

18. Trade and Other Payables

	2021	2020
	£m	£m
Current		
Trade payables	19.6	20.9
Accruals	24.8	15.6
Other	4.2	5.2
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	48.6	41.7
Social security and other taxes	0.8	0.7
Total trade and other payables	49.4	42.4

There is no material difference between the net book amount and fair value of trade and other payables due to their short-term nature.

During the period the Group reviewed its Trade payables and accruals classifications. As a result of this review, £9.6m (2020: £9.9m) worth of Accruals were reclassified as Trade payables. This more accurately represents the nature of these liabilities where they have been in-principle agreed.

19. Derivative Financial Instruments

	2021	2020
	£m	£m
Foreign currency exchange contracts: cash flow hedges	(0.3)	1.0
Foreign currency exchange contracts: other	1.2	0.3
Total derivative financial assets/(liabilities)	0.9	1.3

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows. All contracts mature in less than 12 months; therefore, the instruments are classified as current.

The fair value of foreign exchange contracts is based on bank valuations.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative instruments in the consolidated statement of financial position.

The increase in fair value on forward contracts not used for hedging purposes of £1.0m (2020: increase of £0.4m) has been included within the foreign exchange amount in note 3, with the unrealised profits offsetting the foreign exchange movements in monetary assets.

20. Loans and Borrowings

	2021	2020
	£m	£m
Bank loans		
Current portion	0.1	0.1
Total bank loans	0.1	0.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Deferred Tax

The movement on the deferred tax account is as shown below:

	2021 £m	2020 £m
Opening asset/(liability)	0.4	0.5
Acquisition of GDP	-	(0.6)
Recognised in comprehensive income	(0.8)	1.0
Prior year adjustments	0.2	-
Recognised in equity	1.4	(0.5)
Closing asset/(liability)	1.2	0.4

Details of the deferred tax liability/(asset) are as follows:

	Fair valuation of intangible assets £m	Share based payments £m	Other £m	Total £m
At 31 December 2020	(4.1)	0.8	3.7	0.4
Comprehensive income debit/(credit)	-	0.3	(1.1)	(0.8)
Prior year adjustments	0.2	0.1	(0.1)	0.2
Recognised in equity	-	1.1	0.3	1.4
At 31 December 2021	(3.9)	2.3	2.8	1.2

After offsetting deferred tax assets and liabilities where appropriate within territories, the net deferred tax asset comprises deferred tax assets of £2.8m (2020: £1.9m) and deferred tax liabilities of £1.6m (2020: £1.5m). Other deferred tax assets include £2.0m related to GDP previous years' tax losses, £1.3m on temporary differences related to unrealised intragroup profit in stock and £0.9m on other miscellaneous net deferred tax liabilities.

The March 2021 Budget announced an increase in the UK main rate of corporation tax from 19% to 25%, from 1 April 2023. This rate was substantively enacted in May 2021; accordingly, deferred tax balances as at 31 December 2021 have been recognised at 25% for all timing differences reversing after 1 April 2023.

22. Share Capital

	2021		2020	
	Number	£m	Number	£m
Ordinary shares of £0.0025 each				
At beginning of the period	116,518,420	0.3	116,131,199	0.3
Issued during the year	31,580	-	387,221	-
At the end of the period	116,550,000	0.3	116,518,420	0.3

23. Share-based Payments

Long-Term Incentive Plan ("LTIP")

All employees and full-time Directors of the Group are eligible to participate at the discretion of the Remuneration Committee. Share awards may be granted subject to objective performance conditions and vest over a vesting period determined by the Remuneration Committee at the time of the grant.

Awards will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement or ill-health, and, in other circumstances, at the discretion of the Remuneration Committee. In the event of an amalgamation, takeover or winding up of the Company, unvested awards may vest over such number of shares as is specified by the Remuneration Committee. There are also provisions for the exchange of awards in specified circumstances. The awards immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy.

Employee Sharesave Scheme ("SAVE")

In June 2019, the Group introduced a savings-related share scheme in which UK employees can save up to £500 from their net after tax salary over a period of three years to purchase options. These options can be exercised at the end of their three-year vesting period. Employees have the option to withdraw their savings at any time and forfeit their right to exercise the options at the end of the vesting period.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021	
	Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	564,455	0.0025
Exercised	(31,580)	0.0025
Forfeited	(73,299)	0.0025
Granted	219,625	0.0025
Outstanding at end of the year	679,201	0.0025
Of which vested and exercisable	24,059	0.0025
	2020	
	Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	666,730	0.0025
Exercised	(387,221)	0.0025
Forfeited	(4,804)	0.0025
Granted	289,750	0.0025
Outstanding at end of the year	564,455	0.0025
Of which vested and exercisable	35,421	0.0025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Share-based Payments continued

	2021	
	Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	68,620	19.89
Granted	6,062	19.64
Outstanding at end of the year	74,682	19.87
Of which vested and exercisable	-	-
<hr/>		
	2020	
	Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	50,565	20.99
Granted	18,255	16.85
Outstanding at end of the year	68,820	19.89
Of which vested and exercisable	-	-

The weighted average grant date fair value of options granted during the period was determined at £23.97 (2020: £15.66) per option. The weighted average price of options exercised in the year was £23.41 (2020: £20.31). The outstanding options have a weighted average remaining contractual life of nine years and exercise prices between £0.0025 and £24.66.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted in the year and the assumptions used in the calculation are as follows:

	2021	2020
Risk-free interest rate	0.15%	0.02%
Expected life	5 years	5 years
Expected volatility	25.36%-30.78%	57.48%
Expected dividend yield	0.66%-0.67%	0.93%
Share price at grant date	£24.56-£25.66	£16.85

For option grants the volatility range reflects the historical volatility based on share transactions since listing. The maximum vesting period was used as a basis to determine the expected life of the option. The expected life used in the valuation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate was based on the Bank of England spot yields in effect at the time of grant. The expected dividend yield reflects management's and market expectations based on budget projections.

24. Reserves

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings are the cumulative net profits in the profit or loss. Movements on these reserves are set out in the consolidated statement of changes in equity.

Capital redemption reserve was created as a result of the share buy-back during 2014.

The translation reserve captures exchange differences arising on the translation of non-GBP functional subsidiaries' accounts on consolidation.

The cash flow hedging reserve was created as a result of the implementation of hedge accounting. It captures the change in fair value for hedge accounted derivatives before the hedged item is recognised in the financial statements.

25. Dividends

In the financial year ended 31 December 2021, dividends were paid with a value of £18,399,903 (being £11,966,441 at 10.27 pence per share in respect of the year ended 31 December 2020, and £6,433,462 at 5.52 pence per share in respect of the six months ended 30 June 2021). Dividends of £17,777,192 (being £11,473,762 at 9.88 pence per share in respect of the year ended 31 December 2019, and £6,303,430 at 5.41 pence per share in respect of the six months ended 30 June 2020) were paid in the prior year.

The Directors are proposing a final dividend of 10.47 pence per share and a special dividend of 42.90 pence per share, totalling £62,202,735 for 2021. This dividend has not been accrued in the consolidated statement of financial position.

26. Events After the Reporting Period

There were no events after the reporting period to disclose.

27. Related Party Transactions

Compensation of key management personnel:

	2021 £m	2020 £m
Short-term employee benefits	1.2	1.3
Bonus	0.6	0.8
Share based payments	1.0	-
Employers national insurance	0.5	0.1
	3.3	2.2

The key management personnel are judged to be Directors. For full details of Directors' remuneration, see the Remuneration Committee Report on pages 82 to 95.

28. Ultimate Controlling Party

In the opinion of the Directors there is no ultimate controlling party.

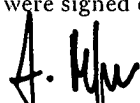
COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

Company number 08415302	Note	2021 £m	2020 £m
Fixed assets			
Fixed asset investments	4	62.3	60.5
Current assets			
Debtors	5	5.2	35.1
Cash at bank and in hand		77.1	65.3
		82.3	100.4
Creditors: amounts falling due within one year	6	(2.0)	(1.9)
Net current assets		80.3	98.5
Total assets less current liabilities		142.6	159.0
Net assets		142.6	159.0
Capital and reserves			
Called up share capital	7	0.3	0.3
Share premium	8	54.8	54.8
Capital redemption reserve	8	0.1	0.1
Retained earnings	8	87.4	103.8
Shareholders' funds		142.6	159.0

The parent Company's loss for the year was £1.0m (2020: £29.7m profit).

The financial statements were approved and authorised for issue by the Board of Directors on 15 March 2022 and were signed on its behalf by:



ANDREW BRANCHFLOWER
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Equity as at 31 December 2019	0.3	54.8	0.1	90.6	145.8
Profit and total comprehensive income for the year	-	-	-	29.7	29.7
Dividends paid	-	-	-	(17.8)	(17.8)
Share based payments	-	-	-	1.9	1.9
Tax on share based payments	-	-	-	(0.6)	(0.6)
Shares issued	-	-	-	-	-
Equity as at 31 December 2020	0.3	54.8	0.1	103.8	159.0
Loss and total comprehensive income for the year	-	-	-	(1.0)	(1.0)
Dividends paid	-	-	-	(18.4)	(18.4)
Share based payments	-	-	-	2.7	2.7
Tax on share based payments	-	-	-	0.3	0.3
Shares issued	-	-	-	-	-
Equity as at 31 December 2021	0.3	54.8	0.1	87.4	142.6

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

Basis of Preparation

Fevertree Drinks PLC (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public company limited by shares, domiciled in England and Wales, in the United Kingdom. The address of its registered office is Kildare House, 3 Dorset Rise, London, EC4Y 8EN. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The Company's financial statements are presented in Sterling. Amounts are rounded to the nearest million, unless otherwise stated.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101.

Therefore, these financial statements do not include:

- certain comparative information as otherwise required by IAS 1;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow group companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Fevertree Drinks PLC.

These financial statements do not include certain disclosures in respect of:

- Share based payments;
- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value) and;
- The disclosure requirements of IFRS 15.

In all respects, the Company applies the same accounting policies as the Group, which, as stated above, are outlined in the notes to the consolidated financial statements. In addition, the following accounting policies are also applied, given the Company's function as holding company for the Group.

As permitted by Section 408 of the Companies Act 2006, a separate profit or loss account of the parent Company has not been presented.

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Share-based payments

The Company operates equity-settled share-based option plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit or loss account, to the extent that the recipients are employees of the Company, and recognised as an investment in subsidiary where the recipients are employees of a subsidiary. The corresponding credit has been recognised in the profit or loss account reserve.

The fair value of the employee service is based on the fair value of the equity instrument granted. Where the expense is charged to the profit or loss account, it is spread over the vesting period of the instrument.

2. Result from Operations

(Loss)/profit is stated after (crediting)/charging:

	2021 £m	2020 £m
Share based payments	0.9	1.9

Fees for the audit of this Company were borne by another Group company. The auditor remuneration for the audit of this Company was £20,000 (2020: £20,000).

3. Staff Costs

	2021 £m	2020 £m
Short-term employee benefits	1.2	1.3
Accrued bonus	0.6	0.8
Employers national insurance	0.3	0.4
	2.1	2.5

No headcount figures are included within this note since salaries are recharged for services to the Company from other Group companies.

4. Fixed Asset Investment

	2021 £m	2020 £m
Investment in subsidiary undertakings		
Balance as at 1 January	60.5	60.5
Additions	1.8	-
Balance as at 31 December	62.3	60.5

Additions within the period ended 31 December 2021 relate to share based payments of the Company's shares offered to employees of subsidiary entities, which are treated as an equity investment by the Company.

Refer to note 15 of the consolidated financial statements of the Group for the list of the Company's subsidiaries.

5. Debtors

	2021 £m	2020 £m
Amounts owed by group undertakings	4.1	34.3
Other receivables	0.1	-
Deferred tax asset	1.0	0.8
	5.2	35.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Creditors: Amounts falling due within one year

	2021 £m	2020 £m
Accruals	0.3	0.9
Other payables	0.9	0.5
Amounts owed to group undertakings	0.4	0.3
Corporation tax liability	0.4	0.2
	2.0	1.9

7. Share Capital

Refer to note 22 of the consolidated financial statements for information on share capital.

8. Reserves

Refer to note 24 of the consolidated financial statements for a description of the reserves.

9. Related Party Transactions

The Company has taken advantage of the exemption not to disclose related party transactions with wholly owned fellow Group companies. Related party transactions with key management personnel (including Directors) are shown in note 27 of the consolidated financial statements.

10. Share-based Payments

Share based payment arrangements for Directors are set out in the Remuneration Report.

Details of the share options in existence are shown in note 23 of the consolidated financial statements.

11. Events After the Reporting Period

There were no events after the reporting period to disclose.

COMPANY INFORMATION

Registered and Head Office

186-188 Shepherds Bush Road
London
W6 7NL

Company Website

www.fever-tree.com

Company Secretary

Alex O'Connell

Advisers

Nominated Adviser and Joint Broker

Numis Securities
45 Gresham Street
London
EC2V 7BF

Joint Broker

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Legal advisers to the Company

Osborne Clarke
One London Wall
London
EC2Y 5EB

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the “AGM”) of Fevertree Drinks plc (the “Company”) will be held at the office of Fever Tree at 186-188 Shepherds Bush Road, W6 7NL, on 19 May 2022 at 11.30 a.m.

At the time of serving this notice, and having considered the ongoing COVID-19 pandemic and the latest UK Government measures on physical public gatherings, the Board is satisfied that the AGM can take place in person this year. However, given potential uncertainty, we encourage all shareholders to vote by proxy, further details of which are contained in this notice.

If you plan to attend the AGM in person, please notify the Company in advance by email to agm@fever-tree.com to assist us in planning and implementing arrangements for this year’s meeting. In light of the ongoing COVID-19 pandemic, and to ensure the safety of all attendees, the Company may need to implement health and safety protocols for the meeting, details of which will be available on the Company’s website at fever-tree.com/en_GB/investors.

For the avoidance of doubt, please do not attend in person if you have symptoms of or have tested positive for COVID-19 on the day of the meeting.

The Company wishes to advise that, should the situation in relation to COVID-19 change, or any further UK Government measures on physical public gatherings be put into place, the Board may make changes to the format of the AGM by changing it to a closed meeting, convened with the minimum quorum of two shareholders which the Company will arrange. In the event that any changes are required prior to the date of the meeting, we will announce these through a regulatory news service and on the Company’s website.

Shareholders are invited to submit any questions for the Board by sending an email to agm@fever-tree.com. The AGM will be for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2021 together with the Directors’ reports and the Auditors’ report on those annual accounts.

2. Directors’ Remuneration

To approve the Directors’ remuneration report for the year ended 31 December 2021.

3. Declaration of dividend

To declare a final dividend of 10.47p per ordinary share for the year ended 31 December 2021 payable on 27 May 2022 to shareholders who are on the register of members of the Company on 7 April 2022.

4. Declaration of special dividend

To declare a special dividend of 42.90p per ordinary share payable on 27 May 2022 to shareholders who are on the register of members of the Company on 7 April 2022.

5. Re-election of William Ronald

To re-elect William Ronald as a Director.

6. Re-election of Timothy Warrillow

To re-elect Timothy Warrillow as a Director.

7. Re-election of Andrew Branchflower

To re-elect Andrew Branchflower as a Director.

8. Re-election of Coline McConville

To re-elect Coline McConville as a Director.

9. Re-election of Kevin Havelock

To re-elect Kevin Havelock as a Director.

10. Re-election of Jeff Popkin

To re-elect Jeff Popkin as a Director.

11. **Re-election of Domenic De Lorenzo**
To re-elect Domenic De Lorenzo as a Director.
12. **Re-election of Laura Hagan**
To re-elect Laura Hagan as a Director.
13. **Re-appointment of Auditors**
To re-appoint BDO LLP as Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.
14. **Auditors' remuneration**
To authorise the Directors to determine the remuneration of the Auditors.

Special business

To consider and, if thought fit, pass the following resolutions of which resolution 15 will be proposed as an ordinary resolution and resolutions 16 and 17 will be proposed as special resolutions.

15. **Directors' authority to allot shares**
That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551, Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £97,125 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.
16. **Directors' power to issue shares for cash**
That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 15 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities:
 - (A) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
 - (B) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,
 but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
 - (ii) the allotment, otherwise, than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £14,568; and
unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell equity securities in pursuance of such an offer or agreement as if this power had not expired.

NOTICE OF ANNUAL GENERAL MEETING continued

17. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 0.25p each (“Ordinary Shares”) provided that:

- (i) the maximum number of Ordinary Shares authorised to be purchased is 11,655,000;
- (ii) the minimum price which may be paid for any such Ordinary Share is 0.25p;
- (iii) the maximum price which may be paid for an Ordinary Share shall be the higher of:
 - 1. an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
 - 2. the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and
- (iv) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

By order of the Board

ALEX O’CONNELL

Company Secretary

Dated: 19 April 2022
Registered Office:
186–188 Shepherds Bush Road
London
W6 7NL

Notes

- 1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at the close of business on 17 May 2022 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
- 2. Although this year’s AGM is an open meeting, we encourage all shareholders to vote by proxy, further details of which are contained in this notice in Note 7 below. All shareholders are encouraged to appoint the Chairman of the meeting as their proxy rather than a named person.
- 3. Each of the resolutions to be put to the meeting will be voted on by a poll reflecting the number of voting rights exercisable by each member. The results of the vote will be published on the Company’s website once the votes have been counted and verified.
- 4. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote shall be accepted to the exclusion of the votes of other joint holders.

5. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be by the appointment of a proxy (described in Note 7 below). Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
6. Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings are available on request.
7. You can vote either:
 - by logging on to www.signalshares.com and following the instructions;
 - you may request a hard copy form of proxy directly from the registrars, Link Asset Services, at enquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales;
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11.30 a.m. on 17 May 2022.

8. CREST members who wish to appoint a proxy or proxies through the CREST proxy appointment service may do so for the AGM (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Link Asset Services, RA10 by 11.30 a.m. on 17 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.
11. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual (available at www.euroclear.com/CREST) concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

NOTICE OF ANNUAL GENERAL MEETING continued

Explanatory notes

Resolution 1 – Receiving the account and reports

The Company must lay its annual accounts before a general meeting, together with the Directors' reports and Auditors' report on the accounts. At the AGM, the Directors will present these documents to the shareholders for the financial year ended 31 December 2021.

Resolution 2 – Directors' remuneration

Shareholders have an opportunity to cast an advisory vote to approve the Directors' remuneration report for the year ended 31 December 2021. The report is set out in full in the Annual Report.

Resolution 3 – Declaration of final dividend

This resolution concerns the Company's final dividend payment. The Directors are recommending a final dividend of 10.47p per ordinary share in respect of the year ended 31 December 2021 which, if approved, will be payable on 27 May 2022 to the shareholders on the register of members on 7 April 2022. The last day for DRIP elections will be 22 April 2022.

Resolution 4 – Declaration of special dividend

This resolution concerns the Company's proposed payment of an additional special dividend. The Directors are recommending a special dividend of 42.90p per ordinary share which, if approved, will be payable on 27 May 2022 to the shareholders on the register of members on 7 April 2022. The last day for DRIP elections will be 22 April 2022.

Resolutions 5–12 – Re-election of directors

Resolutions 5–12 concern the re-election of the directors of the Company who, in accordance with best practice in corporate governance, are offering themselves for re-election. Resolution 12 concerns the re-election of Laura Hagan who, having been appointed since the last AGM, is required to offer herself for re-election in accordance with the Company's articles of association. The biographies for each of the directors is provided in the Annual Report.

Resolution 13 – Re-appointment of Auditors

This resolution concerns the re-appointment of BDO LLP as Auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next AGM.

Resolution 14 – Auditors' remuneration

This resolution authorises the Directors to fix the Auditors' remuneration, in accordance with standard practice.

Resolution 15 – Directors' power to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £97,125, representing approximately one third of the nominal value of the issued ordinary share capital of the Company as at 7 April 2022 being the latest practicable date before publication of this notice.

The Directors do not have any present intention of exercising the authorities conferred by this resolution, but they consider it desirable that the specified amount of authorised, but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 16 – Directors’ power to issue shares for cash for pre-emptive issues and general purposes

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue, or the allotment is limited to a maximum nominal amount of £14,568 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 7 April 2022 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 18 months after the passing of the resolution, whichever is the earlier.

Resolution 17 – Authority to purchase shares (market purchase)

This resolution authorises the board to make market purchases of up to 11,655,000 ordinary shares (representing approximately 10% of the Company’s issued ordinary shares as at 7 April 2022 being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next AGM of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent AGMs.

The minimum price that can be paid for an ordinary share is 0.25p being the nominal value of an ordinary share. The maximum price that can be paid is the higher of (i) 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased, and (ii) the higher of the price of the last independent trade, and the highest current independent bid on the trading venue where the purchase is carried out.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

The Directors do not have any present intention of exercising the authorities conferred by this resolution, but they consider it desirable that the authorities are in place so that they can more readily take advantage of possible opportunities.