



ANNUAL REPORT AND ACCOUNTS

for the year ended 31 December 2020

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.

OUR CULTURE

OUR CULTURE CONTINUES TO BE FOSTERED BY THE ENTREPRENEURIAL VALUES OF THE GROUP'S CO-FOUNDERS, ENABLING ALL OUR TEAM, REGARDLESS OF LOCATION, DEPARTMENT OR LEVEL, TO 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.

#1 GLOBAL PREMIUM MIXER BRAND

FAVOURABLE MARKET TRENDS DRIVING PREMIUMISATION AND LONG MIXED DRINKS

➔ Read more in **The Global Opportunity Ahead** on page 12 to 13

HIGHLY DIVERSIFIED IN GEOGRAPHY, CHANNEL MIX AND PRODUCTS

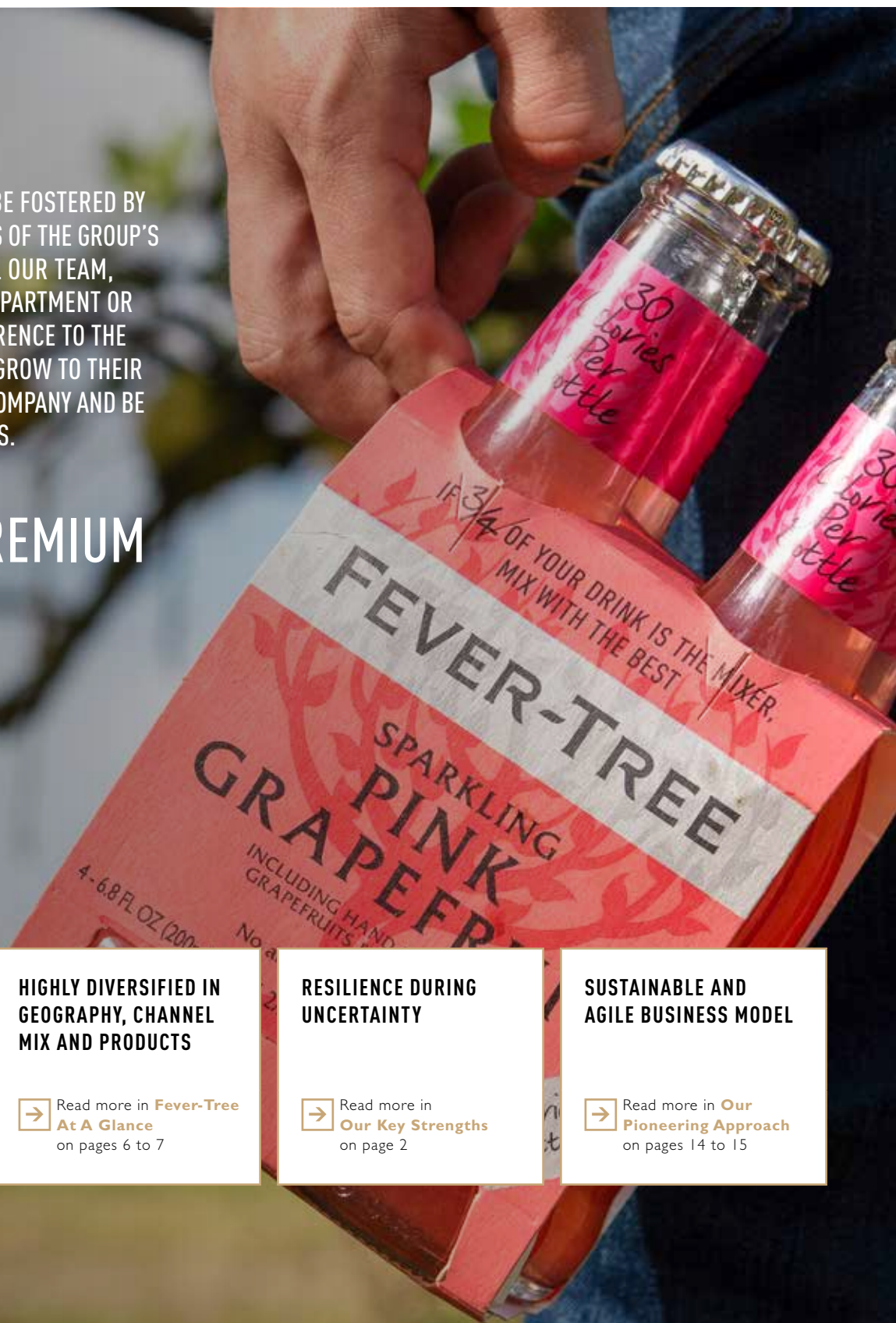
➔ Read more in **Fever-Tree At A Glance** on pages 6 to 7

RESILIENCE DURING UNCERTAINTY

➔ Read more in **Our Key Strengths** on page 2

SUSTAINABLE AND AGILE BUSINESS MODEL

➔ Read more in **Our Pioneering Approach** on pages 14 to 15



This remains central to everything Fever-Tree does. Whether it be going to the ends of the earth for the highest quality ingredients, 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, we want our approach to have a positive impact, inspiring and engaging our colleagues, our partners and our consumers in the pursuit of the best.

HIGHLIGHTS

FINANCIAL

REVENUE

£252.1M

(2019: £260.5m)

ADJUSTED EBITDA

£57.0M

(2019: £77.0m)

CASH

£143.1M

(2019: £128.3m)

→ Read more in **Financial Review** on pages 36 to 40

OPERATIONAL

BOTTLES SOLD

370M

CANS SOLD

176M

Footnote: Analysis on pages 1 to 77 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 certain accounting estimates and non-cash items and is an important metric for the Group's various stakeholders. Adjusted EBITDA for the year ended 31 December 2020 is operating profit of £51.3m before depreciation of £2.7m, amortisation of £1.1m and share-based payment charges of £1.9m. Adjusted EBITDA is an appropriate measure since it represents a normalised, comparable profit, excluding the effect of accounting estimates and non-cash items.

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OUR KEY STRENGTHS

1

AWARD-WINNING, HIGHEST QUALITY PRODUCTS WITH GLOBALLY SOURCED INGREDIENTS AND PREMIUM PROVENANCE

- We use only the highest quality ingredients in our products, sourced from around the world.
- In our efforts to source these ingredients we spend time with the growers to fully understand how local climates and growing techniques affect the ingredients and contribute to their 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 and is key to our product quality and brand image.
- For quality and environmental considerations, Fever-Tree drinks are not sold in plastic bottles.

3

PROVEN INNOVATION TRACK RECORD

- 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 and meeting the evolving needs of our consumers around the world.
- Alongside new flavours and ranges, we continue to evolve our format mix to reflect changing purchasing behaviour, such as the successful introduction of the 15x150ml can pack in the UK during the year.

5

DIVERSIFIED OPERATIONS

- We are a globally diversified business selling in over 75 countries globally.
- Notwithstanding the impact of the pandemic on our On-Trade sales, our revenue, and global opportunity ahead, is well diversified across geographies, channels, customers and products.

2

A STRONG DISTINCTIVE BRAND WITH FIRST MOVER ADVANTAGE AHEAD OF SIGNIFICANT GLOBAL OPPORTUNITY

- Fever-Tree is the leading premium mixer brand internationally.
- The brand has been voted the no.1 best-selling and no.1 trending tonic water for the seventh year running by the world's best bars in Drinks International's Annual Brand Report.
- Fever-Tree was 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

SCALABLE AND AGILE BUSINESS MODEL

- Our largely 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.
- We continue to increase our footprint of outsourced production and manufacturers with seven different partners across the UK and Europe, and we commenced production with our new US bottling partner in December 2020.

6

STRONG FINANCIAL POSITION

- We ended 2020 in a strong financial position; debt-free, with £143.1m of cash on the balance sheet.
- This robust platform underpins our ability to continue to invest and make strategic progress despite the uncertainty seen in 2020.





CASE STUDY

RESILIENCE DURING UNCERTAINTY

OUR EMPLOYEES

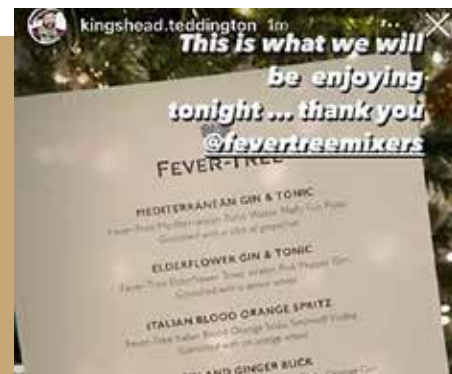
- Fever-Tree has always been a close-knit team, with every employee valued and integral to the business. The way the global team adapted to working remotely and the commitment they continue to demonstrate through a challenging period is a testament to the talent and dedication of all our employees.
- Through the pandemic we have strived to provide security and certainty to our team and therefore decided very early not to use any government furlough scheme or receive government grants. Instead, during lockdown periods our

On-Trade teams globally have focused on new projects and initiatives as we look to 2021 and beyond, whilst some individuals were deployed to different departments across the business to broaden their knowledge and skill set.

- In addition, we implemented numerous measures and incentives to help foster and improve team morale, including: the dispatch of isolation packages to the workforce; holding frequent global online teach-ins, events and activities; and the provision of an allowance to all staff members to spend in the On-Trade to help support partners as they reopened.

OUR SUPPLIERS & PARTNERS

- We worked very closely with our bottling and canning partners across the UK and Europe as they enacted their own business contingency plans in the early months of the pandemic.
- We ensured there was good contingency of raw materials across the locations enabling us to continue to maintain continuity of production and supply, as well as the quality of our products.
- Whilst network capacity, efficiency and lead times for supply into markets were all tested during the year, continuity of production was retained through the



period, testament to the structure we operate and the quality of both our production partners and the Fever-Tree supply chain team.

OUR CUSTOMERS

- The On-Trade was clearly severely impacted across our regions as a result of various lockdowns through the year and ongoing restrictions.
- We ensured our team maintained dialogue with their customers throughout the period and offered support as and when it was most beneficial. This included the extension of payment terms during lockdown as well as increased support once the On-Trade reopened (for example, through providing 'back to business' wholesaler deals and POS materials such as parasols for pub gardens in the UK to improve the outdoor drinking occasion) as well as providing opportunities for bar tenders through our social media channels.
- The Off-Trade channel faced a different set of challenges in the early months, one of ensuring continuity of supply through the disruption caused by the pandemic and in the face of a significant shift in demand. Our relationships with these customers, as well as our agile business model, meant we were able to flex our

production to meet the fluctuations and spikes in the demand, ensuring the right products were on-shelf at the right time.

OUR CONSUMERS

- Not only were we able to meet this growing demand, we were also quick to adapt to changing consumer purchasing habits that emerged during the period, such as the preference for larger pack formats, encouraging us to accelerate the roll-out of our 15 x 150ml can pack which delivered a very strong rate of sale.
- We also increased our focus and resource in the convenience channel, which saw strong growth as consumers shopped closer to home as well as upweighting our investment through the e-commerce channel.
- During the festive period we also launched a series of virtual masterclasses in the UK to engage and inspire consumers.

OUR COMMUNITIES

- As well as a focus on our employees, we have offered support to communities and groups across our regions, including financial support to local charities, encouraging staff with capacity to volunteer their time, and through

donations to initiatives supporting key workers.

- In the UK we supported "Salute the NHS" in their mission to provide one million meals to NHS frontline staff, donating 100,000 soft drinks to be included in their meal packs, as well as donating to similar schemes supporting frontline workers across the US and Canada. In addition, we have continued to support our charitable partner, Malaria No More, in keeping the fight against Malaria in the public eye by continuing our £1m commitment over three years.

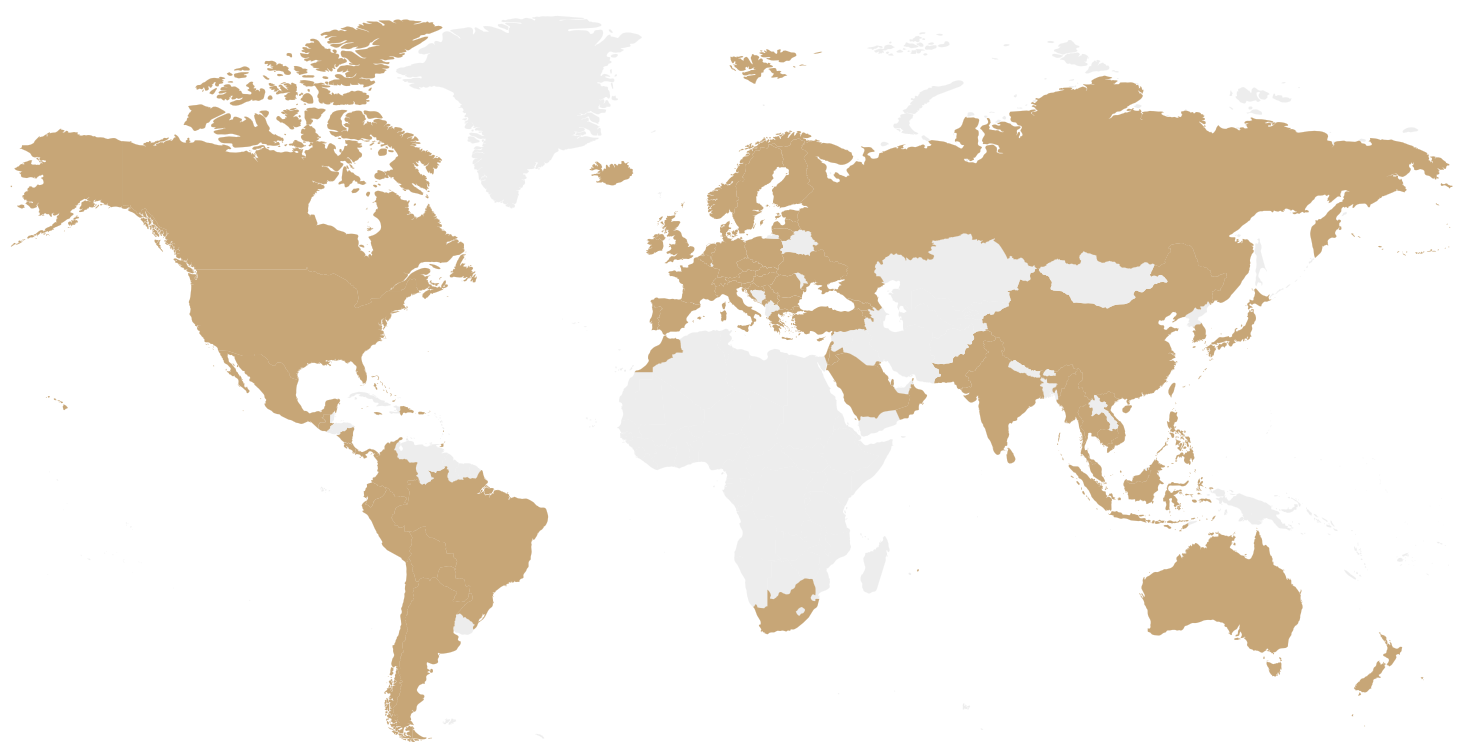
LOOKING AHEAD

- As we move into 2021 we have maintained the cross-departmental team that was established at the start of the crisis as we continue to monitor the changing situation and co-ordinate our response.
- Our asset light, outsourced business model, with few capital commitments and a low fixed cost base provides both resilience to withstand the ongoing impacts of the pandemic and the flexibility to react to changing channel dynamics and consumer demand.

FEVERTREE AT A GLANCE

STRONGLY DIVERSIFIED ACROSS GEOGRAPHIES, CHANNELS, AND PRODUCTS

FEVERTREE SELLS TO OVER 75 COUNTRIES



<p>UK</p> <p>REVENUE</p> <p>£103.3M</p> <p>(2019: £132.7m)</p> <p>% OF GROUP REVENUE:</p> <p>41%</p>	<p>US</p> <p>REVENUE</p> <p>£58.5M</p> <p>(2019: £47.6m)</p> <p>% OF GROUP REVENUE:</p> <p>23%</p>	<p>EUROPE</p> <p>REVENUE</p> <p>£65.3M*</p> <p>(2019: £64.4m)</p> <p>% OF GROUP REVENUE:</p> <p>26%</p>	<p>REST OF THE WORLD</p> <p>REVENUE</p> <p>£25.0M</p> <p>(2019: £15.8m)</p> <p>% OF GROUP REVENUE:</p> <p>10%</p>
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*FY20 includes £6.4m revenue from GDP's portfolio brands

PRODUCTS TO SUIT A WIDE RANGE OF MIXING OCCASIONS

GINGER ALES, GINGER BEERS & COLA

Mixers for pairing with dark spirits, such as whisky, bourbon and rum as well as creating the popular Mule cocktails

FLAVOURED TONICS

Designed to provide choice and excitement to the category reflecting the growing variety of gins that were coming onto the market, all with slightly different flavour profiles

LEMONADES

Perfectly balanced to be mixed with the finest vodkas or equally delicious as a sophisticated soft drink on its own

PREMIUM INDIAN TONIC

Fever-Tree's original tonic, created to challenge the status quo and place quality at the heart of the mixer category



SODAS

Mixers that cater to a broad range of mixing occasions and can be paired with a variety of spirits from vodkas and gins through to vermouth and Italian liqueurs



REFRESHINGLY LIGHT

Variants on the existing range of mixers for health-conscious consumers without compromising on quality or taste



DIVERSITY OF PACKAGING FORMATS

Packaging that meets consumer preferences

- 500ml glass bottle
- 4x200ml glass
- 8x150ml cans
- 15x150ml cans
- 275ml glass



“

THIS YEAR THE GROUP'S PRIORITY, MORE THAN EVER, HAS BEEN THE HEALTH AND SAFETY OF OUR EMPLOYEES, PARTNERS AND COMMUNITIES”



CHAIRMAN'S STATEMENT

FEVER-TREE WAS FOUNDED ON THE BELIEF THAT THERE HAD TO BE A BETTER WAY, TO NOT COMPROMISE OR ACCEPT THE STATUS QUO.

Fever Tree remains a very special business. We have weathered the challenges of the past 12 months and, if anything, emerged stronger. Our brand is truly global, and our consumers continue to demonstrate their desire for our product. The business is driven by a young and entrepreneurial team which has been further strengthened in 2020. It is a great place to be part of.

This year the Group's priority, more than ever, has been the health and safety of our employees, partners and communities. I am pleased with how the business has handled the impacts of COVID-19 so far, which is a credit to our flexible business model, the agility of the whole team, and strong relationships that have been built throughout our supply chain.

2020 PERFORMANCE

The resilient financial performance and operational progress achieved in 2020, despite the challenging circumstances, highlighted the strength of the business, the brand, and our growing teams across the world. Revenue declined by 3% to £252.1 million, which is a resilient result in a year where the On-Trade, which usually accounts for c.45% of the Group's revenue, was forced to close in many regions for a substantial part of the year. Adjusted EBITDA declined 26% to £57.0m (2019: £77.0m) a reflection of the Group's continued investment in the brand and the wider business through the crisis.

The long-term growth drivers, such as the increasing popularity of long mixed drinks as well as the premiumisation of the spirit and mixer categories, have accelerated during the year and the opportunity ahead remains significant across multiple markets. In addition, new drinking trends have emerged as the world adapted to a new way of working and socialising. This included growing interest in making great tasting, long mixed drinks at home, with consumers more willing to trade up and treat themselves using Fever-Tree Mixers as an everyday affordable treat. These trends, supported by the Group's ongoing investment activities, enabled the brand strength and household penetration to increase over the year in many of our key regions.

2020 was another strong year for our US business, which now has over 50 employees and reported revenue growth of 23%. This performance was achieved through a combination of the brand continuing to gain traction with consumers, especially at home, and the successful implementation of the price optimisation initiative, which is driving more trial and repeat purchase, all underpinned by the ongoing premiumisation of mixers to pair with an already premium spirits market.

In December, the Group started to bottle Fever-Tree products in the US for the first time. This was another significant milestone for the business and alongside plans to also bottle at an East Coast facility in 2021, will provide an excellent platform to facilitate future growth.

Fever-Tree made solid progress in Europe, with revenue up 1% after a strong second half performance despite the continuing uncertainty surrounding COVID-19. The successful acquisition of our sales agent in Germany, Global Drinks Partnership ("GDP"), gives the Group an operational presence in this market, demonstrating our ambition in Germany alongside the wider opportunity in Europe. On behalf of the Board, I would like to welcome our new colleagues to the Fever-Tree team and to say how impressed I am with the seamless integration of the business.

Fever-Tree's performance in key markets across the Rest of the World has also been strong, with Australia and Canada delivering standout performances. Fever-Tree is driving the growth of the mixer market in both countries as long mixed drinks continue to gain popularity, led by gin and tonic, with further potential for gingers over the next few years.

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.

Whilst revenues were slightly down year-on-year, in the context of the substantial impacts of the global pandemic, the Board believes that Fever-Tree has delivered a resilient performance across all regions, with notably strong performances in the US, Australia and Canada. In the UK, Fever-Tree maintained its category-leading position in the Off-Trade and continued to innovate, launching a new Premium Soda range in March and two further new mixers in October. In Europe, the brand continues to see good traction, increasing market share across our key markets, and in the US both awareness and distribution are accelerating, setting the Group up for exciting, long-term growth.

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 the obstacles presented by the pandemic, highlighting the strong financial and operational foundations that are in place.

THE BOARD

At the Group's Annual General Meeting on 4th June 2020, Charles Rolls, co-founder of Fever-Tree, stepped down from his role as Non-Executive Deputy Chairman. Charles has been integral to the success of Fever-Tree and, on behalf of the Board, I would like to thank him for his valued contribution, entrepreneurial vision, and passion for the Company.

CULTURE

The strong culture of the close-knit Fever-Tree team was more apparent than ever during 2020. The decision not to furlough any staff throughout the crisis was fully supported by the Board and communicated quickly to provide everyone with job security and peace of mind. In addition, the strength of our relationships across our supply chain partners, our importers and distributors, and our customers ensured that the business could manage the extraordinary circumstances with minimal disruption.

Fever-Tree also offered support to local communities across different regions, including financial support to local charities, donations to initiatives supporting key workers, and encouraging team members with spare capacity to volunteer their time.

SUSTAINABILITY

I have been greatly encouraged by the progress made in this hugely important area of the business. The Board has had a series of meetings with our Corporate Responsibility and Sustainability Manager over the course of the year, providing input and feedback on initiatives that are underway as well as the wider sustainability strategy.

Sustainability, and our commitment to doing business in a way that is beneficial to the natural environment and the wider community, has always been integral to how the Brand has operated and this was demonstrated in how the team responded to the global pandemic with offers of support and volunteering in local communities across our regions. I believe we have an excellent platform to build on, with a real opportunity to drive meaningful change across the Group's five branches of action 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.

CASH POSITION

The Group continues to generate excellent cash flow, with a strong underlying cash position of £143.1m at year-end, an increase of 12% year-on-year. Fever-Tree's Balance Sheet strength is supported by diversified revenue streams across channels and regions, ensuring that the business remains in a good financial position to navigate the ongoing uncertainty relating to the impacts of COVID-19.

DIVIDEND

Reflecting the financial strength and continuing confidence of the Group, the Board is pleased to recommend a final dividend of 10.27 pence per share in respect of 2020 (2019: 9.88 pence per share) bringing the total dividend for the year to 15.68 pence per share (2019: 15.08 pence per share). If approved by shareholders at the AGM on 20 May 2021, the final dividend will be paid on 28 May 2021 to shareholders on the register on 9 April 2021.

AGM

The AGM is due to take place on 20 May 2021. 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

Chairman

31 December 2020



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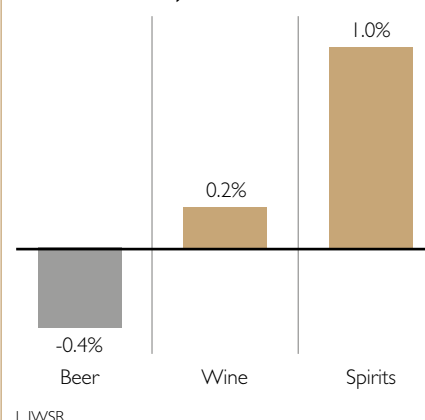
THE GLOBAL OPPORTUNITY AHEAD

LONG-TERM SUPPORTIVE TRENDS ARE EVIDENT

SPIRITS CONTINUING TO TAKE SHARE FROM BEER & WINE

- Spirits have been growing ahead of beer & wine over the last 5-10 years
- Nowhere more so than in the US where spirits' share of total alcohol has increased from 32% to 39% over the last 10 years
- Underpinned by the wider macro trends:
 - Growing interest in provenance & craft
 - Health and wellness trends
 - Premiumisation
- And aligned with growing interest in mixed drinks
- Resulting in spirits extending into multiple new occasions – occasions that were previously the preserve of beer & wine

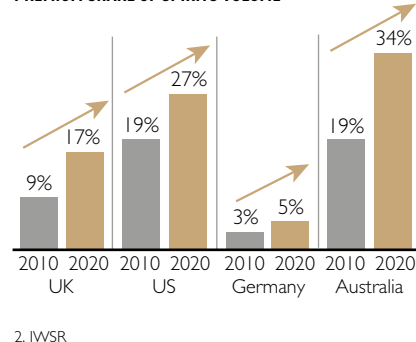
GLOBAL VOLUME CAGR, 2014-2019¹



PREMIUM SPIRITS OUTPERFORMING WIDER CATEGORY

- Globally, over the past 10 years premium spirits growth has consistently outpaced non-premium
- Premium spirits are forecast to grow their global volume market share to 13% by 2024
- Reflecting consumer preference for quality over quantity and a willingness to trade up
- Underpinned by spirits companies investing behind their premium portfolios

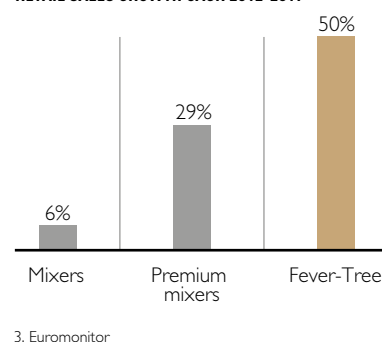
PREMIUM SHARE OF SPIRITS VOLUME²



FEVER-TREE DRIVING THE GROWTH OF THE MIXER CATEGORY

- Between 2012-19, the premium global mixer category grew at almost five times the rate of the total mixer category
- Fever-Tree is the first mover and clear no.1 global premium mixer brand, growing at twice the rate of the wider premium category

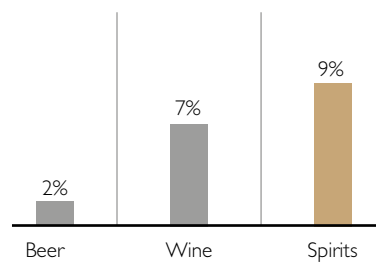
RETAIL SALES GROWTH CAGR 2012-2019³



THESE SUPPORTIVE TRENDS CONTINUED AND ACCELERATED IN 2020

SPIRITS TAKING SHARE FROM BEER AND WINE

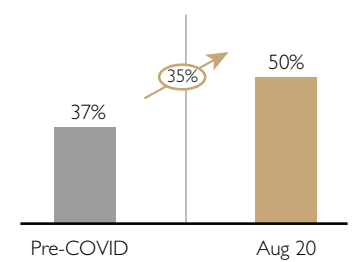
US HOUSEHOLDS PENETRATION % GROWTH, 2020⁴



4. Numerator

MORE CONSUMERS TRYING LONG MIXED DRINKS AT HOME

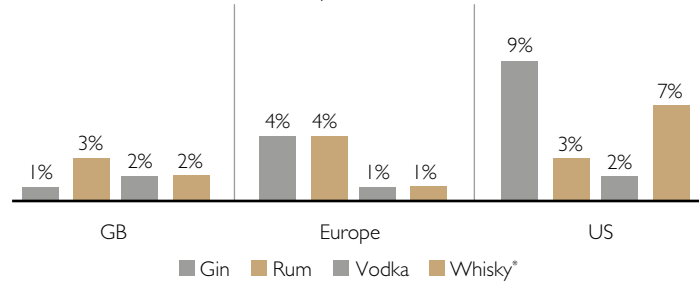
UK CONSUMERS OF COCKTAILS IN THE ON-TRADE WHO ALSO MAKE THEM AT HOME 2020⁵



5. CGA

PREMIUM SPIRITS GROWING MOST STRONGLY

GROWTH IN AVERAGE PRICE PER LITRE YOY, 2020⁶



6. Nielsen *US only incl. American Whisky

OUR PIONEERING APPROACH

FROM THE VERY OUTSET, SUSTAINABILITY HAS BEEN A CONSIDERATION IN EVERYTHING WE DO – WE ARE COMMITTED TO DOING BUSINESS IN A WAY THAT IS BENEFICIAL TO ALL STAKEHOLDERS, THE NATURAL ENVIRONMENT AND THE WIDER COMMUNITY, DRIVING POSITIVE, LONG-TERM IMPACT.

➔ Learn more within **Sustainability Review** on pages 26 to 35

CUSTOMER INSIGHTS, INNOVATION & NPD

- We are immersed in the drinks sector with deep and longstanding relationships with global and local spirits brands, world-leading bartenders and tastemakers.
- Our teams work closely with these groups as well as studying consumer trends to understand attitudes, motivations and drink preferences.
- This means we are able to create mixers to perfectly pair with a wide range of spirit categories and drinking occasions.

OUR SUSTAINABLE APPROACH
As well as our *refreshingly* light options across our mixers, we have introduced a premium soda range of lower calorie mixers which are ideally suited to the longer, lower ABV drinking occasions.

➔ Learn more with **Innovation Case Study** within pages 18 to 19

INGREDIENT SOURCING BUILT ON LONG-TERM RELATIONSHIPS AND EXPERTISE

- Building and maintaining long-term supplier partnerships is crucial to our sourcing of high quality, sustainable ingredients.
- As well as our own relationships and expertise, we work closely with industry experts to source high-quality ingredients across the globe.

OUR SUSTAINABLE APPROACH
We take time to build and sustain best-in-class, long-term supplier relationships, enabling us to understand the journey of our ingredients from growing to processing as close to source as possible, as well as enabling outputs are maximised and waste reduced.

STRONG RELATIONSHIPS WITH MANUFACTURERS AND DISTRIBUTORS

- Our manufacturing is outsourced to five established bottlers and two canners across Europe and one bottler in the US.
- We work exclusively with importers and distributors in each market, selecting the best-placed partners for the age and stage of the market.

OUR SUSTAINABLE APPROACH
By moving production closer to our end markets, we are reducing the overall miles our products have to travel, in doing so reducing their emissions.

In addition, we have worked closely with our co-packers to measure our overall carbon footprint, including our scope 3 emissions, and are identifying and delivering emissions reduction projects as part of our carbon reduction ambitions.

OUR APPROACH IS UNDERPINNED BY...

OUR CULTURE
Our culture is aligned with the values and beliefs of our entrepreneurial founders, one of whom continues to lead our management team, supported by an experienced team focused on long-term value creation.

FIRST MOVER ADVANTAGE
Fever-Tree was the pioneer and innovator of the premium mixer category, which enriches the brand's authenticity and attractiveness to the industry's leading bartenders and taste makers.

STRONG RELATIONSHIPS WITH ON-TRADE AND OFF-TRADE CUSTOMERS

- Our On and Off-Trade teams have well established, long-term relationships with our customers.
- We work together to drive interest and excitement in the wider mixed drink category.
- Providing growth and reintroducing value to the mixer category.

OUR SUSTAINABLE APPROACH

We work closely with our partners on sustainability initiatives, sharing best practice and investigating ways to minimise waste. The pandemic saw us rapidly and proactively offer credit support to our On-Trade partners during lockdown periods.

MARKETING AND CO-PROMOTION

- We invest in multiple platforms to promote the brand, educate consumers and activate new products, including point-of-sale displays, TV advertising, events, sponsorship and pop-up bars.
- We have strong relationships with spirits partners, both global and local, enabling successful, scalable co-promotional activities.

OUR SUSTAINABLE APPROACH

We use our marketing materials and activations to drive consumer awareness of key sustainable initiatives, including our partnership with Malaria No More and the recyclability of our packaging.

CREATING VALUE FOR FEVER-TREE & OUR KEY AUDIENCES

FEVER-TREE

- Creates a resilient business model with strong competitive advantages:
 - strong cash position
 - asset light
 - low fixed cost base
 - diversified channel mix

OUR PEOPLE

- Creating a global group providing wider employment and personal development opportunities.

SUPPLIERS

- As our business grows, so does the demand for our suppliers' products and services.

CUSTOMERS

- As a premium product, we provide attractive margins to our On and Off-Trade customers.

CONSUMERS

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

INVESTORS

- Strong returns based upon first mover advantage and realising the sizeable global opportunity.

WIDER SOCIETY

- As we grow, we drive economic value through associated businesses and communities throughout our supply chain, creating wider employment and opportunity.

LONG-TERM MACRO TRENDS

The twin drivers of spirits premiumisation and the move towards long drink mixability continue to gain momentum across our key regions.

OUTSOURCED MODEL

Our outsourced model ensures we focus on core competencies whilst providing a strong position to benefit from the premiumisation of the mixer market internationally.

OUR STRATEGY

WHILE WE HAVE ACTED QUICKLY AND DYNAMICALLY IN RESPONSE TO THE CHALLENGES OF COVID-19 THIS YEAR, OUR LONG-TERM STRATEGY REMAINS UNCHANGED AND CONTINUES TO BE UNDERPINNED BY GROWING GLOBAL TRENDS, AS WELL AS OUR EXCELLENT TRACK RECORD AGAINST THE COMPETITION, GIVING US EVEN MORE CONFIDENCE IN THE FUTURE GROWTH POTENTIAL FOR FEVER-TREE.

Strategic priority	Progress in 2020	Future opportunities
<div><div>A</div><div>CAPITALISING ON MARKET TRENDS</div><p>The twin drivers of spirits premiumisation and the move towards long drink mixability have accelerated with the impact of the pandemic.</p><div><div>→</div> Learn more within The Global Opportunity Ahead pages 12 to 13</div></div>	<p>While the On-Trade channel was subject to widespread closures and restrictions, the Group both benefited from and continue to drive the continued popularity of at-home consumption of mixed drinks, not just across the UK and Western Europe but also in territories such as Australia and Canada.</p> <p>Alongside this, Fever-Tree has performed very strongly in the US where the Group is at the forefront of growth in the US mixer category.</p> <p>The momentum behind spirits premiumisation continues, nowhere more so than in the US with spirits increasing their share of Total Beverage Alcohol from 32% to 39% over the last ten years. These share gains continued throughout 2020, especially during periods of lockdown where household penetration of spirits outpaced beer and wine as 3.9 million new US households purchased spirits at retail.</p>	<p>During 2020, global spirit volumes were more resilient than wine and beer, declining at a slower rate during the pandemic, and over the next five years spirits are forecast to continue to take share of both wine and beer.</p>
<div><div>B</div><div>STRENGTHENING DISTRIBUTION IN EXISTING MARKETS</div><p>The Group intends to drive increased penetration in all of the markets in which it has established a presence, increasing the number of customers in both the On-Trade, as it begins to reopen, and Off-Trade.</p><div><div>→</div> Learn more within the CEO Review pages 20 to 25</div></div>	<p>During the period under review, the Group extended its position as the leading global premium mixer brand, gaining share across its key regions.</p> <p>In the UK we consolidated our category leading position. In Europe the acquisition of GDP, with established management, distribution relationships and sales channels allows the Group to accelerate the strength and depth of its presence in Germany much faster than could have been achieved by building a sales and marketing subsidiary from scratch.</p> <p>The Group's strong performance in the US means that we have maintained our position as the clear leader in the premium segment. In Australia our sales were up over 100% year-on-year at one of the major retailers, and in Canada our tonic sales were up 63% year-on-year, contributing to almost half of the tonic water category growth during 2020.</p>	<p>Our performance over the course of 2020, not only in our core markets of the UK and US but as far afield as Canada and Australia, highlights the global opportunity still ahead for the brand.</p> <p>There remain significant opportunities for further growth in the Group's existing territories by expanding the Group's distribution footprint, its customer penetration, and the volume of sales to each customer, particularly as Fever-Tree's awareness increases with end consumers in each territory.</p>

Strategic priority**EXTENSION OF CO-PROMOTION STRATEGY WITH DRINKS PARTNERS**

Reflecting the premiumisation movement across the beverage sector, global spirits companies are increasingly focused on promoting their “premium” products to customers as a long-mixed drink.

**INNOVATION**

The Group will continue to innovate and is dedicated to the development of the highest quality mixer drinks to complement the increasingly broad long mixed drink opportunity that is developing across spirits categories and across regions.



Learn more within **Products and Formats** on page 7

Progress in 2020

Alongside mixers, we have seen the spirits category perform strongly throughout 2020.

Alongside Fever-Tree, retailers and spirits brand were quick to recognise the growing interest in at-home consumption of long mixed drinks whilst the On-Trade was impacted by restrictions.

As a result, increased interest and investment was given over to co-promotional opportunities across our regions. Highlighting just one example, we worked alongside Sainsbury's, the UK retailer, and spirits partners to bring to life our first ever Fever-Tree Gin & Tonic Bay. This was the first mixer-led spirits co-promotion of its kind at UK retail, encouraging shoppers to find their perfect pairing in store across the Fever-Tree range with recommended gin partners.

The Group has continued to innovate and pioneer the category. In the UK we launched our Premium Soda range and our Rhubarb and Raspberry Tonic, along with our Rose Lemonade. The soda range received a very positive response in the Off-Trade, with new listings secured and very encouraging rate of sale throughout the year reflecting consumer appetite for longer, lighter drinks.

Our Sparkling Pink Grapefruit has been our most successful US launch to date, notably pairing with Tequila in the popular Paloma serve and is already gaining significant attention from retailers, consumers and potential co-promotional partners.

Future opportunities

Spirits companies are increasingly looking to capitalise on this trend, be it gin and tonic, whisky and ginger, or vodka and soda, and are engaging on potential co-promotion opportunities. We are, therefore, optimistic that the lockdown period has been a further catalyst to the long-term trend towards long mixed drinks which Fever-Tree, with our category leadership position, range and relationships, remains uniquely placed to continue to drive.

The Group's innovation pipeline remains very exciting with customers across both the On and Off-Trade very receptive to our extended range of products.

Our Rhubarb and Raspberry Tonic and Rose Lemonade recognise the rise in popularity of flavoured gins and the strong trends towards 'pink' and sweeter drinks bringing younger consumers into the category as we look to the On-Trade reopening over the course of 2021.

As the Group's global footprint continues to grow, there remains opportunity to extend our flavours and formats to ensure our products reflect the drinking habits.



STRATEGY IN ACTION CASE STUDY

INNOVATION

NEW PRODUCT - SPARKLING PINK GRAPEFRUIT IN THE US

INNOVATION IS – AND HAS ALWAYS BEEN – AT THE HEART OF OUR BRAND AND BUSINESS. IT LIES WITHIN THE VERY FOUNDATIONS OF THE BRAND AND TIM & CHARLES' ORIGINAL INNOVATION, REVOLUTIONISING HOW PEOPLE PERCEIVE AND VALUE MIXERS. BY PUTTING THE FOCUS BACK ON QUALITY AND AUTHENTICITY, FEVER TREE HAS REWRITTEN THE RULES ON HOW GOOD A MIXED DRINK CAN BE.

While it started with redefining the classic Gin and Tonic, today, we have a broad portfolio of mixers, each one made with the same principles of flavour and quality at their core, designed to elevate popular serves to new heights

As our global footprint grows and the appeal of the simple long mixed drink continues to gain pace, consumers are becoming increasingly experimental with a thirst for quality and Innovation. The opportunity remains to extend our flavours to ensure our products are reflecting the drinking habits and taste profiles for our different regions.

Our Sparkling Pink Grapefruit was born out of this close collaboration between our different regions and teams. The US team had identified a growing trend for lower calorie cocktails with the vodka spritz serve gaining particular traction. Alongside this was the significant growth in premium tequila driving the increasing popularity of the Paloma, the grapefruit-based cocktail.



Therefore, a liquid tailored to both vodka and tequila, two of the largest spirit categories in the market, would enable us to tap into additional high volume serves and recruit new consumers into the brand.

The popularity of the Paloma cocktail along with the versatility of grapefruit as a flavour to work across both vodka and tequila provided the rationale for our flavour selection.

Feedback from consumers and the trade gave us insight into some of the challenges with existing Paloma serves:

- Inconsistency of the mix and the juice
- High sugar content of existing mixers and juices
- Lack of awareness about how to recreate this serve at home

Our Sparkling Pink Grapefruit provides the answer: It simplifies the serve for the bartender, allowing for consistency at every pour, and provides consumers with a simple way to enjoy a delicious low-calorie cocktail at home.

The quality of the grapefruits was going to be paramount to the success. Grapefruits are grown in many countries in the world and so to find our optimal flavour we tasted different juices and blends. We opted to hero the pink grapefruit as it provides a more uniquely fruity juice compared to white grapefruits. Our goal was to make the complex, floral, bittersweet taste of the pink grapefruits the focal point of the liquid.

Florida grapefruits are world famous for their fresh sweet tangy taste thanks to their local subtropical climate. The perfect combination of moderate temperatures, abundant rainfall, plenty of sunshine and unique sandy nutrient rich soil all combines to grow some of the best grapefruits in the world.

The result is a delicious low-calorie mixer, superior to other offerings on the market and made with a unique blend of grapefruits to achieve an authentic aroma and flavour.

CHIEF EXECUTIVE'S REVIEW



TIM WARRILLOW
Chief Executive Officer

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THE PROGRESS WE HAVE MADE THIS YEAR ALONGSIDE INCREASED MOMENTUM BEHIND THE LONG-TERM TRENDS GIVES ME CONFIDENCE THAT WE WILL EXIT THIS ON-GOING PERIOD OF UNCERTAINTY IN A STRONGER POSITION THAN WE ENTERED IT.”

I am incredibly proud of how Fever-Tree has performed this year, and how our team has reacted to the uncertain and challenging environment. The collective response of our team, strength of our brand, our key relationships with customers and suppliers, and the speed at which we were able to take proactive steps, has enabled us to further extend our clear position as the global leading premium mixer brand.

The progress we have made this year alongside increased momentum behind the long-term trends of spirits premiumisation and the move to long mixed drinks gives me confidence that we will exit this ongoing period of uncertainty in a stronger position than we entered it.

The Group delivered revenue of £252.1m, representing a small decline of 3% year-on-year. This was an extremely resilient performance in the context of widespread On-Trade closures across all our markets, given that this channel typically represents 45% of our global revenue, as well as being a reflection of our very strong performance in the Off-Trade across our regions, which exceeded our expectations. Of particular note was the performance delivered in the US as well as our major RoW regions of Australia and Canada.

The shift in channel mix, along with the outperformance delivered in the US, and the incremental GDP portfolio brand revenue impacted our margins for the full year, with gross margin reducing to 46.2%. As well as navigating the short-term uncertainty, we took the decision early in the pandemic to continue to invest in the brand and our team, as we remained focused on the long-term opportunity ahead for the Group. This resulted in our adjusted EBITDA margin reducing to 22.6% this year, and consequently profit before tax was £51.6m. We ended the year with a strong balance sheet and net cash of £143.1m, an increase of 12% year-on-year.

COVID-19

At the start of the pandemic, we set up a cross-departmental team to co-ordinate the Group's response. Throughout the period, our asset light, outsourced business model provided us with the flexibility to react quickly to changing channel dynamics and consumer demand as well as the resilience to withstand the ongoing challenges posed by the pandemic.

The way our team across the globe has adapted to working remotely and the commitment they have demonstrated through the period is a testament to the talent and dedication of our employees.

Throughout the crisis we have strived to provide security and certainty to our team and therefore pledged very early into the pandemic to not use any Government furlough scheme or receive Government grants across our regions. Instead, during periods of lockdowns and restrictions we have focused our On-Trade sales teams on new projects and initiatives as we look to 2021 and beyond.

As well as focusing on our employees' wellbeing, we offered support to communities and groups across our regions, including financial support to local charities, encouraging staff with capacity to volunteer their time, and donating to initiatives supporting key workers. In the UK we supported "Salute the NHS" in their mission to provide one million meals to NHS frontline staff, donating 100,000 soft drinks to be included in their meal packs as well as donating to similar schemes supporting frontline workers across many of our other regions. In addition, we have continued to give significant financial and marketing support to our charitable partner, Malaria No More, in keeping the fight against malaria in the public eye through various external and internal initiatives.

REGIONAL REVIEW

REVENUE BY REGION

Revenue, £m	FY20	FY19	Change
UK	103.3	132.7	(22)%
US	58.5	47.6	23%
Europe	65.3	64.4	1%
RoW	25.0	15.8	58%
Total	252.1	260.5	(3)%

UK

Fever-Tree made progress during an uncertain year, increasing our household penetration and consolidating our market leading position. The On-Trade, which usually represents approximately 50% of our UK revenues, was not only forced to close for large parts of the year, but when it did reopen, remained at reduced capacity under varying regional restrictions. As a result, revenue in the On-Trade was down 62% compared to 2019. However, this impact

was mitigated by a very strong Off-Trade performance, which saw sales increase by 20% compared to 2019, resulting in total UK revenues down 22% year-on-year.

The Off-Trade was characterised by increased demand during the first lockdown as consumers increased their at-home consumption of long mixed drinks. Encouragingly, even during the period when the On-Trade reopened in July and October, high levels of demand continued in the Off-Trade, reflecting a sustained behavioural shift in relation to at-home consumption, with Fever-Tree's UK household penetration increasing by 7% over the course of the year.¹

Our agile business model meant we were quick to adapt to changing consumer purchasing habits that emerged during the period, such as the preference for larger pack formats, encouraging us to accelerate the roll-out of our 15 x 150ml can pack as well as an increased focus and resource in the convenience channel as consumers shopped closer to home.

Reflecting the shift in consumer spend and growing interest in mixing drinks at home, we redeployed our marketing spend to focus on the at-home occasion. This included our first national television campaign, on-shelf initiatives in the Off-Trade including a dedicated Gin & Tonic Bay in Sainsbury's, as well as virtual masterclasses which engaged and educated consumers from their own homes during the festive period.

Alongside our ability to react to the shorter-term changes in consumer demand, our continued focus on the longer-term opportunity enabled us to push ahead with our innovation plans during the year. This included launching our Premium Soda range in March and our Rhubarb and Raspberry Tonic in October. The soda range received a very positive response in the Off-Trade, with new listings secured and very encouraging rate of sale performance across retailers.

As a result of our proactive approach and decision to continue to invest in the brand, in our innovation and in our team, Fever-Tree increased volume share year-on-year and gained distribution across all major retailers, continuing to strongly outperform other premium mixer competitors to remain the number one mixer by value at UK Off-Trade, with 40.1% value share.²

The spirits category also performed strongly during the year in the Off-Trade with more

households purchasing spirits than the traditional at-home drinks of wine or beer (growth of +4.1pp of penetration for spirits vs wine +1.1pp and beer +2.7pp), with gin and rum the stand-out performers. This not only benefited our core Tonic SKUs, but also underpinned significant progress for our Gingers range which performed well from an increasing distribution base, with an 80%³ increase in the year.

As the On-Trade channel closed abruptly in March, our team was proactive in offering support to our customers through credit extensions and payment plans, as well as working closely with our end accounts to ensure they were offered the support they required to adapt to the new ways of trading on reopening. This was gratefully received and has strengthened our relationships with many of our key long-term customers.

Following its reopening in July, the On-Trade gradually began to recover throughout the summer with the pace of recovery determined by both sector and location. However, the reintroduction of restrictions in autumn and again in the run-up to Christmas, had a significant impact across the whole sector.

Despite this, Fever-Tree's brand strength and customer loyalty enabled us to maintain our strong market share in the On-Trade during the period of reopenings in Q3 2020. While we are mindful of the continued uncertainty surrounding the ongoing restrictions and the timing of the reopenings, we are well placed to continue to build on this market-leading position as the On-Trade gradually recovers during 2021.

Despite the material challenges the Group has faced over the course of 2020, we have made good progress in the UK. In the Off-Trade we sustained our value share and no. 1 position in the mixer category and drove an uplift in our brand awareness and household penetration as well as successfully launching new flavours and formats. Turning to the On-Trade, the steps we took and supported offered enabled us to strengthen our already excellent relationships.

Notwithstanding the ongoing uncertainty around the timing of the On-Trade reopening, the steps we have taken and position we have established provides us with an excellent platform to deliver growth in 2021 and beyond. Our confidence in the

future is underpinned by the long-term trend towards long mixed drinks which accelerated during 2020 and one that Fever-Tree, with our category leadership position, range and relationships, remains uniquely placed to continue to lead its growth.

US

Fever-Tree's performance in the US was strong and significantly ahead of our expectations across the year, with revenues increasing 23% to £58.5m (26% on a constant currency basis).

The priority at the beginning of 2020 was implementing our price optimisation and expanding our format availability. Unlocking an affordable premium price position alongside the broadening of our formats on shelf was designed to encourage increased trial of the brand, to unlock new occasions, and to increase purchase frequency from existing Fever-Tree consumers. While the pandemic led to some delays, the new pricing was successfully rolled out from March to June.

We are confident that the reposition has started to deliver the desired results, driving strong sales uplifts across key retailers ahead of the category, with rate of sale driving growth ahead of distribution gains as the year progressed. Overall, Fever-Tree delivered 57% value growth at retail during 2020; a performance which exceeded our expectations and ensured we remained the clear market leader in grocery in the premium mixer category, which itself is the fastest growing segment in the category.

Alongside the impact of the price optimisation, our strong Off-Trade performance can be attributed to a number of other factors. Firstly, the switch to at-home consumption following On-Trade closures and the propensity towards making long mixed drinks at home, with consumption of spirits growing ahead of wine and beer, and with it the continuing premiumisation across all spirit categories. Secondly, the benefit of the strong distribution gains Fever-Tree achieved during the second half of 2019, which gave the brand more prominence in retail at a time when this was the most relevant channel. And finally, our decision to reposition and upweight our marketing investment.

¹ Kantar, Feb 2020

² 13 weeks to 27 December 2020

³ IRI, 52 weeks to 27 December 2020

CHIEF EXECUTIVE'S REVIEW

We redeployed spend from experiential to digital, from trade to consumer in order to target the Off-Trade and online channels during the pandemic which drove increasing consumer awareness and encouraged trial at home. This included our work with Google as part of their Brand Accelerator programme which provided very encouraging results and insights which will be taken into 2021 and beyond.

Alongside this investment we focused on building on our strong relationships with online retailers, aligning strongly with liquor delivery platforms to deliver complete drinks solutions for consumers. In addition, through search and website enhancements, we were able to drive a significant increase in Amazon volumes year-on-year.

On-Trade sales in the US have been materially affected by closures related to lockdowns, which have varied by state in length and extent, but overall have led to very challenging conditions in this channel since March 2020. Despite this, we continue to enjoy a strong relationship with Southern Glazer's Wines and Spirits ("SGWS"), with whom we have performed well, especially in the liquor store channel, leveraging their ability to execute spirits partnerships as well as their merchandising capabilities. We have also continued to win new mandates and distribution within the national Hotel, Casino, Resorts and Restaurant groups, positioning us well for when the On-Trade reopens.

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 (Club Soda). Within spirits, tequila continues to show very strong growth, and in the first half of the year we launched a new Sparkling Pink Grapefruit to pair with tequila to create the perfect low-calorie Paloma cocktail. This has been our most successful US launch to date, already gaining significant attention from retailers and consumers, and we are optimistic about the Pink Grapefruit opportunity as we look forward to 2021.

This performance, along with the increasing interest surrounding the US mixer category, will greatly enhance our ability to further increase our retail footprint and presence on shelf over the course of the year. In addition, we believe our On-Trade performance will be enhanced as consumers increasingly begin to demand the same

quality of drink they have been able to enjoy at home rather than being satisfied with the soda gun when returning to the On-Trade as it reopens.

These factors, along with continued portfolio innovation directed at US consumer habits, give us real confidence as we head into 2021 and beyond.

EUROPE

Whilst the impact of On-Trade closures was felt across the region, Fever-Tree delivered £65.3m revenue for the full year, up 1% year-on-year. This result was driven by a very strong performance in the Off-Trade, a strong recovery in the second half of the year as importers re-stocked following the initial period of lockdowns in spring, and £6.4m of incremental revenue from GDP brands.

Whilst the On-Trade was materially impacted by closures, especially in southern Europe which tends to rely more on the On-Trade and the tourism industry, the Off-Trade performed very well across Europe, and the premiumisation trend continued to gain momentum in many countries across the region, with Fever-Tree driving growth in the category and gaining share in multiple key European markets.

In our core markets, such as Belgium and Denmark, we have maintained our market-leading position and see further opportunities to drive distribution across a wider range of mixers following the success of our tonics by leveraging the brand strength we have created in these markets.

In the markets that will drive our next wave of growth, including Germany, Spain and Italy, we continue to see significant growth opportunities ahead in sizeable and growing mixer categories. Spain and Italy are both On-Trade led markets and, as such, sales in these countries were more severely impacted this year. However, the relationship with our local distributors remains strong and our focus is on identifying opportunities as the On-Trade reopens.

Germany is currently Fever-Tree's second largest market in Europe and represents a notable opportunity for the Group. It is one of the largest mixer markets in Europe and is underpinned by emerging premiumisation trends evident in both the mixer and spirits categories. Fever-Tree is gaining share in the fast-growing and premiumising mixer category, overtaking Thomas Henry to

become the leading premium tonic brand for the first time this year. The acquisition of our sales agent, GDP, in July provides us with a strong operational platform from which to continue to drive our growth in Germany, where we have built our distribution in major retailers, including ReWe, Edeka and Kaufland. Alongside Fever-Tree, GDP distributes complementary premium beer and spirits brands. This portfolio approach is highly suited to the size and outlet fragmentation of the German market and these portfolio brands generated £6.4m of incremental sales in the second half of 2020.

Looking further ahead, the focus for our Earlier Stage markets, like France and Netherlands where mixer markets are relatively immature, is on establishing the optimum route-to-market, building our distribution, with a focus this year on the convenience channel, and increasing our local headcount where appropriate.

We have continued to build our European team during the year, increasing our in-country regional expertise across both Northern and Southern Europe, supported by a growing regional marketing team ensuring best-in-class marketing execution and co-promotional activities with both global and local spirits brands.

As well as investing in our team, we have continued to invest in marketing across the region with a focus on Off-Trade activities. This has included investment in retail display visibility across our core markets, as well as co-promotional activity with a number of spirits brands, including Lillet on a spritz serve in Belgium, and with Bombay Sapphire on gin and tonic in Germany.

Whilst the impacts of COVID-19 will continue into 2021, we remain confident and optimistic about the medium and long-term opportunity in Europe. There are a number of markets that offer real potential, and we continue to invest and focus on the opportunity that they present. Fever-Tree is the only premium brand with scale, distribution footprint and track record across Europe and this gives us a clear advantage over our premium competitors. Moreover, European mixer market growth continues to be driven by the premium segment and led by Fever-Tree.

REST OF THE WORLD

We have made very strong progress in our two largest markets, Australia and Canada, driving total revenue growth for the region of 58% to £25.0m.

In Australia, Fever-Tree is driving growth across the mixer category and continues to be the clear premium leader.

Long mixed drinks are taking share from wine and beer, led by gin and tonic, with the tonic category growing by 34% in Australian grocery during 2020, ahead of gingers and soda. Fever-Tree's increasing brand awareness, along with significant distribution gains, has enabled the brand to grow in major retailers such as Woolworths, where our sales increased over 100% year-on-year. As well as driving the premiumisation of tonics, gingers and soda to pair with other popular spirits, we have also looked to expand our formats, introducing our 500ml bottles to Coles and Woolworths towards the end of 2020, as well as focusing on our lighter mixers, with Light Indian Tonic quickly becoming our fastest growing segment, reflecting the demand for healthier, lighter options.

In Canada, the mixer market continues to premiumise. The premium segment grew

over twice the rate of the mainstream segment in 2020, with Fever-Tree driving this growth, using its strong presence in the premium mixer category to increase trial and awareness, and secure new distribution with several key accounts. We grew our tonic sales at retail by 63% over the last 12 months, contributing to almost half of the tonic water category growth during 2020, and increasing our value share to a third of the tonic category at retail. Ginger beer also grew strongly and remains core to our long-term success in this market. Given our strong rate of sale in major retailers and contribution to overall mixer category growth, we are well placed to gain further distribution and continue to gain share.

Asia remains a region with long-term potential for Fever-Tree. We have upgraded a number of our distribution partners this year, ensuring we are with the right partner for the next stage of development. This year we signed a pan-Asia deal with Accor, the largest hotel group in the region, to become their preferred premium mixer partner across Asia. In addition, we have continued to develop our relationships with the international and local spirits companies in the region as well as focus on growing our distribution across key accounts.

OPERATIONAL REVIEW

Our team worked very closely with our partners throughout our supply chain to help mitigate the impact of the global pandemic. This involved steps such as the early securing of significant contingency stocks of key ingredients, establishment of secondary warehousing in the UK and granular, real-time demand forecasting and highly fluid production planning alongside our network of five bottlers and two canners. Whilst network capacity, efficiency and lead times for supply into markets were all tested during the year, continuity of production was retained through the period, testament to the structure we operate and the quality of both our production partners and the Fever-Tree supply chain team.

Over recent years the Group has focused on expanding our outsourced production network, both in response to our growing global footprint and also in preparation for the range of potential Brexit outcomes. We now operate across three bottling sites and one canning site in continental Europe, including our latest site in Belgium. This local production network in Europe will underpin our growth ambitions in the region and has mitigated the impact of cross-border disruption following the UK's exit from the EU.



CHIEF EXECUTIVE'S REVIEW

Despite multiple operational challenges presented by the pandemic, we worked with our US production partner to commission our first Fever-Tree US bottling line, based on the West Coast. We began US production in December 2020, and this will gradually ramp up over the course of 2021. Alongside this, we have signed a contract with our US bottling partner to commission an East Coast bottling line, which we expect to be operational in the latter stages of 2021. This is an exciting development for the Group, adding further capacity and flexibility to our network and setting us up to realise our substantial ambition in the US market over the next few years.

In July 2020 the Group was pleased to announce the acquisition of GDP, the Group's sales agent in Germany. GDP is a well-established sales agent and importer, with a strong portfolio of premium drinks and a good track record of growing premium brands.

The acquisition of GDP, with established management, distribution relationships and sales channels already in place, allows the Group to accelerate the strength and depth of its presence in Germany much faster than could have been achieved by building a sales and marketing subsidiary from scratch. The integration of GDP is proceeding well and has been aided by the strong cultural fit between organisations and the longstanding relationship between the senior management of Fever-Tree and GDP.

THE LONG-TERM OPPORTUNITY

While we have acted quickly and dynamically in response to the challenges of COVID-19 this year, our long-term strategy remains unchanged and continues to be underpinned by growing global trends, as well as our excellent track record against the competition.

The longstanding trends of spirits premiumisation of spirits and the growing popularity of long mixed drinks have not only continued throughout the pandemic, but in many cases accelerated, giving us even more confidence in the future growth potential for Fever-Tree.

Premium spirits deliver the authenticity, quality and choice that consumers are increasingly seeking, as evidenced by the continued growth of craft distilleries across the globe. This has been most evident in the US where there are now over 2,000 craft distilleries, up from 50 in 2005 when we first launched Fever-Tree, and in the UK where,

despite the pandemic, a record 124 new distilleries were created in 2020 alone.

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.

Due to the variety of flavour combinations, the wide choice of premium spirits brands and the use of unique glassware and garnishes, premium long mixed drinks allow for theatre and engagement and yet, due to the simplicity of the serve, require no bar tender training and can be rolled at scale in the On-Trade. Equally, and vitally, the quality of the experience can then be easily replicated at home.

However, perhaps most importantly, long mixed drinks allow spirits to extend into multiple new occasions, including those which were traditionally the preserve of beer and wine, be it lunch time, al fresco, after work, or even sporting events, thus drawing in wider audiences.

For all of these reasons, the premium long mixed drink is becoming central to the serve strategies of major spirits brands like never before. Spirits taking share from beer and wine over the last five to ten years⁴, especially at the premium end, with premium spirits growing volume at a rate of 9.2% CAGR between 2015-2019, whereas wine and beer remained flat and over the next five years spirits are forecast to continue to take share from both wine and beer. The US presents a clear example of these trends, with spirits increasing their share of Total Beverage Alcohol from 32% to 39% over the last ten years.⁵ These share gains continued throughout 2020, especially during periods of lockdown where household penetration of spirits outpaced beer and wine as 3.9 million new US households purchased spirits at retail.

Alongside the sustained growth at the premium end of the spirits category globally, the mixer category has also been growing strongly, as the popularity of long mixed drinks accelerates. Between 2012 and 2019, the premium segment of the mixer category grew at almost five times the rate of the total mixer category, with Fever-Tree doubling the growth of the rest of the premium segment.⁶ During 2020, the trend to long mixed drinks has accelerated in the Off-Trade as consumers enjoy 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 during periods when the On-Trade reopened.

What is incredibly encouraging is that Fever-Tree sits at the heart of this fast-growing global movement. No one else is better placed. 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 more than ever, our priority has been our close-knit team, who are integral to the success of the business. Despite the impacts of the pandemic, we did not furlough any team members and instead focused on redeploying talent around the business to provide job security when it was needed most.

We have continued to add capabilities to our global team with a number of hires this year, including the appointment of a Chief Marketing Officer, as well as the successful integration of the team we acquired from GDP.

While we have continued to grow, 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. This year the rise of virtual working has enabled us to be connected across all our regions more than ever before. The fast adoption of various virtual platforms and the willingness to remain connected across departments and locations to make the progress we have this year is a testament to everyone in the business.

The last 12 months has also seen my co-founder Charles Rolls step down from the Board. It really has been a fantastic experience and an enormous amount of fun working with and building the business alongside Charles. He is undoubtedly a great entrepreneur, with his success in breathing life into the premium gin category with Plymouth Gin and then of course Fever-Tree, so Gin & Tonic drinkers around the world owe him a great debt of gratitude.

I will certainly miss working alongside him, and we look forward to providing him with a proper Fever-Tree send-off when the circumstances allow.

⁴ IWSR and Euromonitor

⁵ DISCUS

⁶ Euromonitor



SUSTAINABILITY

We are conscious of ensuring we take decisions and act in a way that is beneficial to the natural environment and the wider community, driving positive, long-term impact.

Our pioneering spirit ensures we are continually challenging ourselves to find ever more sustainable ways to produce our products. Whether through working even closer with our partners throughout our supply chain, protecting biodiversity in places not only where we source from but where we live and work, to exploring future-proof carbon reduction solutions, we are determined that Fever-Tree continues to put sustainability at the forefront of our decision-making.

The last 12 months has brought this into even sharper focus for me and the wider team. We recognise we have a responsibility to protect our planet and need to match our words with action. The last year has seen us establish a clear framework for our sustainability initiatives focused on five branches of Climate, Circular Economy, Conservation, Communities and Colleagues. These branches guide our approach and ensure all our teams have sustainability considerations as part of their overall decision-making and strategy.

As a senior team, we are extremely excited about the initiatives that are underway. We have a strong direction of travel in this area, and I look forward to talking in much more detail about them in the coming months.

SUMMARY & OUTLOOK

Although 2020 presented many unforeseen challenges, Fever-Tree has continued to strengthen its global leadership position and we remain confident in our ability to deliver long-term sustainable growth.

Our performance in the Off-Trade has been strong, exceeding our expectations across all our regions. Numerous periods of lockdown during the year encouraged increased consumer interest and excitement about mixing drinks at home, attracting more households to the Fever-Tree brand than ever before. Consequently, we have increased our penetration in the UK, consolidated our number one position, and driven value share gains in the US, Europe, and as far afield as Canada and Australia.

Despite the restrictions and closures that impacted the On-Trade for a large proportion of the year, we have continued to support our On-Trade partners across our regions and are well positioned as this important channel gradually recovers.

Our resilient performance can also be attributed to the proactive and rapid actions taken by the business. For example, we worked quickly to increase contingency stocks of our key ingredients, upweighted marketing spend to focus on at-home consumption, rolled out larger pack sizes as consumers started to buy in bulk, and invested in online retail platforms to drive growth in this increasingly significant channel.

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 launched new premium mixers, such as our Premium Sodas in the UK and our Sparkling Pink Grapefruit in the US, as well as acquiring our sales agent in Germany, and began production with our US bottling partner.

Uncertainty remains going into 2021, and the impact of the pandemic on 2021 performance is difficult to predict. However, the progress of the various vaccine rollouts has given the world hope there is a way through this crisis. Consequently, on the assumption that the vaccines continue to roll out as planned for the rest of the year, we expect to see a gradual recovery of the On-Trade as 2021 progresses, benefiting all our regions. The Off-Trade is likely to moderate as the On-Trade recovers, but we firmly believe that we will continue to benefit from the progress we have made in this channel across our regions in 2020.

The Group remains well-placed financially with a cash position at year end of £143.1m 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.

Excitingly, the global long-term trend to premium spirits and long mixed drinks continues and has even accelerated over the course of the year, making us more confident than ever in the opportunity ahead for the Group as we look beyond the current period of disruption and uncertainty.

TIM WARRILLOW
Chief Executive Officer

SUSTAINABILITY REVIEW

WHAT SUSTAINABILITY MEANS TO US

WE WERE FOUNDED ON THE BELIEF THAT, IF $\frac{3}{4}$ OF YOUR DRINK IS THE MIXER, YOU SHOULD MIX WITH THE BEST.

This belief extends to our commitment to making mixers with the best that nature has to offer. From the very outset, sustainability has been a consideration in everything we do – we are committed to doing business in a way that is beneficial to all stakeholders, the natural environment and the wider community, driving positive, long-term impact.

➔ Learn more within **Our Pioneering Approach** on pages 14 to 15

The Group's pioneering spirit ensures we are continually challenging ourselves to find ever more sustainable ways to produce our products. Whether through working even closer with our partners throughout our supply chain, protecting biodiversity in places not only where we source from but where we live and work, to exploring future-proof carbon-reduction solutions, the sustainability team works in tandem with all areas of the business, allowing us to identify potential risks as well as new opportunities to invest in.

➔ Learn more within **Principal Risks and Uncertainties** on pages 46 to 51

Under the leadership of our Corporate Responsibility and Sustainability Manager, 2020 has seen us building on a clear, holistic sustainability vision: our 3 roots of sustainability underpin what we do, and our 5 branches guide our efforts to care for the world we live in and people we work with.





SUSTAINABILITY REVIEW

3 ROOTS AND 5 BRANCHES

OUR 3 ROOTS TO
SUSTAINABILITY
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.



FIGHTING MALARIA

Malaria is one of the world's oldest and 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 since 2013 in their ambition to end malaria.

OUR ROOTS HAVE INSPIRED OUR 5 BRANCHES THAT GUIDE OUR INITIATIVES TO CARE FOR THE WORLD WE LIVE IN AND PEOPLE WE WORK WITH FOR YEARS TO COME.



CLIMATE

Climate change is a crisis that requires everyone to play their part. We have been working hard with experts to understand and measure our overall climate impact. While the way we operate helps to keep our own emissions low, we continue to challenge ourselves and our partners to take steps to mitigate and reduce the overall carbon footprint of our drinks.



CIRCULAR ECONOMY

We recognise the importance of using packaging that minimises our impact on the wider environment. Hence the decision not to use PET across any of our products. We use a proportion of recycled glass and aluminium in our packaging, and our bottles and cans are infinitely recyclable cardboard. That said, we continue to look for ways to improve the lifecycle of our packaging and manufacturing processes, reduce our waste and lower the impact we have on the environment.



CONSERVATION

High quality ingredients rely on a well-managed environment. Therefore, we know that conserving the earth plays a big role in sourcing the highest quality ingredients for our drinks. We are committed to finding and supporting projects that enhance the natural world around us, including preserving biodiversity in the regions we operate in.



COMMUNITIES

We are focused on making a difference across all our communities, be it where we source from, to where we live and work.



COLLEAGUES

Our colleagues are the key ingredient to Fever-Tree's success. We value each and every person who works for us, with the ambition to foster an environment that our colleagues can feel proud to be part of.



UN SUSTAINABLE DEVELOPMENT GOALS

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:



HEALTH AND WELLBEING (MALARIA)



RESPONSIBLE CONSUMPTION AND PRODUCTION



CLIMATE ACTION



LIFE ON LAND

SUSTAINABILITY REVIEW

FOCUS ON: CLIMATE AND OUR CARBON FOOTPRINT

WE RECOGNISE THE ROLE EVERY BUSINESS HAS IN ADDRESSING THE CLIMATE CRISIS

Since the founding of our brand, we have looked to minimise the impact our drinks have on our planet. Whether it be our decision not to use PET bottles given the environmental harm they can cause, using packaging that is infinitely recyclable to reduce waste that ends up in landfill or the processing of ingredients close to source where possible to retain quality and avoid unnecessary freight, we challenge ourselves and our partners to make the right choices.

However, we recognise the role every business has in addressing the climate crisis that is facing our planet and while our approach up until now provides a solid foundation for Fever-Tree to play its part, we believe there is a lot more we, and our wider sector, can do.

As a global business we understand that our operations create unavoidable emissions that contribute to global climate change. We want to take ownership of this, make continued efforts to reduce them and where we can't, we want to offset their impact through the support and investment in nature-based projects.

OUR REDUCTION TARGET BASED ON CLIMATE SCIENCE

We have worked in partnership with experts at Green Element, and engaged our partners throughout our supply chain to carry out a cradle-to-grave lifecycle analysis of our products. This has enabled us to gain an in-depth understanding of our carbon footprint* in compliance with the GHG Protocol Product Life Cycle Accounting and Reporting Standard.

From this we have been able to define a science-based emissions reduction target and start designing and implementing a programme to reduce our operational emissions (scope 1 & 2) as well as those through our supply chain and product life cycle (scope 3).

While we are excited about the potential of this programme to drive meaningful change over the medium and longer term, we are aware of the need to make an immediate positive impact. That is why, alongside our emissions reduction programme, we are investing in a number of projects in regions where we source our ingredients, helping not only to protect the natural environment and biodiversity but also offsetting our emissions.

* compliant with the GHG Protocol Corporate Accounting and Reporting Standard to calculate greenhouse gas emissions, reported in tonnes of carbon dioxide equivalent gases (tCO₂e) for scopes 1, 2 and 3. Green Element primarily used carbon conversion factors provided by the UK Government (DEFRA 2019) and other international governments to convert Fever-Tree's 2019 usage data into greenhouse gas emissions. Industry or supplier-specific carbon conversion factors were used instead of industry averages where appropriate and available.

A CLOSER LOOK AT OUR EMISSIONS

STREAMLINED ENERGY & CARBON REPORTING

	UK 2018	UK 2019	UK 2020
Energy consumption: (kWh)			
Electricity	111,149.00	117,719.00	36,220.00
Gas	—	—	136.00
Transport fuel	64,350.58	251,910.46	78,473.81
Fuel for electricity generation	—	—	—
Total energy consumption	175,499.58	369,629.46	114,829.81
Emissions (tCO₂e)			
Scope 1			
Emissions from combustion of gas in buildings	—	—	0.03
Emissions from combustion of fuel for transport purposes	11.51	42.13	12.05
Scope 2			
Emissions from purchased electricity (market-based method)	—	—	—
Emissions from purchased electricity (location-based method*)	31.46	30.09	8.44
Scope 1 & 2			
Total Scope 1+2 emissions (market-based method)	11.31	41.24	11.87
Total Scope 1+2 emissions (location-based method*)	39.72	71.32	20.28
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
Emissions from upstream transport and distribution losses and excavation and transport of fuels (market-based method)	4.14	17.46	5.32
Emissions from upstream transport and distribution losses and excavation and transport of fuels (location-based method*)	11.88	24.57	7.31
Total emissions for mandatory reporting (market-based method)	21.95	85.83	25.95
Total emissions for mandatory reporting (location-based method)	61.16	123.03	36.36
Intensity (tCO₂e / unit produced)			
UK Revenue £m	134.10	132.70	103.30
Intensity ratio: kgCO ₂ e / £m (market-based method)	0.16	0.65	0.25
Intensity ratio: kgCO ₂ e / £m (location-based method*)	0.46	0.93	0.35
Methodology	GHG Protocol Corporate Accounting and Reporting Standard 2014		
Certification and external verification	Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.		

Fever-Tree had no planned energy efficient action for 2020 and, therefore, has no energy-efficient actions to disclose for January to December 2020.

In 2021, Fever-Tree are planning the following schemes to enhance energy efficiency within the company:

- Fever-Tree aims to switch all UK company cars to electric hybrid vehicles to reduce the amount of purchased fuel for business travel.
- Fever-Tree will also be assessing the possibility to switch to 100% renewable electricity in its New York office to reduce GHG emissions from energy use.

SCOPE 1 & 2 EMISSIONS[^]

Due to our outsourced business model and prior initiatives, such as powering our UK office on 100% renewable energy*, our own emissions (scope 1 and 2) are relatively low. However, as part of our new emissions-reduction programme, 2021 will see further schemes being rolled out to reduce emissions even further.

Following climate-science targets, we commit to reducing absolute scope 1 and 2 greenhouse gas (GHG) emissions by at least half, by 2030**, however, we aim to all but eliminate these emissions within this timeframe.

SCOPE 3 EMISSIONS^{^^}

While our outsourced model allows us to minimise our own emissions, we are aware of our responsibility for emissions within our supply chain, which accounts for the majority of our overall carbon footprint.

Our emission-reduction programme will see our sustainability team work ever closer with our partners throughout our supply chain on identifying and delivering emissions reduction projects, be it increasing the commitment to renewable energy at our co-packers, examining all aspects of our packaging from the manufacture to the end of life to identify innovative solutions that can have further impact on waste and emissions reduction.

As we look forward, we are committed to delivering a reduction in the carbon intensity per product from 2021 onwards and look forward to providing updates and further detail on these targets as the programme progresses.

[^] Direct emissions from our own sources and indirect emissions from our purchased electricity.

* Using Good Energy, who work directly with 1,600 independent renewable generators including wind, hydro, solar and biogeneration, all over the UK, giving us access to renewable energy as well as boosting the small-scale renewables sector.

** Based on a 2018 baseline.

^{^^} Indirect emissions from our value chain.

SUSTAINABILITY REVIEW

FOCUS ON: COMMUNITIES AND COLLEAGUES

WE TAKE TIME TO BUILD AND SUSTAIN BEST- IN-CLASS LONG TERM SUPPLIER RELATIONSHIPS



WORKING WITH OUR SUPPLIERS

We take time to build and sustain best-in-class, long-term supplier relationships to ensure that we understand the journey of our ingredients from growing to processing, and that outputs are maximised, reducing waste. Any new suppliers go through a stringent approval process, signing up to our Social, Environmental and Ethical Business Policy, which is embedded in our management system and sets out the standards of employment that we require our suppliers to conduct their business in line with.

These standards include the Ethical Trading Initiative Base Code and are in accordance with International Labour Organisation fundamental conventions. Our co-packers are members of SEDEX, so it allows us to understand and risk assess labour management and human rights practices in more detail, alongside our own policies.

Despite the restrictions imposed during 2020, our technical team continued to conduct regular audits, virtual site visits and traceability exercises on our suppliers and worked closely with our sustainability team to monitor compliance with these standards and identify potential issues.

In 2021 we will be integrating a new software system to standardise risk assessment, auditing and monitoring non-conformances to further enhance quality and performance.



FIGHTING MALARIA – OUR PARTNERSHIP WITH MALARIA NO MORE

Since 2013, we have been working with Malaria No More to help fight the threat of malaria globally. Clearly, the pandemic has led to significant pressure on the charitable sector with resources and funds often diverted to assist in the fight against COVID-19. Despite this, we have continued to support Malaria No More in keeping the fight against Malaria in the public eye by continuing our £1m commitment over three years.

During 2020 we helped to raise over £80,000 through our support of a UK national radio appeal on World Malaria Day as well as an internal challenge that saw our global team run, walk, cycle or even row the equivalent distance of London to Kigali, Rwanda that was due to be the location of the Commonwealth Leaders Summit.

In addition, we utilised the success of our Festive Masterclasses to raise further funds through donating a portion of our ticket sales as well as delivering a bespoke masterclass to Malaria No More's key stakeholders which, alongside a public letter that was signed by our CEO and published in the Times newspaper, provided a platform to raise further awareness of the Charity's aims ahead of a key governmental spending review.



COLLEAGUES

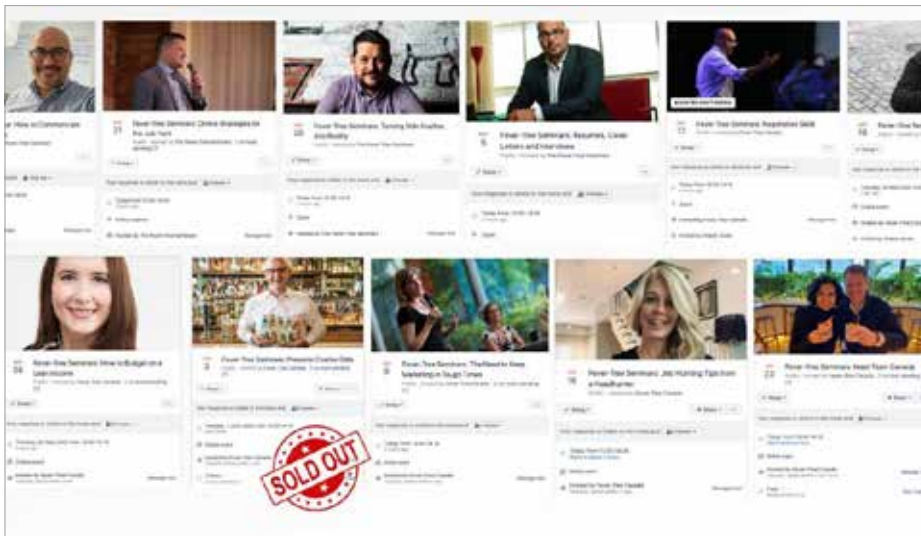
Fever-Tree is an inclusive and safe working environment that supports and encourages every individual to be their authentic selves, to share their viewpoints and ideas openly, without fear of judgement or bias.

The Group's priority throughout the pandemic has been supporting its people. A key part of this was providing certainty in terms of employment and at a very early stage of the crisis, the Executive Team, supported by the Board, made the decision not to furlough any of our employees regardless of their role, instead redeploying them to different departments across the business to broaden their knowledge and skill set.

As the team switched to remote working, a number of initiatives and incentives were launched to help foster and improve team morale, including: the dispatch of isolation packages to the workforce; holding frequent global online teach-ins, events and activities; and the provision of a £150 (or local equivalent) allowance to all staff members to spend in the On-Trade to help support partners as they reopened. Finally, we ensured career and mental health support was available for our staff through this difficult period.

Alongside the support offered throughout the pandemic, we continued with our volunteering scheme which saw employees from our UK office work with Future Frontiers to offer mentoring advice and guidance to young people from disadvantaged backgrounds to fulfil their potential at school and when transitioning to education, employment or training at age 16 and 18.

During 2021 we will continue our community initiatives, both within our internal community with our colleagues, as well as voluntary work within communities outside of Fever-Tree.



CASE STUDY

SUPPORTING OUR PARTNERS AND COMMUNITIES DURING COVID-19

THE GLOBAL PANDEMIC CREATED MANY UNCERTAINTIES, BUT WE TOOK STEPS TO STRENGTHEN OUR RELATIONSHIPS WITH OUR PARTNERS, LOCAL COMMUNITIES AND STAFF IN THE FACE OF ADVERSITY.

We remain determined to emerge on the other side of COVID-19 not only as an even stronger business but also one that has made a difference during the crisis. As well as a focus on our employees, we have offered support to communities and groups across our regions, including financial support to local charities, encouraging staff with capacity to volunteer their time, and through donations to initiatives supporting key workers.



VIRTUAL MASTERCLASS

We're delighted you're joining us for a festive-inspired Virtual Masterclass. Together with our expert Fever-Tree mixologist, you will explore the wonderful world of mixed drinks, learning everything there is to know about making delicious, simple, long-mixed drinks at-home.

Another reason to feel cheery is that for every box sold, we're donating £5 to Malaria No More UK, a charity that is working to defeat one of the world's oldest and deadliest diseases. Thanks to you, they're one step closer to achieving their goal.

To find out more about Malaria No More and their fight for a world without Malaria, or where you can top up on your favourite Fever-Tree products, open your camera and scan the respective QR codes below.

WHERE
TO BUY
FEVER-TREE



MORE ON
MALARIA
NO MORE
malaria
NO MORE
united kingdom

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

We will donate £5 to Malaria No More UK for each Festive Virtual Masterclass purchased between 21/10/20 – 22/11/20 or until all promotional Festive Virtual Masterclasses are sold. Purchase and internet access required. Malaria No More UK is a registered charity in England and Wales (1126222). Visit [FEVER-TREE.COM/EN_GB/LEGAL](https://www.fever-tree.com/en_gb/legal) for full T&Cs. Please enjoy responsibly. Promoter: Fevertree Limited.

In the UK we supported "Salute the NHS" in their mission to provide one million meals to NHS frontline staff, donating 100,000 soft drinks to be included in their meal packs, alongside a donation of £10,000 to UNITED Hammersmith & Fulham, a charity based in the borough of our London home.

In North America, we partnered with Treats Help in the US and Operation Rainbow in Canada to distribute our drinks to hospitals across both regions.

The global pandemic created many uncertainties, but we took steps to strengthen our relationships with our partners, local communities and staff in the face of adversity. We provided credit extensions to On-Trade accounts throughout the lockdown period; continued ordering ingredients and products to ensure our suppliers get paid; worked closely with bottling and canning partners to react to challenges; and acted quickly to secure contingency stock of key raw materials when required. For this, we thank our partners.

OVER
100,000
DRINKS
DONATED
TO KEY WORKERS ACROSS
OUR REGIONS



FINANCIAL REVIEW



ANDREW BRANCHFLOWER
Chief Financial Officer



WE CONTINUED TO INVEST IN THE BRAND, OUR PEOPLE, AND OUR CAPABILITIES THROUGH THE COURSE OF 2020"

2020 saw the Group respond swiftly and decisively to the disruption and uncertainty caused by COVID-19, while also making strategic progress.

The agility of our asset-light, outsourced business model alongside the strong relationships we hold with our production partners allowed us to navigate the challenges posed by the pandemic. Our focused team and entrepreneurial culture allowed us to quickly identify and capitalise on opportunities that arose from the rapid shifts in consumer occasion and behaviour as they unfolded. Our financial strength and our conviction in the global premium mixer opportunity allowed us to continue to focus on our strategy, to build our team, to invest behind the brand, and with the acquisition of GDP, establish an operational footprint in a key European market.

Despite the impact on our On-Trade revenues, our Off-Trade performance was consistently strong across regions, resulting in net revenues of £252.1m for the Group, a decline of 3% (2019: £260.5m). As expected, the gross margin declined due to investments in the US pricing architecture at the beginning of 2020, with a further impact felt from the shifts in channel and regional mix resulting from the widespread On-Trade closures during the year. Alongside this, the Group's continued investment and increased level of underlying operating expenditure resulted in a reduction in the adjusted EBITDA margin this year to 22.6% (2019: 29.6%). Whilst we remain committed to investing behind the long-term opportunity, we anticipate that the gradual re-emergence of the On-Trade will allow for margins to improve from these levels.

We end the year with an improved cash position of £143.1m (2019: £128.3m) and as a reflection of our confidence in the financial strength of the Group, the Board is recommending a final dividend of 15.68 pence per share, an increase of 4% year-on-year.

GROSS MARGIN

Gross margin of 46.2% represents a decline from the 50.5% gross margin reported in 2019. Certain known factors, including the US price optimisation implemented in the first half of this year, were expected to result in a gross margin for the Group in line with our expectations of c.49% for the year. Three factors then further impacted gross

margin, bringing it to the reported level of 46.2%.

- Net foreign currency headwinds impacted gross margin, most notably from a weakening US dollar in the second half of the year.
- Following the acquisition of GDP, we now consolidate the revenue generated by the distribution of their non-Fever-Tree portfolio brands. GDP's portfolio of premium brands provides valuable synergies in a large but fragmented market and provides incremental contribution to GDP's overheads; however, the portfolio brand revenue generates a lower margin than the Group achieves on sales of Fever-Tree products, and hence has a diluting impact on the Group gross margin.
- Most significantly, COVID-related closures in the On-Trade impacted channel mix, especially in the UK, and also affected the regional sales mix, as regions which are typically more Off-Trade weighted and therefore less exposed to On-Trade closures increased in the overall Group sales mix.

In the UK, the On-Trade channel reduced to 25% of UK sales in 2020 (2019: 51%), whilst the US, which performed strongly and is naturally more Off-Trade weighted, increased to 23% of Group revenue (2019: 18%). We would expect the impact on gross margin of these shifts in channel and regional mix to gradually unwind as the On-Trade reopens and recovers globally.

As we look further ahead, we expect the US to increase in the regional sales mix, given the scale of opportunity in that market. The US currently operates at a lower percentage gross margin than the rest of the Group due to the elevated logistics costs related to transporting products from the UK to the US. The commencement of production with a West Coast US bottling partner in December 2020, alongside the agreement to extend production to that partner's East Coast facility later in 2021, is a significant step. Not only does it ensure we are operationally underpinned with sufficient capacity and agility to continue to service the US opportunity, but it will also allow us to drive efficiencies in our US logistics costs as we produce locally, and thus improve our US gross margin as the opportunity scales in that market.

OPERATING EXPENDITURE

We continued to invest in the brand, our people, and our capabilities through the course of 2020, leading to underlying operating expenses⁷ increasing by 8.7% to £59.3m (2019: £54.5m). As a result, underlying operating expenses increased to 23.5% of Group revenue (2019: 20.9%).

As it became clear that the pandemic would impact our On-Trade revenues globally in 2020, we took the decision to continue to invest behind the brand, and proactively refocused our existing marketing plans and budgets to where consumer demand was shifting. This involved redeploying spend away from On-Trade and events activities and towards the Off-Trade, whilst also upweighting our digital and TV advertising spend in key markets.

⁷ Underlying operating expenses is defined as Administrative expenses (£65.0m) less Depreciation (£2.7m), Amortisation (£1.1m) and Share-based payment expenditure (£1.9m).

In the UK, whilst our total marketing spend reduced, largely due to the cancellation of the Fever-Tree Championship, we redeployed an element of this spend to our first national television advertising campaign, at a time early in the pandemic when advantageous commercial rates were available to those brands still willing to invest. We increased our marketing spend in key growth markets, including the US, Australia and Canada, and notably upweighted our digital spend in the US as we worked with Google as part of their Brand Accelerator programme. Whilst On-Trade and Events marketing budgets were significantly reduced across our regions, the redeployment of spend and continued investment in our growth markets resulted in total marketing spend for the Group remaining strong at 9.9% of Fever-Tree brand revenue (2019: 11.0%).

Staff costs and other overheads increased to £34.1m (2019: £25.8m), representing 13.5% of Group revenue (2019: 9.9%). This

increase reflects a continued investment in our Global team as well as the consolidation of GDP staff costs and other overheads in the second half of the year.

We made the decision very early in the pandemic to not take any form of government support and indeed continued to build capacity and capability within the team as we invested in our people ahead of the growth opportunity for the Group. In 2020 we focused on building further capability in Group functions, with key hires in the Innovation, Strategy, Finance and Quality Control teams, whilst also adding to our regional teams, particularly in the US, Australia and Canada.

We strengthened our Senior Leadership team with the appointment of a Chief Marketing Officer and with the acquisition of GDP we welcomed a further 51 people into the Fever-Tree team, in total increasing our headcount by 86 in the year to 259. Whilst we have increased



FINANCIAL REVIEW

headcount in recent years, we remain lean and, importantly, agile, preserving the entrepreneurial culture which has been central to the Group's success.

The decision to continue to invest in the brand and our people has enabled the Group to make significant strategic progress during the year. These investments were made firmly on the basis of our financial strength and our conviction in the long-term opportunity; however, due to the short-term impacts of COVID-19 on revenue and gross margin, they have impacted our profitability in 2020. As a result of the decline in gross margin and increase in underlying operating expenditure, the Group generated adjusted EBITDA of £57.0m, a 25.9% decline from 2019, at a margin of 22.6% (2019: 29.6%).

The acquisition of GDP resulted in the recognition of an £8.0m intangible asset, which will be amortised over ten years. This led to an increased amortisation of £0.4m in the second half of the year, bringing total amortisation costs to £1.1m (2019: £0.7m). Depreciation charges increased to £2.7m (2019: £2.2m), largely related to the reusable packaging system in Germany. Share-based payment charges were flat at £1.9m (2019: £1.9m).

As a result of the increases in amortisation and depreciation charges, the 25.9% decline in adjusted EBITDA translates to a 28.8% decrease in operating profit to £51.3m (2019: £72.2m). Net finance income of £0.3m resulted in profit before tax of £51.6m, a decrease of 28.9% (2019: £72.5m).

TAX

The effective tax rate in 2020 was 19.1% (2019: 19.3%) and was in line with expectations.

EARNINGS PER SHARE

The basic earnings per share for the year are 35.86 pence (2019: 50.46 pence) and the diluted earnings per share for the year are 35.76 pence (2019: 50.26 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 2020 are 36.72 pence per share and for 2019

were 51.08 pence per share, a decrease of 28.1%; for further detail see note 9 of the Consolidated Financial Statements on page 104.

WORKING CAPITAL

Trade and other receivables decreased by £4.8m during 2020 to £56.0m (2019: £60.8m), following significant focus on credit control throughout the year. During the initial period of lockdowns in spring 2020 we sought to balance the management of credit risk with the need to support our customers and distribution partners. We proactively extended terms with our On-Trade customers and our network of international importers and worked closely on payment plans, resulting in full collections of outstanding balances from that period. We continued to apply this balanced approach between risk and support as further periods of restrictions and lockdowns were enacted as the year progressed.

Whilst a significant element of our debtor balance sits with large UK retail and US distribution partners, we recognise that credit risk remains elevated due to the ongoing uncertainty. However, our strong relationships, proactive approach and appropriate levels of credit insurance position us well to continue to manage the ongoing credit risk.

Inventory levels increased by £17.9m to £38.7m (2019: £20.8m) as the Group increased both raw material and finished good inventory levels during the year, primarily to mitigate potential disruption caused by COVID-19, and later in the year to prepare for the UK's exit from the EU under a range of potential scenarios, which subsequently has proceeded with minimal disruption to our ability to produce in the UK or across our European bottling and canning network.

Trade and other payables increased by £14.9m to £42.4m (2019: £27.5m) which largely reflects an elevated level of production in the latter months of 2020 compared to 2019 and the consolidation of GDP balances.

As a result of the above movements, the impact of the increase in inventory was offset by the reduction in receivables and increase in payables and consequently, working capital reduced by £1.8m to £52.3m (2019: £54.1m). Excluding non-

cash movements, working capital increased marginally, therefore cash generated from operations declined to 95.8% of adjusted EBITDA (2019: 103.9%).

CAPITAL EXPENDITURE

Due to the structure of the Group's business model, capital expenditure requirements remain low, with additions of £2.5m in the year (2019: £6.4m). The additions in the year included continued investment in reusable packaging in Germany, reflecting the growth in that market.

CASH POSITION

The Group entered 2020 in a strong financial position; debt-free, with £143.1m of cash on the balance sheet. This robust platform underpinned our ability to invest and make strategic progress in 2020 despite the uncertainty relating to COVID-19.

Whilst we increased our underlying operating expenditure by 8.7%, continued to pay progressive dividends and completed the acquisition of GDP, year-end cash increased by 12% during the year to £143.1m (2019: £128.3m). The increase in our cash position is testament to our strong Off-Trade performance, efficient working capital management and modest capital expenditure requirements and ensures that we retain a strong financial position as we look ahead to 2021.

The Group's Capital Allocation framework remains unchanged. We intend to retain sufficient cash to allow for investment against the global opportunity and see our strong cash position as a competitive advantage over many of our premium mixer competitors globally. We primarily foresee this investment taking the form of operational expenditure, including upweighted marketing spend across our growth regions at the appropriate stage, and we 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 this year. 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 10.27 pence per share in respect of 2020 (2019: 9.88 pence per share) bringing the total dividend for the year to 15.68 pence per share (2019: 15.08 pence per share). If approved by shareholders at the AGM on 20 May 2021, the final dividend will be paid on 28 May 2021 to shareholders on the register on 9 April 2021.

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 disruption caused by the pandemic, targeted performance was adjusted accordingly as the year progressed. Whilst performance was down year on year, the final revenue growth and adjusted EBITDA margin was ahead of the Board's expectations.

REVENUE GROWTH

Group revenue growth

-3.2%

(2019: +9.7%)

GROSS MARGIN %

The Group achieved a gross margin of

46.2%

(2019: 50.5%)

ADJUSTED EBITDA MARGIN %

The Group achieved an adjusted EBITDA margin of

22.6%

(2019: 29.6%)

ANDREW BRANCHFLOWER

Chief Financial Officer





s172 STATEMENT

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 HAS HAD REGARD TO THE MATTERS IN SECTION 172 IN CARRYING OUT ITS DUTIES OVER THE COURSE OF 2020.

Board papers are prepared with Section 172 duties in mind and the Board's consideration of its Section 172 duties form a key basis for its decisions. During 2020, we reviewed our product lifecycle and in doing so identified seven key stakeholders as critical for the success of our future business; the interests of whom the Board considers and balances in making its decisions. In addition to the report on our Stakeholder Engagement on pages 42 to 45, the following specific examples highlight the importance of our stakeholders in the Board's decision-making:

1

COVID-19 RESPONSE

The Board added additional meetings to its planned 2020 agenda to rapidly identify and react to the developing pandemic. At these meetings, the Board had the opportunity to review, challenge and approve the business' response to the pandemic, with the desirability of maintaining a reputation for high standards of business conduct and taking a long-term view on strengthening relationships with partners foremost in its decision-making. This included, for example: the decision not to furlough staff; extending support to On-Trade partners where feasible; redirecting marketing budgets to react to increased in-home consumption including the airing of a national TV advertisement; successfully rolling out larger can pack formats; and a number of initiatives aimed at maintaining good morale amongst the Group's workforce. For more detail on the Board's response to COVID-19 please refer to the Stakeholder Engagement section on pages 42 to 45.

2

INCREASED AND SUSTAINED WORKFORCE SUPPORT

The Company's priority throughout the pandemic has been supporting its people. The Board was supportive of the Executive team's proposal not to furlough any team members, instead focusing on redeploying talent around the business. This formed part of a wider long-term strategy to maintain a high standard of business conduct and foster and strengthen relationships with business partners; maintaining a fully staffed business which was ready to react to peaks in Off-Trade demand and the reopenings and closures of the On-Trade during the year. Fever-Tree implemented numerous measures and incentives, encouraged by the Board, to help foster and improve team morale, including: the dispatch of isolation packages to the workforce; holding frequent global online teach-ins, events and activities; and the provision of a £150 (or local equivalent) allowance to all staff members to spend in the On-Trade to help support partners as they reopened. Moreover, the team continued to grow in line with our strategic plan, with the Board supportive of further investment in and growth of the Group's workforce during 2020.

3

ACQUISITION OF GERMAN SALES AGENT, GLOBAL DRINKS PARTNERSHIP GMBH

In July 2020, the business announced the acquisition of the Group's long-term sales agent in Germany: Global Drinks Partnership GmbH ("GDP") (as further detailed on page 108). The Board was consulted throughout the acquisition process, which was ultimately submitted to it for approval. In reaching its decision to approve the acquisition, the Board had regard to the long-term benefits of adding a strategic foothold in Europe and the opportunity to further strengthen business relationships with suppliers, distributors and customers in the region with an established and trusted management team in Germany.

4

MAINTENANCE OF PROGRESSIVE DIVIDEND POLICY





Despite the challenges faced by the business in light of COVID-19, the Board was able to draw on the Group's strong and secure financial position to recommend a progressive interim dividend of 5.41 pence per share in 2020, an increase of 4% year-on-year, reflecting continued growth and confidence in the business. In reaching this decision the Board had regard to the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between its shareholders and the long-term interests of the business.

s172 STATEMENT

COVID-19 HAD A SIGNIFICANT IMPACT ON ALL OUR STAKEHOLDERS THROUGHOUT THE 2020 FINANCIAL YEAR. PLEASE REFER TO THE RESILIENCE DURING UNCERTAINTY SECTION ON PAGES 4 TO 5 WHICH DETAIL IN FULL OUR RESPONSE TO THE PANDEMIC, INCLUDING THE CHALLENGES FACED BY THE BUSINESS AND THE STEPS TAKEN TO MITIGATE NEGATIVE ONGOING IMPACT.

We set out below the key priorities for each stakeholder group and the ways in which we engaged with them during the course of 2020. 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		Further information
Key priorities	<ul style="list-style-type: none">▪ Providing a safe, diverse and inclusive working environment▪ Opportunities to develop and make an impact,▪ An open dialogue for how the business can continue to innovate and improve	<div>→ Sustainability Review – pages 26 to 35</div> <div>→ Remuneration Committee Report – pages 64 to 76</div> <div>→ Nomination Committee Report – page 63</div> <div>→ Resilience during Uncertainty – pages 4 and 5</div>
Board engagement	<ul style="list-style-type: none">▪ The Board's engagement with our workforce includes formal and informal meetings. The shift to remote working provided an unexpected opportunity for both the Board and the wider global business to work together more closely and successfully than ever, accelerating the adoption and use of videoconferencing technology. Directors attended online global 'teach-in' sessions which were implemented throughout the year to encourage open communication and the sharing of best practice across our international teams and 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 Company's culture, including the results of workforce engagement surveys and positive feedback from employees on the Company's response to the pandemic. Kevin Havelock, our designated Non-Executive Director for workforce engagement, also meets with employee groups and provides feedback to the Board on team culture and alignment with Company values.	
Impact on decision-making	<ul style="list-style-type: none">▪ During the year and informed by workforce engagement, the Board supported a number of initiatives to further enhance our desired culture and diversity, including:<ul style="list-style-type: none">– growing the employee base further in line with the Group's long-term strategy;– training initiatives for members of the Group's On-Trade team so they could be redeployed into other parts of the business during lockdowns;– an apprenticeship scheme in the UK office; and– an internal project initiated in 2020 designed to maintain entrepreneurial values and optimise ways of working as the Group scales.	

Suppliers		Further information
Key priorities	<ul style="list-style-type: none"> Close engagement with the business to better understand demand Prompt and accurate payment for goods and services Developing mutually beneficial growth 	 Our Pioneering Approach – pages 14 to 15  Sustainability Review – pages 26 to 35  Resilience during Uncertainty – pages 4 and 5
Board engagement	<ul style="list-style-type: none"> Our outsourced business model and commitment to innovation relies 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 a deep-dive presentation from the Group's Chief Supply Chain Officer during the year. COVID-19 provided 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	<ul style="list-style-type: none"> The Board endorsed various measures used to react to the pandemic and mitigate its effects, including a programme of early payments to suppliers to help with their cashflow and the building of increased levels of buffer stock for key ingredients. 	
International distributors		Further information
Key priorities	<ul style="list-style-type: none"> Regular communication and strong partnerships Clear marketing plans and tailored branding support Joint investment to drive long-term growth 	 Our Pioneering Approach – pages 14 to 15
Board engagement	<ul style="list-style-type: none"> Outside of the UK, USA and more recently, 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	<ul style="list-style-type: none"> 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 the implementation of temporary extensions of credit terms and revised payment plans to support certain distributors facing working capital challenges at the height of the pandemic. 	

s172 STATEMENT

Customers (On and Off -Trade partners)

Further information

Key priorities

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

→ **Sustainability Review**
– pages 26 to 35

→ **Resilience during Uncertainty**
– pages 4 and 5

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 was encouraging of a broad programme of support to our customers during the year, including:
 - the extension of payment terms for On-Trade partners during lockdown;
 - creation of new formats for the Off-Trade to react to changes in consumer habits;
 - increased on trade support once trade reopened (for example, through providing 'back to business' wholesaler deals and 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.

Consumers

Further information

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

→ **Our Strategy**
– pages 16 and 17

→ **Sustainability Review**
– pages 26 to 35






Board engagement

- Our Board is 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.

→ **Resilience during Uncertainty**
– pages 4 and 5

Impact on decision-making

- Consumer considerations and feedback directly informed the Board's support for a number of initiatives, including:
 - upweighting investment in online marketing activities;
 - reacting to changing consumer demands with the launch of new flavours and formats such as our Premium Soda range and 15x150ml can packs;
 - creating engaging content for our consumers through our social media channels; and
 - launching a national TV campaign in the UK.

Communities		Further information
Key priorities	<ul style="list-style-type: none"> 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 at every level of the supply chain 	 Sustainability Review – pages 26 to 35
Board engagement	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 decision to partner with a new bottler in the USA on the West Coast allowing the Company to produce closer to market, 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: <ul style="list-style-type: none"> a partnership with charity Future Frontiers which connected young people from disadvantaged backgrounds with mentors from our UK business; a donation of financial support to UNITED, a charity based near our London HQ, in order to bolster the coronavirus response in the immediate vicinity of our UK office; and product donations to hospital workers globally during the pandemic. Our long-standing partnership with Malaria No More, further details of which can be found on page 33. 	
Investors		Further information
Key priorities	<ul style="list-style-type: none"> Regular engagement and consultation with investors Sustainable and profitable growth that delivers value over the long term Appropriately awarded Executive team, based on a clear set of criteria 	 Corporate Governance Statement – pages 56 to 58
Board engagement	<ul style="list-style-type: none"> 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 Remuneration Committee Chairman consults with shareholders on any changes to Executive remuneration ahead of implementation. The Chairman and Senior Independent Director also regularly consult with shareholders during the year. 	 Our Strategy – pages 16 and 17  Audit Committee Report – pages 59 to 62  Remuneration Committee Report – pages 64 to 76
Impact on decision-making	<ul style="list-style-type: none"> The Remuneration Committee Chairman consulted shareholders on proposals for a new remuneration policy, including the possibility of introducing a strategic element to annual bonus and an LTIP plan that supports international revenue growth. The Board also consulted with institutional investors with regard to its capital allocation framework. 	

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 risk management framework and assumes responsibility for facilitating the effective identification and evaluation of risks for the Group and reviewing the controls in place to mitigate any potential adverse impacts.

Each functional area of the Group is tasked with monitoring emerging or changing risks in their field with risk and mitigation owners appointed. This may include the formation of subcommittees for particular risks, that meet regularly 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 Company is also reviewed annually and more detail on this can be found in the Audit Committee Report on pages 59 to 62.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board sets out in the following pages 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 COVID-19 continues to directly impact our workforce, supply chain, suppliers and customers during its current phase, with the potential for longer-standing macroeconomic effects that could continue to impact the global economy in 2021 and beyond.</p>	<p>In the short-term, government policies of social distancing, restrictions and lock-down are having a pronounced effect on the Group's trading in its key geographic markets. 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 and forced closures of outlets have led to an immediate and severe slowdown in trading. There is heightened credit risk as customers and importers are increasingly being put under financial pressure. Furthermore, there is the possibility that the Group's supply chain could be disrupted as our suppliers come under increasing financial and operational 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 not reopening as restrictions are lifted. 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 COVID-19 will trigger a prolonged worsening of economic conditions in the Group's key geographic markets, which could impact 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 £143.1m. 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 withstand the ongoing impacts of COVID-19.</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 COVID-19 and is able to agree and rapidly deploy mitigating actions as and when developments occur.</p> <p>The On-Trade channel, which typically makes up 45% of Group sales, has been challenged across many of our regions. We remain in close contact with our On-Trade customers, many of whom have been severely impacted by the crisis. Our focus has been on offering support as and when it is needed most. This can be through extending payment terms to help ease cashflow pressure and providing support as reopenings 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 US as they have enacted their own business contingency plans. To date, our key bottlers and canners have continued to operate through the crisis with segregated shift patterns and we have not suffered any notable disruption to supply. In addition, we have taken action to ensure our finished goods stock in the UK is held across separate locations within our logistics partner's estate, and in the US we hold our stock across three locations on the West Coast, East Coast and in Texas.</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.</p> <p>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

POLITICAL AND ECONOMIC ENVIRONMENT ↑

Description of risk	Impact of risk	Actions to mitigate risk
The combination of COVID-19 and the UK's exit from the EU has heightened the risk of a worsening of economic conditions in the Group's key geographic markets.	<p>A worsening of economic conditions would lead to 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 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>In addition to this, the UK's exit from the EU increases the risk of disruption to the supply chain, and, consequently, may impact the availability and price of raw materials and logistics particularly during this transitional phase.</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 USA, one of the Group's key growth markets, a successful price optimisation during 2020 may 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 remain 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> <p>In 2020, the Group's designated Brexit Committee continued to meet regularly to monitor, model and assess preparedness against the different potential scenarios related to the UK's exit from the European Union from January 2021. The Group's outsourced business model, manufacturing across three different sites in the UK and four in Europe, provides a strong degree of operational flexibility which underpins an ability to adapt our business operations to address and mitigate perceived Brexit risks. In addition to this, the Group has built contingency stocks of raw materials, packaging and finished goods across both its UK and European regions and is well placed to mitigate the impact of potential supply chain disruption following the UK's exit.</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 increasingly 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 longstanding 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 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>This year we have seen further evidence of the Group's ability to defend and grow market share against its premium mixer competition, with preference in the premium segment remaining with Fever-Tree and other players lacking consumer penetration. In the face of considerable uncertainty relating to COVID-19, our decision not to furlough staff, to support our On-Trade partners and to continue to invest in the brand has been well received and positions the Group well to continue to drive category growth and build market share across our key territories as we look forward to 2021 and beyond.</p>

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 USA, with a new bottling partner scheduled to begin production on the East Coast of the USA later in 2021. 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. Furthermore, the Group has increased its outsourced warehousing footprint to two principal locations in the UK and three in the US.</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 COVID-19 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.</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 bottled by a network of outsourced 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 2020. 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 onboard, 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>

KEY:

↑ Higher ↓ Lower → No change

PRINCIPAL RISKS AND UNCERTAINTIES

III. ENVIRONMENTAL ↑

Description of risk	Impact of risk	Actions to mitigate risk
Climate change presents a risk to the Group's ability to source ingredients from around the world, as well as potentially impacting our ability to produce our products. Alongside this, as the Group scales, we are also 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 and resulting the brand's public perception.	<p>Regulatory or consumer perception shifts could have a marked impact on our operations and packaging in future years.</p> <p>Shortage of ingredients and subsequent supply constraints resulting from climate change could impact our ability to produce our products.</p>	<p>The Group has significantly upweighted its focus on sustainability and environmental issues during 2020. Led by our Corporate Responsibility and Sustainability manager we have further developed a CSR framework with ambitious plans for the next three years. A detailed mapping and analysis of the Group's carbon footprint together with that of its outsourced suppliers has provided the basis on which the Group has established an emissions reduction programme whilst also exploring multiple environmental partnerships with suppliers and third parties.</p> <p>The Group has also conducted a wholesale review of its packaging. 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.</p> <p>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 2022 and exploring ways to lobby an introduction of the scheme more widely in the UK. In addition, the Group now works with a number of local bottling partners, including the recent onboarding of a bottling plant in California, which shortens our route to market and reduces our carbon footprint.</p>

IV. SOCIAL AND ETHICAL ↑

Description of risk	Impact of risk	Actions to mitigate risk
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.	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>The Group's Social, Ethical and Environmental Policy is embedded into its relationships with all suppliers, distributors and partners. This includes compliance with the terms of the ETI code, Bribery Act and 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.</p> <p>The Group has confidence in its long-standing relationships with trusted suppliers of its key ingredients, such as Pharmakina for its quinine. 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:

↑ Higher ↓ Lower → No change

KEY MANAGEMENT →

Description of risk	Impact of risk	Actions to mitigate risk
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.	The loss from the Group of a member of the Executive management team could have an adverse effect on operations.	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.

IT →

Description of risk	Impact of risk	Actions to mitigate risk
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.	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>The Group employs an IT manager who develops, tests and maintains the security of our IT infrastructure. The London network infrastructure is protected by a business-graded Cisco firewall running a real-time intrusion-prevention system. All laptops are protected by anti-virus software. Business critical hardware is locked in a secure comms room at the office, which is protected by an intruder alarm system and CCTV. London data is backed up remotely every night to a secure data centre and backup sets are encrypted (AES-256) while in transit and at rest.</p> <p>The Group applies robust internal controls to mitigate the potential risk of cyber fraud, and tests these with workforce training on a periodic basis. The Group has engaged with key suppliers to better understand the robustness of their IT environments and risks associated with any planned maintenance on or changes to those environments.</p> <p>The Group also has Cyber and Crime insurance policies in place which mitigate its financial exposure to these risks and in 2020 added a third-party extension for our suppliers, to further mitigate the potential impact of this risk.</p>

This Strategic Report was approved on behalf of the Board on 17 March 2021.

ANDREW BRANCHFLOWER
Chief Financial Officer



GOVERNANCE



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BOARD OF DIRECTORS



BILL RONALD (65)
Chairman

D N

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 (46)
Co-founder and
Chief Executive Officer

D

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 formation of Fever-Tree.



ANDREW BRANCHFLOWER (41)
Chief Financial Officer

D

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 the run-up to the investment in the Group by Lloyds Development Capital, and was appointed Finance Director in September 2013.



COLINE MCCONVILLE (56)
Senior Independent
Non-Executive Director

A N R

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 of 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 (56)
Independent
Non-Executive Director

A D N R

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 financial management experience, 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. During his time at SABMiller he was involved with more than 100 global transactions, acquisitions and disposals, prior to its sale to ABInBev in 2016.



KEVIN HAVELOCK (63)
Independent
Non-Executive Director

A N R

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 became a Trustee of the Eden Project in 2017 and a Non-Executive Director of Morrisons Plc in February 2018. Kevin also sits on the Board of Ben and Jerry's and The All England Lawn Tennis Club and Championships.



JEFF POPKIN (56)
Independent
Non-Executive Director

A N

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 and President of Vita Coco. Jeff is currently North American CEO of Mast-Jägermeister.

KEY

- A** Member of the Audit Committee
- D** Member of the Disclosure Committee
- N** Member of the Nomination Committee
- R** Member of the Remuneration Committee
- Chair of Committee

CORPORATE GOVERNANCE STATEMENT

AN INTRODUCTION FROM OUR CHAIRMAN

I am pleased to present this year's Corporate Governance Report. The Board recognises the important role a robust governance framework plays in the successful delivery of our long-term strategy, particularly in times of uncertainty such as during the COVID-19 pandemic in 2020. Though the Company has not been immune to the challenges presented by COVID-19, the foundations of the business have proved resilient and the Board believes we have emerged from last year stronger.

Although drafted with larger, main market listed companies in mind, the Company has adopted the 2018 UK Corporate Governance Code (the "Code"). The Code is available to view on the Financial Reporting Council's website. The Company 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 58 (Chairman Independence – Provision 9) and page 64 (Remuneration Chairman's Statement – Provision 36).

Charles Rolls stepped down from the Board following the Company's 2020 AGM. As one of the co-founders of Fever-Tree, Charles's entrepreneurial vision and passion have been integral to the success of the Company, and as a Board we are extremely grateful for his valued contributions. Otherwise, the Board's composition in 2020 remained unchanged.

BILL RONALD Chairman

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. 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, identification of emerging risks, management of existing risks and monitoring and assessing 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 46 to 51.

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. This is in writing and has been approved by the Board.

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.

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, John Finlay, 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 and Jeff Popkin. All members are fully 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 a separate dedicated Risk day, 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 59 to 62 contains more detailed information on the Committee's role.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Coline McConville. Its other members during the year were Kevin Havelock and Domenic De Lorenzo. Coline, Kevin and Domenic are fully 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 are 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 64 to 76 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 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 page 63 contains more detailed information on the Committee's activity during the year.

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 six scheduled Board meetings during the year and also met on short notice on five further occasions 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 February and September 2020 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 2020.

Name	Scheduled	Audit	Remuneration	Nomination	Disclosure	Short Notice
Bill Ronald	6/6	N/A	N/A	2/2	2/2	5/5
Tim Warrillow	6/6	N/A	N/A	N/A	2/2	5/5
Andrew Branchflower	6/6	N/A	N/A	N/A	2/2	5/5
Domenic De Lorenzo*	6/6	3/3	5/5	2/2	2/2	4/5
Kevin Havelock**	6/6	2/3	5/5	2/2	N/A	5/5
Coline McConville***	6/6	2/3	5/5	2/2	N/A	5/5
Jeff Popkin****	6/6	3/3	N/A	2/2	N/A	3/5
Charles Rolls*****	2/2	N/A	N/A	N/A	N/A	3/4

* Domenic De Lorenzo was unable to attend one short notice Board meeting owing to a prior commitment.

** Kevin Havelock was unable to attend one Audit Committee meeting owing to a technical issue.

*** Coline McConville was unable to attend one Audit Committee meeting due to travel commitments.

**** Jeff Popkin was unable to attend two short notice meetings owing to prior commitments.

***** Charles Rolls was unable to attend one short notice meeting owing to a prior commitment.

CORPORATE GOVERNANCE STATEMENT CONTINUED

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 54 to 55.

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 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 63 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 Company's other professional advisers, where appropriate.

Executive Directors are subject to the Company'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 Company'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. Following an external evaluation last year, this year's evaluation was conducted internally by way of an anonymous questionnaire and separate Chairman interviews. In addition, the Non-Executive Directors meet informally, without the Chairman present, to evaluate his performance. Feedback from the evaluation

was then summarised by the Company Secretary and shared with the Board for discussion.

Overall, feedback from the evaluation was positive. The Board were unanimous in their belief that the atmosphere at meetings is suitably cohesive, supportive and challenging. The Board also praised improvements to the sharing of information and insight, both within the business and at Board level. Improving the diversity of the Board was identified as a priority for 2021, and further detail of actions being taken to address this issue are detailed in the Nomination Committee report on page 63. The value of more informal sessions was highlighted as an area for improvement, and it was agreed that more of these would be added to the Board's calendar of meetings. Lastly, the Board resolved to place further emphasis on mid and long-term strategy when setting its agendas for the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will take place on 20 May 2021. The Notice of Annual General Meeting and the ordinary and special resolutions are included at the end of this Annual Report and financial statements. In accordance with the Code, all Directors will be submitted for re-election at the Annual General Meeting.

AUDIT COMMITTEE REPORT

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ending 31 December 2020.

COVID-19 has had a significant impact on all our lives and its challenges have of course similarly impacted the Group and its stakeholders. Despite these challenges, the Group has responded well to the changing risk environment supported by its established risk mitigation process and the effectiveness of the internal control system. As a result of the lockdown restrictions, the Group quickly introduced a number of initiatives to help mitigate the consequences to the business, including measures to protect the health, safety and wellbeing of its people and to ensure a focus on financial control and working capital management. It is clear that we live in a time of heightened risk and that there will be further challenges to navigate (in particular the long-term implications of the pandemic and Brexit uncertainty), but we are confident that the strategic and operational actions taken by management to date demonstrate an effective execution of the Group's controls and risk management framework and has minimised the risks of the COVID-19 pandemic to date.

The Committee is very pleased to acknowledge the hard work, late hours and continued enthusiasm of the wider Fever-Tree family - employees, suppliers, partners and customers - which focus has been fundamental to our success during these difficult times. We also wish to thank BDO for their continued work. They have successfully completed their work remotely ahead of publication of our results, have maintained the high standards required and ensured an effective process.

The Committee met three times during the year and, at the invitation of the Committee, representatives of the external Auditors attended meetings, together with the Executive Directors and other members of the financial management team from time to time. There is regular engagement with BDO on issues relevant to the Committee, in order to ensure that their independent views, opinions and comments are reflected within the Committee's deliberations and dealings.

OBJECTIVES 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.

This report sets out how the Committee has discharged its responsibilities during the financial year and, in relation to the financial statements, the significant issues it considered.

DUTIES OF THE AUDIT COMMITTEE

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.

The main items of business conducted by the Audit Committee on behalf of the Board included:

FINANCIAL AND CORPORATE REPORTING

- Review and monitor of the integrity and adequacy of the Group's financial statements, including its Annual and Interim Reports, trading statements, preliminary and interim financial results announcements.
- Consider and review the appropriateness of the Group's accounting policies and review of any significant financial reporting issues, estimates and judgements contained in the Group's financial statements.

- Review the Annual and Interim Reports, and related financial announcements and advising the Board whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance and prospects, together with its business model and strategy.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

- Review and assess the effectiveness of the Group's financial and non-financial control systems; and the processes in place to monitor these.
- Review the Group's assurance and risk management framework and providing oversight and input into the Group's risk strategy, risk appetite and risk management mitigations.
- Review the appropriateness of the Group's whistleblowing and anti-bribery procedures, including for the prevention of fraud and corruption, tax evasion, modern slavery and bribery.

EXTERNAL AUDIT INDEPENDENCE AND EFFECTIVENESS

- Assess the scope, resources, effectiveness and performance of the external Auditor.
- Assess the external Auditor's independence and objectivity and the effectiveness of the audit process, including the policy relating to the provision of non-audit services.

VIABILITY STATEMENT AND GOING CONCERN

- Review of the Group's prospects and viability over a three-year period to 31 December 2023 and recommending the going concern basis of accounting in preparing the financial statements of the Group.

AUDIT COMMITTEE REPORT CONTINUED

ACTIVITIES DURING THE YEAR

FINANCIAL AND CORPORATE REPORTING

In relation to the integrity of the full-year financial statements and interim and preliminary reporting, the 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.
- Reviewed the approach adopted to account for the acquisition of GDP and the robustness of any underlying estimates made in the valuation of the £8.0m intangible asset generated on acquisition.
- 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.
- In addition, the Committee reviewed key judgement areas including stock and debtor valuation. Specific focus was applied to debtor recoverability and the methodologies applied by management to manage credit risk during lockdown periods whilst also providing support to key customers. The level of bad debt provision was also reviewed during the year.
- Reviewed the adequacy and clarity of reporting disclosures and compliance with applicable financial and other reporting requirements.

Additionally, the Committee reviewed and discussed with management and the Board whether the Annual and Interim Report, taken as a whole, and the financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance and prospects, together with its business model and strategy.

The Committee also reviewed the Group's prospects and viability and recommended to the Board the adoption of the going concern basis of accounting in preparing the financial statements of the Group.

The Committee did not report on any major issues or raise any material concerns with regard to the above matters.

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 page 46, the Group has an established framework of risk management and internal control systems, policies and procedures.

Despite the risks and unique challenges faced in 2020, 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.

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, so as to ensure that they remain relevant to the changing environment.

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 82 to 87. No significant deficiencies in our internal controls were reported by the external Auditor and the Committee takes comfort from the assurance this provides.

Taking into account the current nature of operations and the experience and skill of the management team, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without the need for an Internal Audit function. This matter will continue to be actively reviewed by the Committee with the intention to begin the development of the Group's Internal Audit function during 2021.

The Audit Committee Chairman and other members of the Committee had a number of 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 specific focus on Procure-to-pay and Order-to-cash cycles.
- Review of treasury policy effectiveness and an update on tax compliance.
- Overview of the development of the Group-wide finance function, with specific focus on the US finance team.
- Detailed overview of the finance integration plan following the acquisition of GDP.
- Review of the bad debt provision and rationale for the level of credit insurance coverage held.
- Presentation on the Group's approach and mitigating actions in preparation for a potential no-deal Brexit.

- Detailed presentation on approach to managing product liability risk and risks in relation to the sourcing of key ingredients; and
- Update on approach to year-end physical stock counts in locations under government restrictions, with eight locations and 74% of stock value physically counted.

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.

The Audit Committee review of the effectiveness of the systems of internal control and risk management was based on the activities and engagements noted above. 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. The Committee reported to the Board on that basis.

COVID-19

The implications of COVID-19 have been at the forefront of the risk management process throughout the year, and management has robustly considered and evaluated the risk to the Group's people, business and operations and put in place mitigation wherever possible. While the Group faced challenges across the supply chain and with remote working, in the main the risk management process was effective, and we can report no significant breakdown in control or impact on the business.

A dedicated cross-departmental Committee was convened early in the crisis, and continues to meet weekly, actively monitoring the changing situation with regards COVID-19. This team is able to agree and rapidly deploy mitigating actions as and when developments occur.

Our IT systems are cloud-based and our teams globally made a smooth transition to remote working during the year with

minimal changes required to our typical risk management processes and internal controls.

We continue to work very closely with our bottling and canning partners across the UK, Europe and US as they have enacted their own business contingency plans. To date, our key bottlers and canners have operated through the crisis with segregated shift patterns and we have not suffered any notable disruption to supply. In addition, we have taken action to ensure our finished goods stock in the UK is held across separate locations within our logistics partner's estate, and in the USA, we hold stock across three locations on the West Coast, East Coast and in Texas.

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 the Group holds contingency stock levels of all other key raw materials and we took steps early on in the crisis to increase these further. We continue to retain elevated stockholdings.

EXTERNAL AUDIT INDEPENDENCE AND EFFECTIVENESS

The Committee considers a number of different elements in respect of its relationship with the external Auditor:

1. The Group has a well-established policy on the independence of the external Auditor and management of the Group's relationship with them, including the selection of Auditor to be proposed for appointment or reappointment and the terms of such engagement, audit scope and fees, the Auditor independence requirements and the policy on the provision of non-audit services, the rotation of the audit team, and the conduct of the relationship between the Committee and the Auditor.
2. The external Auditor prepares an audit plan for the full-year financial statements which sets out the scope of the audit, areas of significant risk of material misstatement and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following

their review, the Auditor presents their findings to the Audit Committee for discussion. Areas of significant risk and other matters of audit relevance are regularly communicated to the Committee during the audit process. No major areas of concern were highlighted by the Auditor during the current financial year. The Committee met to consider the effectiveness of the external audit process and concluded that BDO continued to provide independent, objective and effective audit services.

3. 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 ratio of fees for audit services to non-audit services for 2020 was 11:1. 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. The non-audit service relates to administrative assistance with certain US tax filings for the Group.
4. BDO was appointed as the Group's Auditor on 22 August 2013, following a competitive tender process. BDO has confirmed to the Committee their continuing independence and compliance with the Group's policy on Auditor independence. The external Auditor is required to rotate the lead audit partner responsible for the audit engagement every five years, unless there are unusual extenuating circumstances. As part of that process, as agreed with our external Auditor, Diane Campbell was appointed as the new lead audit partner in 2018 and this represented her third year as lead audit partner.

Following completion of the 2020 audit, which represents Diane Campbell's third year as lead audit partner, and BDO's eighth year as the Group's Auditor, the Audit Committee is performing a tender process for the 2021 audit. Whilst ahead of the Code requirement to tender every ten

AUDIT COMMITTEE REPORT CONTINUED

years, we believe it is an appropriate point at which to conduct this exercise, particular in light of the strong growth that the Group has experienced in recent years. We have invited three firms to tender, including BDO, and we will be making a recommendation at the AGM on 20 May 2021.

The Committee - with management - also regularly undertakes a review of the effectiveness of the external Auditor, including matters such as the expertise and technical knowledge of the external audit and the scope, delivery and execution of the audit plan. After the conclusion of the 2019 audit, the Committee evaluated the performance of BDO and concluded that the external audit process in 2019 had been effective.

VIABILITY STATEMENT

As required by the Code, the Board has assessed the Group's prospects and viability over a three-year period to 31 December 2023. A three-year assessment period was selected as it corresponds with the Board's normal strategic planning horizon as well as the time 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 a number of 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 potential impact of the UK's exit from the European Union from January 2021 on the Group's viability and was satisfied on account of the Group's outsourced bottling network and mitigating actions taken in respect of potential short-term supply chain disruption, that there was no requirement to consider this within the various scenarios modelled.

The ongoing impact of COVID-19 on the Group's prospects and viability has also been separately considered by reforecasting and modelling various scenarios over a three-year period to 31 December 2023.

The Group has a strong balance sheet, with no debt and a significant cash balance. Even though the Group is financially strong and has well-balanced revenue streams, it is clear that COVID-19 will continue to have an impact over at least the next 12 months. The On-Trade channel, which typically makes up 45% of Group sales, has been severely challenged across many of our regions in 2020 and we expect these challenges to continue in the first half of 2021 with the potential impact of longer-term structural and behavioural impacts on that channel remaining uncertain.

Due to uncertainty in relation to the length, breadth and depth of the potential impacts of COVID-19, the Group has modelled three separate scenarios, including a highly conservative, prudent worst-case scenario. These scenarios consider sales performance across the On-Trade and Off-Trade channel for each of the Group's four main regions: UK, US, Europe and RoW, and consider:

- A range of timelines for the easing of restrictions and reopening of the On-Trade, ranging from an assumed gradual recovery from H2 2021 onwards, through to a scenario which assumes continued intermittent periods of restrictions and reopenings, as experienced in 2020, but increasing in severity over the full 2021-2023 three-year period.
- The potential for inflationary cost increases, alongside increased pricing pressure.
- Continued investment behind the brand and team, and, as such, no reductions to currently planned levels of staff costs, marketing investment and capital expenditure were assumed.
- Increased working capital and bad debt exposure.

The Board assumed a prudent worst-case COVID-19 scenario and separately applied two further scenarios:

- A significant product recall and business interruption issue, impacting Tonic flavour sales for a six-month period in 2021 with associated one-off costs and a gradual recovery thereafter over the remainder of the period.
- A significant upweight in global competitor activity, impacting underlying YoY growth and requiring increased marketing investment.

Against these highly conservative, prudent scenarios, and before considering the opportunity for mitigating actions such as reductions in variable operating expenditure, the forecasts for the period to December 2023 indicate that the Group would continue to hold significant cash balances.

Based on this assessment, notwithstanding the high level of uncertainty arising from the global spread of COVID-19 and Brexit, 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 2023.

DOMENIC DE LORENZO

Audit Committee Chairman

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 2020.

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, Kevin Havelock, Jeff Popkin and Coline McConville. All but Bill Ronald are fully 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 Company, 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 Company and the market in which it operates.

The Committee's full Terms of Reference are available on our website. They were last reviewed on 11 December 2020.

COMMITTEE ATTENDANCE

The Nomination Committee met formally twice during 2020 with all representatives present and also on an ad hoc basis when required.

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. Further details of the Board evaluation process and outcomes in 2020 are set out in the Corporate Governance Statement on pages 56 to 58.

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. Charles Rolls' departure has also improved the Board's independence profile. In many ways, I believe the Board is functioning as well as it ever has over our six years of life as a public company. Nevertheless, we must and will continue to improve and evolve along with the business.

One clear area of focus shall be to improve our Board diversity. 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 contrasting backgrounds, experience and opinion 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 just 14% female representation, and the need to redress the current gender imbalance. To that end, at the end of 2020 we initiated a process to identify a new Board member, with long and short lists focused on finding candidates who will improve the Board's diversity.

Steps have also 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. The Group promotes the importance of diversity and 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. This involved an evaluation of its external recruitment consultants, and confirmation they have no connection to the Group.

The Board recognises that effective succession planning also requires a thorough induction programme upon joining the Board. Work has been conducted to improve this process for all incoming Board members, whilst recognising too that each induction programme will also need to be tailored to the specific needs of the individual.

NOMINATION COMMITTEE IN 2021

The Committee is scheduled to meet at least twice in 2021. The Committee will continue to review the balance of skills and diversity of the Board. The Board shall also be conducting an internally 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 Chairman

REMUNERATION COMMITTEE REPORT

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the 2020 Directors' Remuneration Report, which sets out the remuneration paid to the Directors in 2020 and the implementation of our remuneration policy for 2021. Fever-Tree is listed on the Alternative Investment Market 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 the remuneration reporting regulations for main market listed companies.

Although not immune to the ongoing challenges presented by the COVID-19 pandemic, Fever-Tree's flexible, outsourced business model remained resilient during 2020 and continued payment of a progressive dividend reflects the financial strength and strong cash generation of the business. Throughout the pandemic our priority has been on the wellbeing of the Fever-Tree team who are integral to our continuing success. Consequently, we have not furloughed any team members nor taken any other forms of support or relief. We have also continued to invest in both marketing and our team (through promotion and development of key talent as well as the recruitment of new people) to support and underpin the future growth of the business. The Board is confident that continuing to invest in our people and our brand will position us strongly as we 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: APPROPRIATE 2020 BONUS EARNED, BUT 2018 LTIPS LAPSE

For the year under review, annual bonuses were based 75% on turnover and 25% on adjusted EBITDA (hereafter referred to as EBITDA throughout this Remuneration Committee Report). 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. During 2020, strong sales

and strategic progress in the Off-Trade and e-commerce channels across Fever-Tree's regions helped to mitigate the impact of widespread restrictions in the hospitality sector during the year. In the UK, Off-Trade sales increased by c.20% compared to prior year, and continued investment resulted in an uplift in household penetration and Fever-Tree finishing the year as the clear market leader with a value share of 40%. Global performance was even more encouraging – revenues in the US were up 23% and in our RoW region revenue rose by 58% compared to 2019. Reflective of this performance, in 2020, we delivered overall revenues of £252.1m and EBITDA of £57.0m, which resulted in a bonus outcome of 82% of maximum.

The 2018 LTIP awards are due to vest in May 2021 following the completion of the three-year performance period to the end of 2020. These awards were based 75% on turnover and 25% on EBITDA. The targets were set in 2018 to be exceptionally stretching, reflecting our ambitious growth strategy. Despite strong financial performance over the last three years, the impact of the current external environment on performance for 2020 meant that performance targets were not met and therefore these awards will lapse entirely.

When considering LTIP award levels for 2020, the Committee was mindful of the Company's share price performance and considered whether a reduction in award levels was appropriate. Following careful consideration, the LTIP awards for 2020 were prudently reduced from 300% of salary to 250% of salary to guard against the potential for 'windfall gains' from the LTIP. LTIPs are also used throughout our senior management and all colleagues have the opportunity to earn an annual bonus.

REMUNERATION ARRANGEMENTS FOR 2021: PAY RISE/PENSION IN LINE WITH WORKFORCE, NEW NON-FINANCIAL ELEMENT WITHIN THE ANNUAL BONUS AND ADDITIONAL LTIP ELEMENT FOR INTERNATIONAL GROWTH

During 2019, 2020 and early 2021, the Committee has been reviewing its approach to Executive remuneration to ensure it continues to appropriately incentivise the delivery of the Company's long-

term strategy. Following this review, the Committee is proposing to make some changes to the Executive remuneration framework.

Since Fever-Tree's admission to AIM in November 2014, under the leadership of our current Executive Directors, the Company's share price has increased by over 1,000%. The brand has cemented its market-leading position in the UK and is now focused on driving international growth to access significant new value – creating opportunities. Fever-Tree is growing market share in the US and Europe as well as further afield, in Canada and Australia where we are increasingly becoming a high-profile brand. The Board continues to believe that our Executive Directors are critical to driving this expansion and the Company's long-term success.

Since IPO, our Executive remuneration arrangements have been designed to be clear and simple while supporting our ambitious expansion strategy. Our remuneration is structured slightly differently from typical UK market practice, with lower base salaries but higher long-term incentive opportunities, ensuring Executives are rewarded for operational performance and aligned with value creation. We believe that this reward philosophy remains appropriate for now as we commence the next phase of Fever-Tree's growth journey.

To enhance alignment between remuneration arrangements and our ambitious international growth strategy, the Committee is proposing to evolve our long-term incentive arrangement by introducing an additional three-year element of the LTIP award focused on the delivery of specific objectives which are critical to achieving Fever-Tree's long-term strategic ambitions. Under this additional part of the LTIP, annual awards levels will be 150% of salary for both Executive Directors. This is in addition to the existing 'core' LTIP award, which has a maximum annual opportunity of 300% of salary. For 2021, vesting of this new part of the LTIP award will be subject to stretching international revenue targets measured over three years. This provides a strong focus on the development and growth of the international business and will ensure appropriate investment and innovation in the relevant markets in order to continue to build on the positive

momentum seen to date and to accelerate growth into the future. The existing 'core' LTIP award will continue to be based 75% on revenue performance and 25% on EBITDA performance. It was important to our Executive Directors and the Committee that any additional incentive be based on operational performance rather than be purely share-price based. Taking shareholder feedback into account, the stretching revenue, EBITDA and international revenue performance targets for the LTIP will be disclosed within one year of award (i.e. the targets for the 2021 awards will be disclosed in the 2021 DRR published in early 2022).

It is intended that this new arrangement will operate for the next three years, (vesting of the third additional award will be in 2026), reflecting the period over which the Company expects to see a step change in international performance. The Committee intends to review the operation of remuneration policy following the end of this three-year period to ensure that our policy – including the balance of fixed and variable pay – appropriately reflects the business' maturity as well as its size and complexity at that time.

The annual bonus will continue to operate with a maximum opportunity of 150% of salary. For 2021, the Committee is proposing to introduce a new strategic non-financial measure into the annual bonus framework based on environmental sustainability measures. The annual bonus for 2021 will therefore be based 60% on revenue, 20% on EBITDA and 20% on environmental sustainability measures. The Committee will set a scorecard of measures linked to criteria aligned to the Company's strategic sustainability branches further detailed in our Sustainability Review on page 29. These shall include stretching targets for 2021 relating to carbon footprint and the Group's commitment towards conservation causes. Pension provision and pay review for Executive Directors remained in line with our colleagues, including a 2% base salary increase for 2021.

The Committee consulted extensively with shareholders on these arrangements, and I am grateful to all those who participated for their thoughtful and helpful input. All feedback received during this process was taken into account when finalising the remuneration policy and its implementation for 2021. The Committee actively considers

the shareholder experience as well as the experience of other stakeholders, including employees, and the Company context when reviewing performance outcomes under short and long-term incentives, as well as when reviewing salary and benefits.

LTIPs are also used throughout our senior management and all colleagues have the opportunity to earn an annual bonus, ensuring that all colleagues have the opportunity to share in the success of Fever-Tree.

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 fourth 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 Chairman



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 2021.

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 Executives 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.

As noted in the Chair's Statement and outlined in the table below, Fever-Tree has evolved its approach to Executive remuneration for 2021 to ensure that it continues to appropriately incentivise the delivery of the Company's long-term expansion strategy and reward in a way that is commensurate with the value delivered to shareholders. In a substantial departure to practice to date, taking into account feedback from shareholders, LTIP targets will now be disclosed within one year of award, rather than at vesting.

EXECUTIVE DIRECTOR POLICY TABLE

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2021
Base salary To reflect size and scope of the role and individual's performance and contribution.	Reviewed on an annual basis, with any increases normally taking effect from 1 January. Payable in cash. The Committee reviews base salaries with reference to: <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. 	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.	Company and individual performance are considered when setting Executive Director base salaries	Base salaries will be increased by 2% with effect from 1 January 2021 to: CEO - £401,490 CFO - £258,123 These increases are in line with the increases across the wider workforce.

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2021
Pension To provide a market-competitive pension.	Executive Directors may participate in the Group pension scheme. Salary is the only element of remuneration that is pensionable.	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 Company. Maximum pension contribution or cash allowance for 2021 is 7% of salary.	Not performance related.	Maximum pension contribution or cash allowance for 2021 is 7% of salary.
Benefits To provide market-competitive benefits.	Benefits may include car allowance and private health insurance. Other benefits may be introduced as appropriate and include relocation and other expatriate benefits.	Benefits vary by role and individual circumstances; eligibility and cost are reviewed periodically.	Not performance related.	No changes. The only benefit currently provided is private health insurance.
Annual bonus To incentivise the delivery of annual financial performance and the achievement of strategic business priorities, thus delivering value to shareholders.	Performance is measured on an annual basis for each financial year. 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. At the end of the year the Committee determines the extent to which these were achieved. Awards are paid in cash. Clawback (of any bonus paid) provisions apply (see below).	The Committee determines the maximum bonus opportunity each year to ensure that the overall remuneration package remains competitive. 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.	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. 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.	There is no change in the annual bonus maximum opportunity for 2021, which remains at 150% of salary for all Executive Directors. For 2021, the bonus will incorporate an additional strategic measure to support the next phase of the strategy. Performance measures for 2021 are therefore: <ul style="list-style-type: none"> 60% on turnover 20% on EBITDA 20% on Environmental sustainability measure, including measures relating to carbon footprint and the Group's commitment towards conservation causes.

REMUNERATION COMMITTEE REPORT CONTINUED

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2021
LTIP To drive sustained long-term performance that supports the creation of shareholder value.	<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. The additional element of the LTIP provides for annual awards of up to 150% of salary for the Executive Directors. 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 to full vesting for achieving Stretch performance.</p>	<p>Vesting of LTIP awards is subject to Company 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 2021. 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>An additional three-year element of the LTIP award to be introduced focused on the delivery of specific objectives, which are critical to achieving Fever-Tree’s long-term strategic ambitions. This new part of the LTIP award will have a maximum annual opportunity of 150% of salary, and, for 2021, vesting will be subject to stretching international revenue growth targets. All LTIP targets will now be disclosed within one year of award, rather than at vesting, i.e. the targets for 2021 will be disclosed in the 2021 DRR published in early 2022.</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 him or her;
- 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);
- any other instance where the Remuneration Committee regards it appropriate.

PERFORMANCE MEASURES

For 2021, 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.

For 2021, Fever-Tree is proposing to introduce new measures into the performance framework focused on the delivery of specific objectives which are critical to achieving Fever-Tree’s long-term strategic ambitions. In addition to turnover and EBITDA, the annual bonus will also be subject to 20% strategic measures, which for 2021 will be based on environmental sustainability measures relating to carbon footprint and the Group’s commitment towards conservation causes. The new part of the LTIP award, which is in addition to the “core” award, will 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 USA, and will determine, looking at performance across both the “core” LTIP and the new LTIP, 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.

Annual bonus targets are considered commercially sensitive and will be disclosed one year after the end of the performance period. Taking shareholder feedback into account, we are now committed to disclosing 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 post-employment and/or 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. However, the Committee is mindful of evolving shareholder expectations and will keep its approach in this area under review.

NON-EXECUTIVE DIRECTOR POLICY TABLE

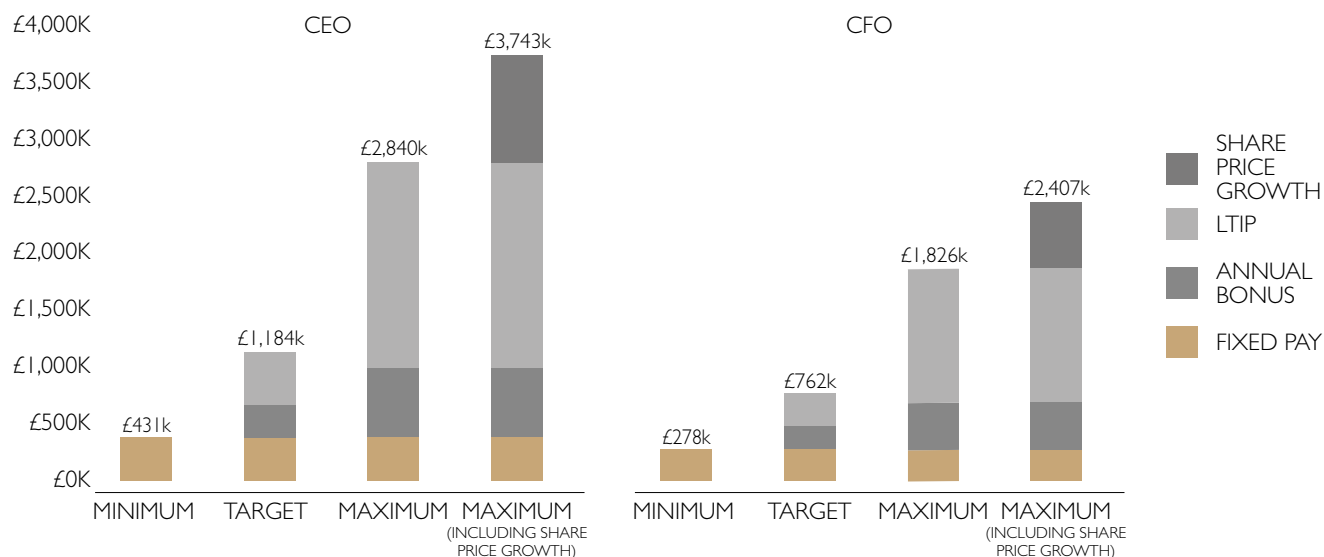
Details of the policy on fees paid to our Non-Executive Directors and how this policy will be implemented for 2021 are set out in the table below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2021
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	<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 life of the policy. 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>Following consideration of the Chair's role at Fever-Tree and a review of market data, the Committee agreed to increase the Chair's fee from £140,000 to £160,000 with effect from 1 January 2021. A further increase to £175,000 will apply with effect from 1 January 2022. The Committee believes that such increases are warranted, taking into account the size and complexity of the business and scope of the role.</p> <p>The Non-Executive Director fees were increased from £52,000 to £55,000 with effect from 1 January 2021. In addition, the additional fee for the Senior Independent Director was increased from £5,000 to £7,000 with effect from 1 January 2021. Additional fees for Chairs of the Board's Audit and Remuneration Committees remain unchanged.</p> <p>The Chairman and Non-Executive Director fees were last increased on 1 January 2019.</p>

REMUNERATION COMMITTEE REPORT CONTINUED

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 2021 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 2021)		CEO – £401,490 CFO – £258,123		
Pension (from 1 January 2021)		7% of base salary		
Other benefits		£1,500 (based on disclosed single figure for 2020)		
Annual bonus	No bonus payable	Target bonus (50% of maximum)	Maximum bonus	
LTIP*	No LTIP vesting	Threshold vesting (25% of maximum)	Maximum vesting (assuming a "core" LTIP award of 300% of salary and an additional part of the LTIP of 150% of salary)	Maximum vesting (plus 50% share price growth over the performance period)

* It should be noted that 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 Director	Date of service contract
Tim Warrillow	3 November 2014
Andy Branchflower	3 November 2014

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.

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

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, which are normally prorated for time based on the proportion of the vesting period served and performance is tested at the end of the relevant three-year performance period. 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 prorated for time and performance.

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE COMPANY

Fever-Tree remains in many ways a small company, with around 250 employees globally, with the US market accounting for much of the recent growth in employee numbers. The Committee considers the range of base pay increases across the Company when determining the base salary increases for Executives. 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 this remuneration policy and framework; however, Remuneration Committee members are also Board members and therefore receive updates from the Executives on their discussions and consultations with the wider employee population, and senior colleagues present to the Board on a regular basis. The Board normally makes at least one operational visit during the year, but this was sadly not possible during 2020.

During the year, the Board received a detailed update on our people strategy, including our approach to remuneration throughout the company and in the different jurisdictions in which we operate.

In line with the UK Corporate Governance Code, Kevin Havelock was appointed, in 2018, as the Company's designated Non-Executive Director who is responsible for engaging with employees and ensuring that the employee voice is represented in the boardroom. During 2020, he attended employee group meetings and engaged with employees. Feedback received through these channels was fed into Board discussions. For further details on workforce engagement activities please see page 42.

REMUNERATION COMMITTEE REPORT CONTINUED

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. When reviewing Executive remuneration arrangements in 2020 and early 2021, the Remuneration Committee engaged with shareholders, initially via a few informal conversations on the proposed direction of travel before a more comprehensive consultation exercise. All views received during this process were taken into account when finalising the remuneration policy and its implementation for 2021. 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 Company'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 2020.

REMUNERATION COMMITTEE MEMBERSHIP AND ACTIVITIES IN 2019

The Remuneration Committee's members at 31 December 2020 were Coline McConville, who is the Chair of the Committee, Kevin Havelock and Domenic De Lorenzo. 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.

The Committee's Terms of Reference are available on the Company's website (www.fever-tree.com) and on request from the Company Secretary. The Remuneration Committee met formally five times during 2020 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 2019
- Review and development of Executive Director remuneration arrangements
- Consultation with shareholders regarding the Executive remuneration arrangements for 2021
- Review and approval of the Executive Directors' performance against 2019 annual objectives
- Determination of performance targets for the Executive Directors' annual bonus for 2020
- Determination of performance targets for the 2020 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 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 2020 were £70,600. 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 2020 and the prior year:

	Basic salary/fees (£k)		Taxable benefits (£k)		Pension (£k)		Annual bonus (£k)		LTIP (£k)		Total (£k)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020 ¹	2019 ²	2020	2019
Executive Directors												
Tim Warrillow	394	386	2	2	24	23	484	—	—	962	904	1,373
Andrew Branchflower	253	248	2	2	15	15	311	—	—	495	581	760
Non-Executive Directors												
Bill Ronald	140	140	—	—	—	—	—	—	—	—	140	140
Coline McConville	67	67	—	—	—	—	—	—	—	—	67	67
Kevin Havelock	52	52	—	—	—	—	—	—	—	—	52	52
Jeff Popkin	52	52	—	—	—	—	—	—	—	—	52	52
Domenic De Lorenzo	62	62	—	—	—	—	—	—	—	—	62	62
Charles Rolls ³	48	112	—	—	—	—	—	—	—	—	48	112

¹ LTIP awards granted in 2018 vest on 8 May 2021 based on performance to 2020. Performance targets were not met and awards will therefore lapse in full.

² LTIP awards granted in 2017 vested on 16 May 2020 based on performance to 2019. Performance targets were met and the award vested in full. The value of these awards were incorrectly disclosed in last year's report, at £2,479k and £1,077k for Tim Warrillow and Andrew Branchflower, respectively. Instead, in last year's report, awards should have been valued at £1,158k and £595k, based on a three-month average share price for the period 1 October 2019 to 31 December 2019 of 2,073p. In this year's report, the award values have been restated to £962k and £495k based on the actual share price on the date of vest of 1,723p. Between grant and vest the share price increased from 1,566.53p to 1,723p, which equated to an increase in value of each vesting share equivalent to 156.47p. The proportion of the value disclosed in the single figure attributable to share price growth is therefore 9%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation.

³ Charles Rolls stepped down from his position as Non-Executive Deputy Chairman on 4 June 2020. Remuneration is shown to this date.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL BONUS IN RESPECT OF 2020 PERFORMANCE

The maximum annual bonus award for 2020 was 150% of salary for Tim Warrillow and Andrew Branchflower. Performance was measured based 75% on turnover and 25% on EBITDA. 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.

Overall, strong sales and strategic progress in the Off-Trade and e-commerce channels across Fever-Tree's regions helped to mitigate the impact of widespread restrictions in the hospitality sector during the year. In the UK, Off-Trade sales increased by c.20% compared to prior year, and continued investment resulted in an uplift in household penetration and Fever-Tree finishing the year as the clear market leader with a value share of 40%. Global performance was even more encouraging – revenues in the US were up 23% and in Australia and Canada revenues rose by 58% compared to 2019. Reflective of this performance, in 2020, we delivered overall revenues of £252.1m and EBITDA of £57.0m, which resulted in a bonus outcome of 82% 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. Our market is highly competitive, and 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, we have not disclosed our annual bonus targets for 2020, 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 2019, unless the Board considered that these targets continue to be commercially sensitive. In keeping with this commitment, we have provided these performance targets below. These targets were not met and no annual bonus was therefore paid in respect of 2019.

REMUNERATION COMMITTEE REPORT CONTINUED

ANNUAL BONUS TARGETS FOR 2019

	Weighting	Threshold 25% payout	Target 50% payout	Maximum 100% payout	Actual performance achieved for 2019	Payout
Turnover	75%	£267.5m	£281.6m	£309.8m	£260.5m	0%
EBITDA	25%	£85.4m	£89.9m	£98.9m	£77m	0%

LTIP VESTING IN RESPECT OF 2020 PERFORMANCE

LTIP awards granted in 2018 vest on 8 May 2021 based on performance to 2020. These awards were based 75% on turnover and 25% on EBITDA. The targets were set in 2018 to be exceptionally stretching, reflect our ambitious growth strategy. Despite strong financial performance over the last three years, the impact of the current external environment on performance for 2020 meant that performance targets were not met and therefore these awards will lapse in full.

PERFORMANCE TARGETS FOR THE 2018 LTIP AWARD

	Weighting	Target 25% vesting	Maximum 100% payout	Performance achieved	Portion vesting
Turnover	75%	£255.2m	£326m	£252.1m	0%
EBITDA	25%	£75.4m	£97.6m	£57.1m	0%
Total					0%

SCHEME INTERESTS AWARDED IN 2020

2020 LTIP

When considering LTIP award levels for 2020, the Committee was mindful of the Company's share price performance and considered whether a reduction in award levels was appropriate. Following careful consideration, the LTIP awards for 2020 were reduced from 300% of salary to 250% of salary for both Tim Warrillow and Andrew Branchflower to guard against the potential for 'windfall gains' from the LTIP. The Committee will also consider the value of the award at vesting to ensure that it appropriately reflects the experience of shareholders and other stakeholders over the vesting period.

The awards will vest on the third anniversary of the date of grant, 20 May 2023. The performance condition is based 75% on turnover and 25% on EBITDA. The three-year performance period began on 1 January 2020 and will end on 31 December 2022.

Executive Director	Date of grant	Face value ¹	End of performance period	Performance measures
Tim Warrillow	20 May 2020	68,561 shares (£984k)	31 December 2022	75% on turnover
Andrew Branchflower	20 May 2020	44,079 shares (£633k)		25% on EBITDA (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 1,435.29p

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.

Fever-Tree has grown rapidly since its establishment and our strategic focus is on continuing to drive rapid expansion to cement and grow our market-leading positions and to develop new markets. Our markets are highly competitive, and 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, we have not disclosed our 2020 LTIP targets. However, taking into account shareholder feedback, performance targets will be disclosed next year, i.e. within one year of grant. This is a change in approach, given previously targets were only disclosed on vesting.

EXIT PAYMENTS MADE IN THE YEAR

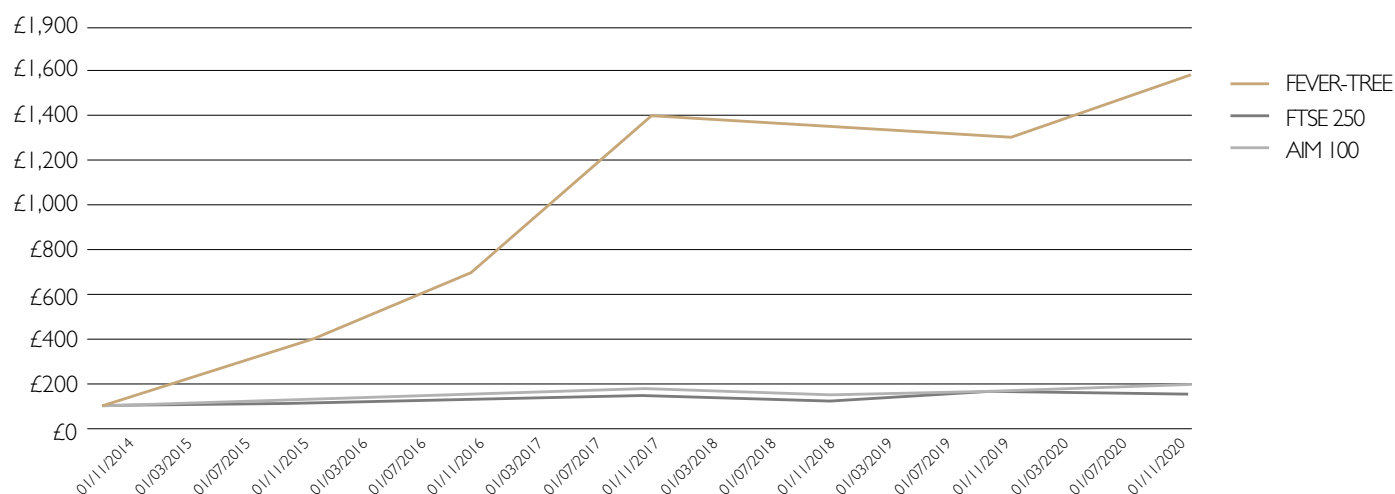
There were no payments for loss of office in the year.

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.



The chart shows the value by 31 December 2020 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 £000	2019 £000	2020 £000
CEO single figure (£000)	487	460	725	842	4,098	1,373	904
Annual bonus payout (% of maximum)	100%	100%	100%	100%	100%	0%	81%
LTIP vesting (% of maximum)	—	—	—	—	100%	100%	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 2020:

Director	Ordinary shares at 31 December 2020	Shares held		Options held			Shareholding req. (% salary)	Req. met?
		Vested but not exercised	Unvested and subject to performance	Vested but not exercised	Unvested and subject to continued employment	Options exercised		
Tim Warrillow	5,460,172	—	—	—	147,828	171,155	200%	Yes
Andrew Branchflower	141,488	—	—	—	90,748	78,821	200%	Yes
Bill Ronald	400,000	—	—	—	—	—	—	—
Coline McConville	11,406	—	—	—	—	—	—	—
Kevin Havelock	85,117	—	—	—	—	—	—	—
Jeff Popkin	12,033	—	—	—	—	—	—	—
Dom De Lorenzo	3,500	—	—	—	—	—	—	—

REMUNERATION COMMITTEE REPORT CONTINUED

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	Exercise price	Number of shares/ options Awarded	Face value at grant	Performance period	Release date
Tim Warrillow							
LTIP	20/05/20	1,435.29p ¹	0.25p	68,561	£984,049	01/01/2020 – 31/12/2022	20/05/23
LTIP	08/05/19	2,950.10p ¹	0.25p	39,240	£1,157,619	01/01/2019 – 31/12/2021	08/05/22
LTIP	08/05/18	2,754.42p ¹	0.25p	40,027	£1,102,500	01/01/2018 – 31/12/2020	08/05/21
Andrew Branchflower							
LTIP	20/05/20	1,435.29p ¹	0.25p	44,079	£632,661	01/01/2020 – 31/12/2022	20/05/23
LTIP	08/05/19	2,950.10p ¹	0.25p	25,226	£744,192	01/01/2019 – 31/12/2021	08/05/22
LTIP	08/05/18	2,754.42p ¹	0.25p	21,443	£590,625	01/01/2018 – 31/12/2020	08/05/21

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 2020. The Corporate Governance Statement on pages 56 to 58 also forms part of this Directors' Report.

DIVIDENDS

The Board is pleased to recommend a final dividend of 10.27 pence per share, bringing the total dividend for 2020 to 15.68 pence per share (2019: 15.08 pence per share).

DIRECTORS

The Directors of the Company 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

The names of the Directors, along with their brief biographical details, are given on pages 54 to 55.

CT Rolls was also a Director of the Company for the period through to 4 June 2020.

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on pages 75 to 76.

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 he ought to have taken as a Director in order to make himself 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 97 to 101.

SUBSIDIARIES

The Company has ten subsidiaries; a complete list is provided at note 14 to the Consolidated Financial Statements on page 109.

SHARE CAPITAL STRUCTURE

At 31 December 2020, the Company's issued share capital was £291,296 divided into 116,518,420 ordinary shares of 0.25p each. Further details of the Company's issued share capital are given in note 21 to the Consolidated Financial Statements on page 112.

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 the requirements of the Listing 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 PURCHASE OWN SHARES

The Company was authorised by shareholder resolution at the 2020 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased by the Company during the year.

SIGNIFICANT SHAREHOLDERS

As of 31 December 2020, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Name	Holding	%
Lindsell Train Investment Mgt	7,136,258	6.12
Morgan Stanley	7,049,690	6.05
Majedie Asset Mgt	6,865,625	5.89
Charles Rolls	5,965,928	5.12
Tim Warrillow	5,460,172	4.70
Fundsmith	5,336,216	4.58
Invesco	4,813,814	4.13

SHARE OPTION SCHEMES

Details of employee share schemes are set out in note 22 to the Consolidated Financial Statements.

DIRECTORS' REPORT CONTINUED

APPOINTMENT AND RETIREMENT OF DIRECTORS

The Board may from time to time appoint one or more additional Directors so long as the total number of Directors does not exceed the limit prescribed in the Articles of Association.

GOING CONCERN

After making enquiries, including modelling a number of scenarios in relation to the potential impact of COVID-19, 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. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details of the assessment of going concern can be found in note 1 of the Consolidated Financial Statements and the Viability Statement on page 62.

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.

AUDIT TENDER

The Company has undertaken a tender process for its external audit services for the year ended 31 December 2021. Tender documents were issued in November 2020. The audit firms will deliver their final presentations in late March 2021. The resolution proposing appointing the Company's auditor is detailed in the Company's AGM notice included at the end of this Annual Report and financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 20 May 2021.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2020, the re-election of Directors, the appointment of the Company's Auditor and authorisation of the Directors to determine the Auditor's remuneration.

The Company Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements.

APPROVAL

This Directors' Report was approved by the Board and was signed on its behalf on 17 March 2021.

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 international accounting standards in conformity with the requirements of the Companies Act 2006, 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 international accounting standards in conformity with the requirements of the Companies Act 2006, 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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 2020 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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:

- Management's assessment of going concern: we obtained an understanding of the process undertaken by management to prepare the going concern assessment and how the impacts of COVID-19 and Brexit 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 impact of COVID-19 and Brexit with reference to current year and post year-end financial results.

- 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 or slower than predicted recovery from COVID-19 in the On-Trade business.
- 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 its 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's or Parent Company's ability to continue as a going concern for a period of at least 12 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	108% (2019: 100%) of Group profit before tax 96% (2019: 100%) of Group revenue 94% (2019: 100%) of Group total assets		
Key audit matters		2020	2019
	Revenue recognition - customer arrangements	✓	✓
Materiality	Group financial statements as a whole £3.3m (2019: £3.6m) based on 5% of the average Profit before tax over the last three-year period (2019: 5% of Profit before tax)		

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 accounting for 96% of the revenue, 108% of the profit before tax, and 94% of total assets of the Group. There were two non-significant components identified, where the group audit team performed specific procedures over material balances.

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. These matters were 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 these matters.

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF FEVERTREE DRINKS PLC CONTINUED

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition - customer arrangements (Note 1)</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 overseas distributors. 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>

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	
	2020	2019	2020	2019
	£m	£m	£m	£m
Materiality	3.3	3.6	2.5	2.8
Basis for determining materiality	5% of three year average profit before tax	5% of profit before tax	2% of total assets	
Rationale for 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 Groups' financial statements. In the current 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 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.	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.	
Performance materiality	2.3	2.5	1.75	1.95
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 component of the Group based on a percentage of between 33% 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 £1.1m to £2.9m.

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 audit differences in excess of £66,000 (2019: £72,000). It was also agreed that audit differences between 2% and 5% of materiality would be aggregated and the overall impact of these communicated. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds and financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEVERTREE DRINKS PLC CONTINUED

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 78); and ▪ The Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page 62)
Other Code provisions	<ul style="list-style-type: none"> ▪ Directors' statement on their, balanced and understandable (set out on pages 78); ▪ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 78); ▪ The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (set out on pages 60 to 61); and ▪ The section describing the work of the Audit Committee (set out on pages 59 to 62).

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	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> ▪ 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. <p>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.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> ▪ 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 set out on page 79, 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.

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 (International Accounting Standards in conformity with the Companies Act 2006, FRS 101, Companies Act 2006 and the UK Corporate Governance Code) and relevant tax compliance regulations 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 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.

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

17 March 2021

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 2020

	Note	2020 £m	2019 £m
Revenue	4	252.1	260.5
Cost of sales		(135.8)	(129.0)
Gross profit		116.3	131.5
Administrative expenses		(65.0)	(59.3)
Adjusted EBITDA		57.0	77.0
Depreciation	10	(2.7)	(2.2)
Amortisation	11	(1.1)	(0.7)
Share-based payment charges	22	(1.9)	(1.9)
Operating profit	5	51.3	72.2
Finance costs			
Finance income	7	0.5	0.5
Finance expense	7	(0.2)	(0.2)
Profit before tax		51.6	72.5
Tax expense	8	(9.9)	(14.0)
Profit for the year		41.7	58.5
Items that may be reclassified to profit or loss			
Foreign currency translation difference of foreign operations		(0.2)	0.1
Effective portion of cash flow hedges	3	0.6	0.2
Total other comprehensive income		0.4	0.3
Total comprehensive income for the year		42.1	58.8
Earnings per share			
Basic (pence)	9	35.86	50.46
Diluted (pence)	9	35.76	50.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

At 31 December 2020	Note	2020 £m	2019 £m
Non-current assets			
Property, plant and equipment	10	7.5	6.9
Intangible assets	11	48.8	41.0
Deferred tax asset	20	1.9	0.5
Other financial assets		–	2.1
Total non-current assets		58.2	50.5
Current assets			
Inventories	15	38.7	20.8
Trade and other receivables	16	56.0	60.8
Derivative financial instruments	18	1.3	0.1
Corporation tax asset		1.1	–
Cash and cash equivalents		143.1	128.3
Total current assets		240.2	210.0
Total assets		298.4	260.5
Current liabilities			
Trade and other payables	17	(42.4)	(27.5)
Loans and borrowings	19	(0.1)	–
Corporation tax liability		–	(5.1)
Deferred tax liability	20	(1.5)	–
Lease liabilities	12	(0.7)	(0.6)
Total current liabilities		(44.7)	(33.2)
Non-current liabilities			
Lease liabilities	12	(1.1)	(1.2)
Total non-current liabilities		(1.1)	(1.2)
Total liabilities		(45.8)	(34.4)
Net assets		252.6	226.1
Equity attributable to equity holders of the Company			
Share capital	21	0.3	0.3
Share premium	23	54.8	54.8
Capital redemption reserve	23	0.1	0.1
Cash flow hedge reserve	23	0.8	0.2
Translation reserve	23	(0.2)	–
Retained earnings	23	196.8	170.7
Total equity		252.6	226.1

The financial statements were approved and authorised for issue by the Board of Directors on 17 March 2021 and were signed on its behalf by:

ANDREW BRANCHFLOWER
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 2018	0.3	54.8	0.1	–	(0.1)	128.1	183.2
Profit for the year	–	–	–	–	–	58.5	58.5
Foreign currency translation difference of foreign operations	–	–	–	–	0.1	–	0.1
Effective portion of cash flow hedges	–	–	–	0.2	–	–	0.2
Total comprehensive income for the year	–	–	–	0.2	0.1	58.5	58.8
Contributions by and distributions to owners							
Dividends issued	–	–	–	–	–	(18.0)	(18.0)
Share-based payments	–	–	–	–	–	1.9	1.9
Tax on share-based payments	–	–	–	–	–	0.2	0.2
Shares issued	–	–	–	–	–	–	–
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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £m	2019 £m
Operating activities			
Profit before tax		51.6	72.5
Finance expense	7	0.2	0.2
Finance income	7	(0.5)	(0.5)
Depreciation of property, plant and equipment	10 & 12	2.7	2.2
Amortisation of intangible assets	11	1.1	0.7
Share-based payments	5	1.9	1.9
		57.0	77.0
Decrease/(Increase) in trade and other receivables		4.0	1.3
Decrease/(Increase) in inventories		(17.2)	5.7
(Decrease)/Increase in trade and other payables		10.8	(4.0)
		(2.4)	3.0
Cash generated from operations		54.6	80.0
Income taxes paid		(16.5)	(12.0)
Net cash flows from operating activities		38.1	68.0
Investing activities			
Purchase of property, plant and equipment		(2.6)	(2.6)
Interest received		0.5	0.5
Acquisition of subsidiary, net of cash acquired	13	(1.7)	–
Net cash used in investing activities		(3.8)	(2.1)
Financing activities			
Interest paid		(0.2)	(0.2)
Issue of shares		–	–
Dividends paid	24	(17.8)	(18.0)
Repayment of loan		(0.9)	(6.1)
Issue of other financial assets		–	(2.2)
Payment of lease liabilities		(0.7)	(0.5)
Net cash used in financing activities		(19.6)	(27.0)
Net increase in cash and cash equivalents		14.7	38.9
Cash and cash equivalents at beginning of period		128.3	89.7
Effect of movements in exchange rates on cash held		0.1	(0.3)
Cash and cash equivalents at end of period		143.1	128.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 has also been reflected in the Directors' assessment of the going concern basis of preparation for the Group and Company financial statements. This has been considered by modelling the impact on the group's cashflow for the period to the end of March 2022.

Whilst the Group is financially strong and has well balanced revenue streams, given the ongoing nature of restrictions on the On-Trade and travel, it is likely that COVID-19 will continue to have a material impact on 2021 trading. The On-Trade channel, which traditionally makes up 45% of Group sales, has been severely challenged across many of our regions, especially in those markets where government advice has led to the closing of all On-Trade outlets during lockdown periods. In the Off-Trade channel, overall sales have remained in growth with increases in market share achieved across our major regions.

Due to uncertainty in relation to the length, breadth and depth of the ongoing impacts of COVID-19, the Directors have modelled the impact on the Group and Company under five separate scenarios, as set out in the viability statement on page 62. Three of these scenarios considered differing potential impacts of COVID-19 on the business. In the final two scenarios, against the most prudent COVID-19 scenario we then applied the further potential impact of two key risks: business interruption and increased competition.

Under these differing scenarios, the forecasts for the period to the end of March 2022 indicate that the Group and the Company would continue to hold significant cash balances and, as a result, are able to continue operating and to meet their liabilities as they fall due.

To stress test these scenarios further, the Directors built a 'break-even' model to demonstrate what would have to happen for the Group to deplete its cash reserves. In completing this exercise, the Directors established there were no plausible scenarios that would result in the Group and the Company no longer continuing as a going concern.

The Directors have therefore concluded that the Group and the Company have adequate resources to continue in operational existence for at least the 12 months following the signing 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.

1. ACCOUNTING POLICIES CONTINUED

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES CONTINUED

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
Reusable packaging	–	20% per annum straight-line
Motor 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.

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.

1. ACCOUNTING POLICIES CONTINUED

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 and subsequently carried at amortised cost using the effective interest method.

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 estimates 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES CONTINUED

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.

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.

1. ACCOUNTING POLICIES CONTINUED

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.

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.

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 11, rely on estimation of future performance and customer retention which are uncertain. External valuation experts have been used to assist in the valuation process.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The Group is exposed to the following financial risks:

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

In common with all other businesses, 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 2020 and 31 December 2019.

FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

	Financial assets at fair value		Financial assets at amortised cost	
	2020 £m	2019 £m	2020 £m	2019 £m
Cash and cash equivalents	–	–	143.1	128.3
Trade and other receivables	–	–	49.0	56.2
Derivative financial instruments in cash flow hedges	1.0	0.2	–	–
Other derivative financial instruments	0.3	–	–	–
Other financial assets (non-current)	–	–	–	2.1
Total financial assets	1.3	0.2	192.1	186.6

FINANCIAL LIABILITIES

	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2020 £m	2019 £m	2020 £m	2019 £m
Trade and other payables	–	–	41.7	23.5
Lease liabilities	–	–	1.8	1.8
Loans and borrowings	–	–	0.1	–
Other derivative financial instruments	–	0.1	–	–
Total financial liabilities	–	0.1	43.6	25.3

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 2020 the Group has net trade receivables of £47.9m (2019: £51.0m).

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

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 does 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 2020 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 also has access to additional equity funding. Trade and other payables are monitored as part of normal management routine. See bank loans note (note 19).

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

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
31 December 2020				
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)	–	–	–
	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
31 December 2019				
Trade and other payables	23.5	–	–	–
Lease liabilities	0.6	0.6	0.7	–
Bank borrowings principal	–	–	–	–
Derivative financial instruments outflow	67.9	–	–	–
Derivative financial instruments (inflow)	(68.2)	–	–	–

For further details on bank loans, see note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

PRICING RISK

Pricing risk is the risk that oscillation in the price of key input costs will affect the profitability of the business. The Company 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 is exposed to cash flow interest rate risk from its loan facilities, which carry interest at variable rates. 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 USA 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 2020 there were commitments to purchase foreign currency exchange forward contracts with a total sterling value of approximately £87.9m (2019: £67.9m) mainly in euros and US dollars. All contracts mature within 12 months of the reporting date.

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.

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.

	2020 Currency in m		2019 Currency in m	
	Euro	USD	Euro	USD
Receivables	19.3	26.2	21.9	18.8
Payables	(6.1)	(0.5)	(4.6)	—
Cash	3.8	6.5	3.3	1.0
Total	17.0	32.2	20.6	19.8

EFFECT OF CASH FLOW HEDGES

At 31 December 2020, the Group held derivatives with a notional value of £36.6m (2019: £35.5m) designated as hedging instruments for cash flow hedging purposes. They all have maturities in 2021 and have a range of hedged rates between EUR 1.06 - 1.19 and USD 1.16 - 1.35.

In respect of cash flow hedges, the Group has recognised a net gain of £0.6m (2019: £0.2m) in other comprehensive income in the year due to changes in fair value. A loss of £1.2m (2019: nil) 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

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 top three customers and other:

	2020	2019
Customer 1	11%	11%
Customer 2	6%	6%
Customer 3	6%	5%
Other	77%	78%
	100%	100%

An analysis of turnover by geographical market is given below:

	2020 £m	2019 £m
United Kingdom	103.3	132.7
United States of America	58.5	47.6
Europe	65.3	64.4
Rest of the World	25.0	15.8
	252.1	260.5

In the year ended 31 December 2020 the Group had one customer representing £30.8m of sales, accounting for 11% of Group revenue (2019: one customer represented £29.5m of sales, accounting for 11% of revenue).

B) CONTRACT BALANCES

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

£m	Note	31 December 2020	31 December 2019
Receivables, which are included in "trade and other receivables"	16	49.1	52.3

No information is provided about remaining performance obligations at 31 December 2020 that have an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

5. PROFIT FROM OPERATIONS

Operating profit is stated after charging:

	2020 £m	2019 £m
Foreign exchange loss/(gain)	0.2	–
Depreciation of property, plant and equipment	2.7	2.2
Amortisation of intangible assets	1.1	0.7
Lease payments directly through profit or loss (short-term leases)	0.1	0.2
Logistics and warehousing	19.5	18.5
Discretionary marketing	25.2	28.7
Share-based payments	1.9	1.9
Auditors' remuneration*:		
Fees for audit of the Company	0.2	0.1
Fees for audit of subsidiaries	0.1	0.1
Non-audit services*	–	–

*Total audit fees in 2020 are £260,000 (2019: £252,830). Non-audit services of £21,100 (2019: £47,372) have been rounded down to zero in the above disclosure.

6. STAFF COSTS

	2020 £m	2019 £m
Wages and salaries	19.3	12.6
Employers national insurance	2.3	1.1
Pensions	0.6	0.6
	22.2	14.3

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

	2020	2019
Sales and Marketing	138	91
Production and Administration	121	82
	259	173

Directors' remuneration included in staff costs	2020 £m	2019 £m
Salaries	1.1	1.1
Bonuses	0.8	–
	1.9	1.1

Total remuneration regarding the highest paid Director was £4.3m (2019: £0.4m). The total remuneration regarding the highest paid Director includes the gain on exercise of share options, which is not included in staff costs.

The Directors' gain on exercise of share options was £7.3m (2019: £nil). £1.7m of these share options had performance criteria attached and are disclosed in the single figure table, valued at the vesting date, relating to performance conditions met in the 2019 financial period. £5.6m of the gain relates to share options with performance conditions relating to financial performance in the 2018 financial period and were disclosed in the single figure table in the 2018 annual report.

7. FINANCE INCOME AND EXPENSES

	2020 £m	2019 £m
Finance income		
Interest Income	0.5	0.5
	0.5	0.5
Finance expense		
Interest on lease liabilities	0.1	0.2
Bank loan interest and other charges	0.1	—
	0.2	0.2

8. INCOME TAX

	2020 £m	2019 £m
Current tax expense		
Current tax on profits for the period	10.0	14.6
Adjustment in respect of prior period	0.9	—
	10.9	14.6
Deferred tax expense		
Origination and reversal of temporary differences	(0.6)	(0.7)
Adjustment in respect of prior period	(0.4)	0.1
Total tax expense	9.9	14.0

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:

	2020 £m	2019 £m
Profit for the year	51.6	72.5
Expected tax charge based on corporation tax rate of 19% in 2020 (19% in 2019)	9.8	13.8
Income not chargeable for tax purposes	—	(0.1)
Adjustment in respect of prior period	0.5	0.1
Differences in tax rates	(0.4)	0.2
Total tax expense	9.9	14.0

During the year, corporation tax relief of £0.9m (2019: £0.1m) was recognised within equity in relation to share options exercised in the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9. EARNINGS PER SHARE

	2020 £m	2019 £m
Profit		
Profit used in calculating basic and diluted EPS	41.7	58.5
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	116,277,921	116,126,293
Weighted average number of dilutive employee share options outstanding	335,590	448,508
Weighted average number of shares for the purpose of diluted earnings per share	116,613,511	116,574,801
Basic earnings per share (pence)	35.86	50.46
Diluted earnings per share (pence)	35.76	50.26

Normalised EPS

	2020 £m	2019 £m
Profit		
Reported profit before tax	51.6	72.5
Add back:		
Amortisation	1.1	0.7
Adjusted profit before tax	52.7	73.2
Tax – assume standard rate (19%)	(10.0)	(13.9)
Normalised earnings	42.7	59.3
Number of shares	116,277,921	116,126,293
Normalised basic earnings per share (pence)	36.72	51.08

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).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises owned and leased assets, as follows:

	2020 £m	2019 £m
Owned property, plant and equipment	5.8	5.3
Leased property, plant and equipment (right-of-use assets, see note 12)	1.7	1.6
Total property, plant and equipment	7.5	6.9

Owned property, plant and equipment is detailed as follows:

	Leasehold property improvements £m	Reusable packaging £m	Motor vehicles £m	Fixtures and fittings £m	Totals £m
Cost					
At 31 December 2018	0.7	2.5	0.4	0.6	4.2
Additions	–	3.9	0.1	0.2	4.2
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
Depreciation					
At 31 December 2018	0.1	1.0	0.2	0.2	1.5
Charge for the year	0.2	1.2	–	0.2	1.6
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
Net book value					
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

FOR THE YEAR ENDED 31 DECEMBER 2020

11. INTANGIBLE ASSETS

	Goodwill £m	Brands £m	Customer relationships £m	Software £m	Totals £m
Cost					
At 31 December 2018 and 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
Amortisation					
At 31 December 2018	–	4.2	–	–	4.2
Charge for the year	–	0.7	–	–	0.7
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
Net book value					
At 31 December 2020	32.2	8.8	7.5	0.3	48.8
At 31 December 2019	31.5	9.5	–	–	41.0

Brands represent the fair value at the 12 March 2013 acquisition date of the “Fever-Tree” brand. The fair value has been 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 five year forecast followed by long-term growth at 1% reflecting local industry and inflation assumptions. A ten year useful economic life is considered appropriate taking into account historic customer retention.

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 to which goodwill has been allocated is tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Management has made this consideration and does not believe there to be any impairment indicators.

Goodwill is not amortised but tested for impairment annually. The impairment model for goodwill 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. This exercise showed significant headroom in the year.

Certain disclosures, including sensitivities, relating to goodwill have not been made, given the significant headroom on impairment testing.

12. 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 1 January 2019	2.1	0.1	2.2
Additions	–	–	–
Depreciation charge for the year	(0.5)	(0.1)	(0.6)
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

Lease liabilities:

	2020 £m	2019 £m
Undiscounted future cash flows		
Not later than one year	0.8	0.6
Later than one year and not later than five years	1.1	1.3
Later than five years	–	–
Total undiscounted future cash flows	1.9	1.9

Lease liabilities at 31 December

Current lease liabilities	0.7	0.6
Non-current lease liabilities	1.1	1.2
	1.8	1.8

Amounts recognised in the profit or loss

	2020 £m	2019 £m
Interest on lease liabilities	0.1	0.2
Depreciation charge for right-of-use assets	0.7	0.6
Charge relating to short-term leases	0.1	0.2

Amounts recognised in consolidated statement of cash flows

	2020 £m	2019 £m
Total cash outflow for leases	0.7	0.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13. ACQUISITION OF GDP GLOBAL DRINKS PARTNERSHIP GMBH

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 German market represents a notable opportunity for the Group. It is one of the largest mixer markets in Europe and is underpinned by emerging premiumisation trends evident in both the mixer and spirits categories. The acquisition of GDP, with established management, distribution relationships and sales channels already in place, allows the Group to accelerate the strength and depth of its presence in Germany much faster than could have been achieved by building the same capabilities from scratch.

The results of GDP have been consolidated from 1 July onwards, contributing £14.6m to Group revenue and £1.3m to Group adjusted EBITDA. If the acquisition had been made on 1 January 2020, management estimates it would have contributed an incremental £9.9m to Group revenue and a £0.2m loss to Group adjusted EBITDA. GDP was previously the Group's sales agent in Germany; therefore, a portion of GDP's net revenue would have been recognised in other Group companies as principal had the acquisition not been made. The full-year incremental revenue and EBITDA excludes that agency revenue and relates solely to GDP's portfolio brands.

The fair value of the acquired receivables does not materially differ to their gross contractual amounts. As a long-term distributor and later agent of the Group, GDP owed Group entities trade creditor and loan balances totalling £3.9m; these balances form part of the consideration and there was no gain or loss on their effective settlement.

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

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

14. SUBSIDIARIES

The subsidiaries of the Company, which have been included in the consolidated financial statements, are as follows:

Name	Principal activity	Incorporated	Registered address	2020 Ownership %	2019 Ownership %
Fevertree Limited	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree USA Inc.*	Development and sale of premium mixer drinks	USA	251 Little Falls Drive, Wilmington, Delaware, 19808	100%	100%
Fevertree USA Holding Co. Inc.*	The activities of a holding company	USA	251 Little Falls Drive, Wilmington, Delaware, 19808	100%	100%
Fevertree USA Production Co. Inc.*	Development and sale of premium mixer drinks	USA	251 Little Falls Drive, Wilmington, Delaware, 19808	100%	n/a
Fevertree UK Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree US Limited*	The activities of a holding company	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree Europe Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree ROW Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree Germany Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
GDP Global Drinks Partnership GmbH*	Distribution of premium mixers and other drinks	Germany	Marienstr. 17 80331 München	100%	n/a

* Denotes indirectly held subsidiary

15. INVENTORIES

	2020 £m	2019 £m
Raw materials	8.7	5.7
Finished goods	30.0	15.1
	38.7	20.8

The cost of inventories recognised as an expense and included in the cost of sales amounted to £106.8m (2019: £107.1m). The amount charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in respect of impairment and write-off of inventories was £1.2m (2019: £0.4m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. TRADE AND OTHER RECEIVABLES

	2020 £m	2019 £m
Trade receivables	49.1	52.3
Expected credit loss provision	(1.2)	(1.3)
Net trade receivables	47.9	51.0
Other receivables	1.1	5.2
Total financial assets other than cash and cash equivalents held at amortised cost	49.0	56.2
Prepayments	4.0	3.2
Recoverable VAT	3.0	1.4
Total trade and other receivables	56.0	60.8

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 no particular concentration of credit risk to the Group's trade receivables as the Group has a large number of customers.

EXPECTED CREDIT LOSS ASSESSMENT FOR CUSTOMERS AS AT 31 DECEMBER 2020

The following table provides information about the exposure to credit risk and ECLs (expected credit losses) for trade receivables as at 31 December 2020. 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 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
31 December 2019			
Current (not past due)	2%	46.6	1.0
1-30 days past due	2%	3.5	0.1
31-60 days past due	4%	1.0	—
Over 60 days past due	9%	1.2	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.

16. TRADE AND OTHER RECEIVABLES CONTINUED**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.

	2020 £m	2019 £m
Balance at 1 January	1.3	1.7
Amounts written off	(0.2)	–
Net remeasurement of loss allowance	0.1	(0.4)
Balance at 31 December	1.2	1.3

17. TRADE AND OTHER PAYABLES

	2020 £m	2019 £m
Current		
Trade payables	11.0	4.5
Accruals	25.5	16.1
Other	5.2	2.9
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	41.7	23.5
Social security and other taxes	0.7	4.0
Total trade and other payables	42.4	27.5

There is no material difference between the net book amount and fair value of trade and other payables due to their short-term nature.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 £m	2019 £m
Foreign currency exchange contracts	1.3	0.1
Total derivative financial instruments	1.3	0.1

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 £0.4m (2019: increase of £0.4m) has been included within the foreign exchange amount in note 5, with the unrealised profits offsetting the foreign exchange movements in net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19. LOANS AND BORROWINGS

	2020 £m	2019 £m
Bank loans		
Current portion	0.1	–
Total bank loans	0.1	–

20. DEFERRED TAX

The movement on the deferred tax account is as shown below:

	2020 £m	2019 £m
Opening asset/(liability)	0.5	(0.2)
Acquisition of GDP	(0.6)	–
Recognised in comprehensive income	1.0	0.6
Recognised in equity	(0.5)	0.1
Closing asset/(liability)	0.4	0.5

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 2019	(1.6)	1.6	0.5	0.5
Acquisition of GDP	(2.6)	–	2.0	(0.6)
Comprehensive income debit/(credit)	0.1	(0.2)	1.1	1.0
Recognised in equity	–	(0.6)	0.1	(0.5)
At 31 December 2020	(4.1)	0.8	3.7	0.4

After offsetting deferred tax assets and liabilities where appropriate within territories, the net deferred tax asset comprises deferred tax assets of £1.9m (2019: £0.5m) and deferred tax liabilities of £1.5m (2019: nil). Other deferred tax assets include £2.0m related to GDP previous years' tax losses, £1.4m on temporary differences related to unrealised intragroup profit in stock and £0.3m on other miscellaneous deferred tax assets.

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 has not been substantively enacted at the balance sheet date, as a result, deferred tax balances as at 31 December 2021 continue to be measured at 19%. If all of the UK deferred tax balances were to reverse at the amended rate the impact to the closing DT position would not be significant.

21. SHARE CAPITAL

	2020 Number	2020 £m	2019 Number	2019 £m
Ordinary shares of £0.0025 each				
At beginning of the period	116,131,199	0.3	116,116,983	0.3
Issued during the year	387,221	–	14,216	–
At the end of the period	116,518,420	0.3	116,131,199	0.3

22. SHARE-BASED PAYMENTS

In November 2014 the Group established two incentive plans whereby share options are granted to employees.

THE COMPANY SHARE OPTION PLAN ("CSOP")

The CSOP is a share option plan that satisfies the requirements for tax relief under Schedule 4, ITEPA. All employees and full-time Directors of the Group are eligible to participate at the discretion of the Remuneration Committee. Options may be granted subject to objective performance conditions, but no performance conditions applied to the first grant of Options under the CSOP. The exercise price of options granted under the CSOP must be equal to or above the market value of the ordinary shares on the date of grant of the options. Options may not generally be exercised prior to the third anniversary of grant, unless the option holder's employment ceases for a specified "good leaver" reason, such as ill health, disability, redundancy, retirement or a sale out of the Group of the Company or the business by which they are employed, or if there is a change of control of the Company due to a cash takeover.

The first options granted under the CSOP vested three years from the date of grant and have an exercise price equal to the placing price under the Group's initial public offering of £1.34. These options lapse after ten years.

UNAPPROVED SCHEME

The Unapproved Scheme largely mirrors the CSOP, save to the extent that it does not need to satisfy the requirements of Schedule 4, ITEPA.

The exercise price of the granted options is equal to the estimated market price of the shares on the date of the grant. Options may normally be exercised in whole or in part during the period between the third and tenth anniversaries of their grant provided any performance targets specified at the date of grant have been achieved. Options may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares.

Options 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, Options may be exercised within certain time limits. There are also provisions for the exchange of Options in specified circumstances. Options immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

22. SHARE-BASED PAYMENTS CONTINUED

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020	
	Number of shares	Weighted average exercise price £
CSOP		
Outstanding at beginning of the year	–	–
Exercised	–	–
Outstanding at end of the year	–	–
Of which vested and exercisable	–	–

	2019	
	Number of shares	Weighted average exercise price £
CSOP		
Outstanding at beginning of the year	250	1.34
Exercised	(250)	1.34
Outstanding at end of the year	–	–
Of which vested and exercisable	–	–

	2020	
	Number of shares	Weighted average exercise price £
Unapproved scheme		
Outstanding at beginning of the year	–	–
Exercised	–	–
Outstanding at end of the year	–	–
Of which vested and exercisable	–	–

	2019	
	Number of shares	Weighted average exercise price £
Unapproved scheme		
Outstanding at beginning of the year	9,925	1.34
Exercised	(9,925)	1.34
Outstanding at end of the year	–	–
Of which vested and exercisable	–	–

22. SHARE-BASED PAYMENTS CONTINUED

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
2019		
	Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	511,674	0.0025
Exercised	(4,041)	0.0025
Forfeited	(2,136)	0.0025
Granted	161,233	0.0025
Outstanding at end of the year	666,730	0.0025
Of which vested and exercisable	297,326	0.0025
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	–	–
2019		
	Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	–	–
Granted	50,565	20.99
Outstanding at end of the year	50,565	20.99
Of which vested and exercisable	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

22. SHARE-BASED PAYMENTS CONTINUED

The weighted average grant date fair value of options granted during the period was determined at £15.66 (2019: 25.04) per option. The weighted average price of options exercised in the year was £20.31 (2019: 27.55). The outstanding options have a weighted average remaining contractual life of eight 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:

	2020	2019
Risk-free interest rate	0.02%	0.39%–0.79%
Expected life	5 years	5 years
Expected volatility	57.48%	29.20%–33.56%
Expected dividend yield	0.93%	0.53%–0.60%
Share price at grant date	£16.85	£21.92–£31.58

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.

23. 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.

24. DIVIDENDS

In the financial year ended 31 December 2020 dividends were paid with a value 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). Dividends of £17,976,649 (being £11,937,872 at 10.28 pence per share in respect of the year ended 31 December 2018, and £6,038,778 at 5.20 pence per share in respect of the six months ended 30 June 2019) were paid in the prior year. The Directors are proposing a final dividend of 10.27 pence per share - £11,966,441. This dividend has not been accrued in the Consolidated Statement of Financial Position.

25. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period to disclose.

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel:

	2020 £m	2019 £m
Short-term employee benefits	1.3	1.1
Bonus	0.8	—
Share-based payments	—	0.6
Employers national insurance	0.1	0.1
	2.2	1.8

The key management personnel are judged to be the Directors. For full details of Directors' remuneration, see the Remuneration Committee Report on pages 64 to 76.

27. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no ultimate controlling party.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

Company number 08415302	Note	2020 £m	2019 £m
Fixed assets			
Fixed asset investments	4	60.5	60.5
Current assets			
Debtors	5	35.1	66.9
Cash at bank and in hand		65.3	22.9
		100.4	89.8
Creditors: amounts falling due within one year	6	(1.9)	(4.5)
Net current assets		98.5	85.3
Total assets less current liabilities		159.0	145.8
Net assets		159.0	145.8
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	103.8	90.6
Shareholders' funds		159.0	145.8

As permitted by Section 408 of the Companies Act 2006, a separate profit or loss account of the parent Company has not been presented. The parent Company's profit for the year was £29.7m (2019: £59.7m).

The financial statements were approved and authorised for issue by the Board of Directors on 17 March 2021 and were signed on its behalf by:

ANDREW BRANCHFLOWER
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Equity as at 31 December 2018	0.3	54.8	0.1	46.8	102.0
Total comprehensive income for the year	—	—	—	59.7	59.7
Dividends paid	—	—	—	(18.0)	(18.0)
Share-based payments	—	—	—	1.9	1.9
Tax on share-based payments	—	—	—	0.2	0.2
Shares issued	—	—	—	—	—
Equity as at 31 December 2019	0.3	54.8	0.1	90.6	145.8
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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Fevertree Drinks plc 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.

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.

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. 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. This expense is spread over the vesting period of the instrument.

2. PROFIT FROM OPERATIONS

Operating profit is stated after charging:

	2020 £m	2019 £m
Share-based payments	1.9	1.9

3. STAFF COSTS

	2020 £m	2019 £m
Short-term employee benefits	1.3	1.1
Accrued bonus	0.8	—
Employers national insurance	0.4	0.1
	2.5	1.2

No headcount figures are included within this note since salaries are recharged for services to the Company from other Group companies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

4. FIXED ASSET INVESTMENT

**Subsidiary
undertakings
£m**

At 31 December 2019 and 2020 60.5

Refer to note 14 of the consolidated financial statements of the Group for the list of the Company's subsidiaries.

5. DEBTORS

	2020 £m	2019 £m
Amounts owed by group undertakings	34.3	65.2
Deferred tax asset	0.8	1.7
	35.1	66.9

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £m	2019 £m
Accruals	0.9	0.1
Other payables	0.5	–
Amounts owed to group undertakings	0.5	4.4
	1.9	4.5

Fevertree Drinks plc is also party to an Omnibus Guarantee and Set Off agreement with one of the Group's banking providers.

7. SHARE CAPITAL

Refer to note 21 of the consolidated financial statements for information on share capital.

8. RESERVES

Refer to note 23 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 26 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 22 of the consolidated financial statements.

11. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period to disclose.



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COMPANY INFORMATION

REGISTERED OFFICE

Kildare House
3 Dorset Rise
London
EC4Y 8EN

HEAD OFFICE

186-188 Shepherds Bush Road
London
W67 NL

COMPANY WEBSITE

www.fever-tree.com

COMPANY SECRETARY

John Finlay

ADVISERS

NOMINATED ADVISERS AND BROKERS

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Numis Securities
10 Paternoster Square
London
EC4M 7LT

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 4D

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 20 May 2021 at 11:30 a.m. As a result of the ongoing COVID-19 pandemic and considering the latest UK Government measures on physical public gatherings this year the Board is adopting a number of changes to the traditional running of the AGM. The Company wishes to advise that, in order to limit the risk of infection and protect the health and safety of shareholders and employees, the Board is planning that the AGM this year will be a closed meeting and convened with the minimum quorum of two shareholders which the Company will arrange. As a result, we regret shareholders will not be permitted to attend the meeting in person and, in the interests of safety, anyone seeking to attend in person will be refused entry. In the event that Government guidance changes prior to the date of the meeting, we will announce any changes to the meeting arrangements 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. We encourage all shareholders to vote by proxy, further details of which are contained in this notice. It is particularly important that shareholders vote by proxy this year as they will be unable to attend in person. We will be providing a conference call facility for any shareholders wishing to listen to the AGM proceedings. If you would like to join, please email agm@fever-tree.com for details. Note that joining the conference call does not constitute attendance at the meeting for legal purposes so you will not be able to vote. Accordingly, even if you intend to dial into the meeting you are encouraged to submit your vote by proxy before the meeting. 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 2020 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 2020.

3. Declaration of dividend

To declare a final dividend of 10.27p per ordinary share for the year ended 31 December 2020 payable on 28 May 2021 to shareholders who are on the register of members of the Company on 9 April 2021.

4. Re-election of William Ronald

To re-elect William Ronald as a Director.

5. Re-election of Timothy Warrillow

To re-elect Timothy Warrillow as a Director.

6. Re-election of Andrew Branchflower

To re-elect Andrew Branchflower as a Director.

7. Re-election of Coline McConville

To re-elect Coline McConville as a Director.

8. Re-election of Kevin Havelock

To re-elect Kevin Havelock as a Director.

9. Re-election of Jeff Popkin

To re-elect Jeff Popkin as a Director.

10. Re-election of Domenic De Lorenzo

To re-elect Domenic De Lorenzo as a Director.

11. 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.

12. 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 13 and 16 will be proposed as ordinary resolutions and resolutions 14 and 15 will be proposed as special resolutions.

13. 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

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

amount of £97,099 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.

14. 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 14 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 £14,565; 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 equity securities in pursuance of such an offer or agreement as if this power had not expired.

15. 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 11,651,903;
- (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:
 - (A) 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
 - (B) 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.

16. Amendment to LTIP Rules

That rule 4.1 of the Fevertree Drinks plc Long Term Incentive Plan (the "LTIP"), adopted on 21 April 2016, be and is hereby amended to increase the maximum total market value of shares over which awards may be granted to a participant in any financial year to 450% of the participant's salary, as defined in rule 4.2, as shown in the rules of the LTIP produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification.

Dated: 19 April 2021
 Registered Office:
 Kildare House
 3 Dorset Rise
 London
 EC47 8EN

By order of the Board
JOHN FINLAY
 Company Secretary

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 18 May 2021 (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. Due to the restrictions on attendance at this year's AGM 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, as they will not be permitted to attend the physical meeting.
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 poll 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 and a copy of the rules of the Fevertree Drinks plc Long Term Incentive Plan (showing the proposed amendment under resolution 16) 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 Group, 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 18 May 2021.

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.

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 Group, RA10 by 11.30 a.m. on 18 May 2021. 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 Group 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.

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. 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.

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 – EXPLANATORY NOTES

RESOLUTION 1 – RECEIVING THE ACCOUNT AND REPORTS

All quoted companies are required by law to lay their annual accounts before a general meeting of the Company, 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 2020.

RESOLUTION 2 – DIRECTORS' REMUNERATION

To approve the Directors' remuneration report for the year ended 31 December 2020.

RESOLUTION 3 – DECLARATION OF DIVIDEND

This resolution concerns the Company's final dividend payment. The Directors are recommending a final dividend of 10.27p per ordinary share in respect of the year ended 31 December 2020 which, if approved, will be payable on 28 May 2021 to the shareholders on the register of members on 9 April 2021.

RESOLUTION 4 – RE-ELECTION OF WILLIAM RONALD

This resolution concerns the re-election of William Ronald who is retiring at the meeting by rotation in accordance with the Company's articles of association. A biography of William Ronald's background and experience is provided in the Annual Report.

RESOLUTION 5 – RE-ELECTION OF TIMOTHY WARRILLOW

This resolution concerns the re-election of Timothy Warrillow who is retiring at the meeting by rotation in accordance with the Company's articles of association. A biography of Tim Warrillow's background and experience is provided in the Annual Report.

RESOLUTION 6 – RE-ELECTION OF ANDREW BRANCHFLOWER

This resolution concerns the re-election of Andrew Branchflower who is up for re-election pursuant to Company's continued compliance with the UK Corporate Governance Code. A biography of Andrew Branchflower's background and experience is provided in the Annual Report.

RESOLUTION 7 – RE-ELECTION OF COLINE MCCONVILLE

This resolution concerns the re-election of Coline McConville who is up for re-election pursuant to Company's continued compliance with the UK Corporate Governance Code. A biography of Coline McConville's background and experience is provided in the Annual Report.

RESOLUTION 8 – RE-ELECTION OF KEVIN HAVELOCK

This resolution concerns the re-election of Kevin Havelock who is up for re-election pursuant to Company's continued compliance with the UK Corporate Governance Code. A biography of Kevin Havelock's background and experience is provided in the Annual Report.

RESOLUTION 9 – RE-ELECTION OF JEFF POPKIN

This resolution concerns the re-election of Jeff Popkin who is up for re-election pursuant to Company's continued compliance with the UK Corporate Governance Code. A biography of Jeff Popkin's background and experience is provided in the Annual Report.

RESOLUTION 10 – RE-ELECTION OF DOMENIC DE LORENZO

This resolution concerns the re-election of Domenic De Lorenzo who is up for re-election pursuant to the Company's continued compliance with the UK Corporate Governance Code. A biography of Dom de Lorenzo's background and experience is provided in the Annual Report.

RESOLUTION 11 – RE-APPOINTMENT OF AUDITORS

Following an audit tender process, 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 12 – AUDITORS' REMUNERATION

This resolution authorises the Directors to fix the Auditors' remuneration.

RESOLUTION 13 – 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 £97,099 representing approximately one third of the nominal value of the issued ordinary share capital of the Company as at 7 April 2021, 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 14 – 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 £14,565 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 21 April 2020 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 15 – AUTHORITY TO PURCHASE SHARES (MARKET PURCHASE)

This resolution authorises the board to make market purchases of up to 11,651,903 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 7 April 2021, 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 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.

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.

RESOLUTION 16 – AMENDMENT TO COMPANY'S LTIP RULES

This resolution authorises the board to amend the Company's LTIP Rules in order to increase the maximum total market value of shares over which awards may be granted to a participant during a financial year from 300% of his/her salary to 450% of his/her salary. The Remuneration Committee has discussed the proposed change with the Company's leading shareholders, who have been broadly supportive of the proposed change.

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