FEVER-TREE

THE RIGHT PRODUCTS IN THE RIGHT MARKETS

Annual Report and Financial Statements 2022

for the year ended 31 December 2022

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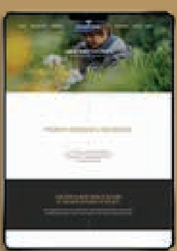

For the latest investor relations information, visit our website: www.fever-tree.com_gb/investors

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HIGHLIGHTS

STRONG REVENUE GROWTH

The long-term opportunity for the business remains significant and we continue to focus on investing in our regions, our products, marketing activities and our team.

FINANCIAL

2022	£344.3m
2021	£311.1m
2020	£252.1m

REVENUE

£344.3m

(2021: £311.1m)

2022	£39.7m
2021	£63.0m
2020	£57.0m

ADJUSTED EBITDA

£39.7m

(2021: £63.0m)

2022	£95.3m
2021	£166.2m
2020	£143.1m

CASH

£95.3m

(2021: £166.2m)

Payment of £50m special dividend

OPERATIONAL

CANS SOLD

198m

(2021: 219m)

BOTTLES SOLD

520m

(2021: 469m)

Footnote: Analysis on pages 01 to 107 of this front end of the Annual Report refers to adjusted EBITDA. The Group believes adjusted EBITDA to be a key indicator of underlying operational performance, adjusting operating profit for several non-cash items. As a consequence of these adjustments, the Group believes that adjusted EBITDA represents normalised corporate profits. Adjusted EBITDA for the year ended 31 December 2022 is operating profit of £30.6m before depreciation of £4.3m, amortisation of £1.5m and share based payment charges of £3.3m. Adjusted EBITDA is an appropriate measure since it represents to users a normalised, comparable operating profit, excluding the effects of the accounting estimates and non-cash items mentioned above. The definition for adjusted EBITDA as defined above is consistent with the definition applied in previous years. This measure is not defined in the International Financial Reporting Standards, which forms the basis of the presentation of the Financial Statements included on pages 118 to 121, and is not intended as a substitute for other GAAP measures. Since this is an indicator specific to the Group's operational structure, it may not be comparable to adjusted metrics used by other companies.

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

OUR PURPOSE

Fever-Tree was founded in 2005 on the belief that there had to be a better way, a refusal to compromise and a willingness to never settle for the status quo. This is as true today as it has always been and remains central to everything we do across the business.

We are passionate about the pursuit of excellence, continuing to innovate our products and packaging, and challenging ourselves to make a meaningful difference both where we source our ingredients from and where we live and work.

We want our approach to inspire and engage our colleagues, our customers, our partners and our consumers as together we strive to be the very best.

OUR CULTURE

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

Whilst the business grows in depth, breadth and complexity, we continue to maintain and champion this entrepreneurial ethos. Ensuring that we maintain an informal and open structure and culture that enables all of our team members to feel that they can make a real difference to the business, whatever their role or seniority, and be part of its ongoing international success.

See our Colleagues / pages 60 to 61

OUR KEY STRENGTHS

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

- We strive to only use the highest quality ingredients in our products, working with growers and experts who share our relentlessness for the best.
- We work together to fully understand how local climates and growing techniques affect the ingredients and contribute to the flavour.
- This approach has allowed us to forge meaningful, long-term relationships with many of our suppliers, creating a clear differential from Fever-Tree's mass-market competition, which remains key to our product quality and brand image.

Find out more on / fever-tree.com

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

- All of our mixers sold in the UK are now certified carbon neutral by The Carbon Trust – the first mixer brand to reach this status – contributing positively to the fight against climate change.
- Our ambitious sustainability targets provide a clear point of difference for customers and consumers alike, demonstrating we are a considered brand with a conscience.
- Our carefully curated approach to sourcing and how we work with specialist growers and suppliers provide opportunities to ensure not only the quality of the ingredients, but also the sustainable methods used in their production.

Read our sustainability section / pages 41 to 61

3. AN AWARD-WINNING BRAND WITH FIRST MOVER ADVANTAGE.

- We have been voted the number 1 best-selling and top-trending mixer brand by the world's most acclaimed bars and restaurants for nine years in a row, underpinning the recognition of the quality of our products.
- We have always been a trailblazer within our industry. We were the first mover and innovator of the global premium mixer category, which enriches the brand's authenticity and attractiveness to the industry's leading bartenders and trade influencers.

Read about our innovation / pages 26 to 27

IF 3/4 OF YOUR DRINK IS THE MIXER,
MIX WITH THE BEST

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

- We are the leading premium mixer brand globally. Our revenue, and global opportunity ahead, are well diversified across geographies, channels, customers and products.
- Our belief in the long-term opportunity for the business has meant that despite the many unprecedented challenges we've faced over the last couple of years, we have remained focused on investing in and building the brand through consumer recruitment and retention.
- As the only premium mixer player with true global scale, we are ideally positioned to benefit from the shift in the total beverage market towards spirits and away from beer/ wine, alongside a strong premiumisation trend and growing interest in long mixed drinks.

See our regional reviews / pages 32 to 39

5. A TRACK RECORD OF SUCCESSFUL INNOVATION, WITH PRODUCTS AND FORMATS CREATED FOR A WIDE VARIETY OF MIXING OCCASIONS.

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

See our Products / page 5

6. A FUTURE-PROOF, SCALABLE AND AGILE BUSINESS MODEL.

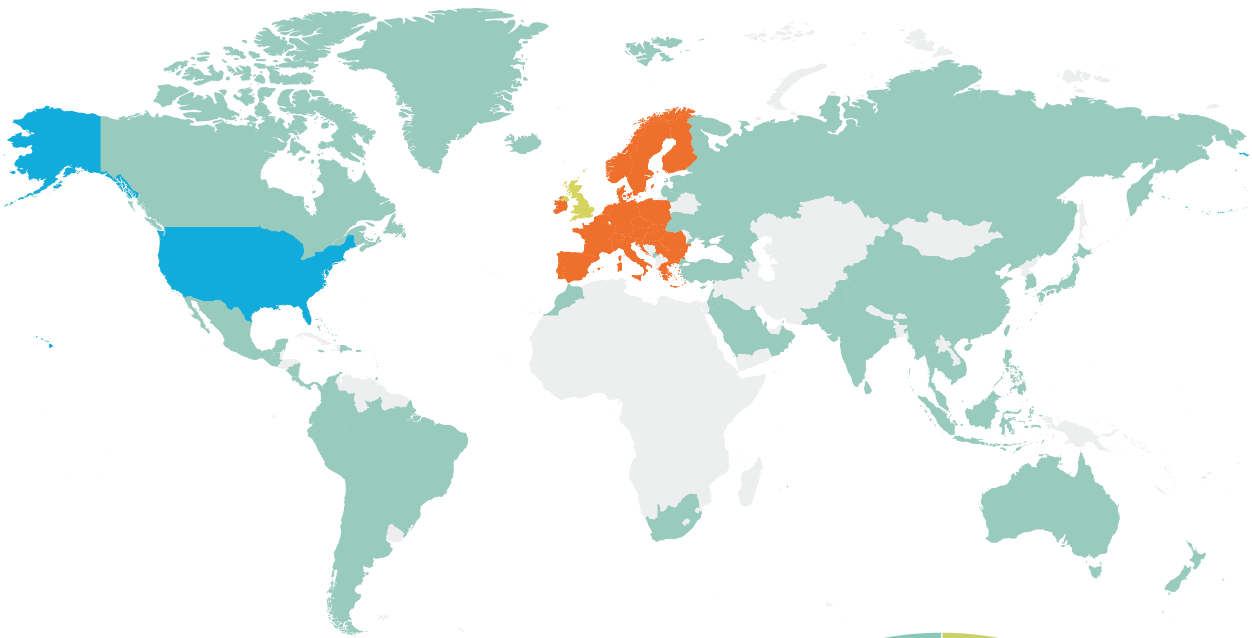
- Our outsourced business model, underpinned by strong, well-established relationships with suppliers, bottlers and distributors, allows for scalability and operational flexibility whilst maintaining the highest quality control, without requiring a major capital commitment from the Group.
- We continue to build our capabilities to scale the brand by expanding our number of global production sites to ten across the UK, Europe and the US which will reduce our reliance on sea freight and start to build economies of scale as we continue to grow.
- We have also been investing in our team, especially within supply chain where we have recruited a number of new hires over the last year, as well as in technology, through a new wide-ranging programme embedded into all our global operations to give us best-in-class ways of working, new data and insights to manage disruption, as well as underpinning our future growth.

See our business model / page 12

AT A GLANCE

FEVER-TREE IS THE WORLD'S LEADING SUPPLIER OF PREMIUM CARBONATED MIXERS, STRONGLY DIVERSIFIED ACROSS GEOGRAPHIES, CHANNELS AND PRODUCTS

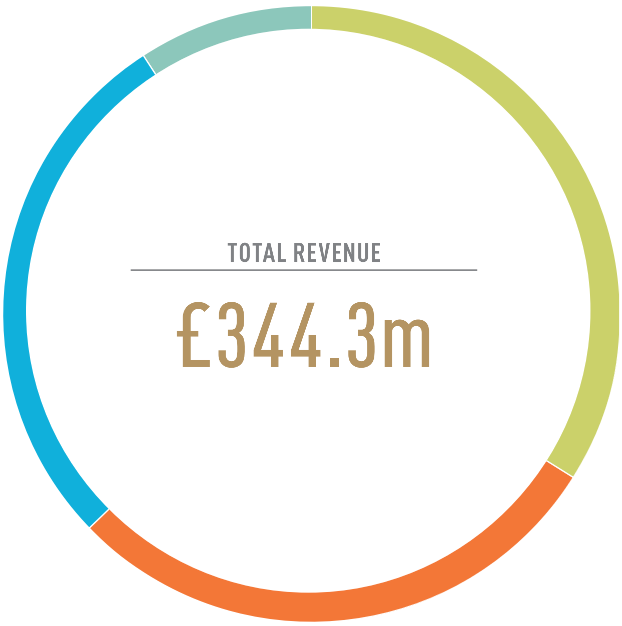
Our global reach – Fever-Tree sells to over 85 countries



Global reach and % split

	Revenue	% Share of Revenue
UK	£116.2m	34%
Europe	£101.0m	29%
US	£95.6m	28%
Rest of the World	£31.5m	9%

See the regional business reviews / pages 32 to 39



OUR PRODUCTS

Quality, flavour and choice are central to our product range

PREMIUM INDIAN TONIC

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

FLAVOURED TONICS

Designed to provide choice to consumers reflecting the growing range of gins and other spirits that have entered the market over the past 15 years.

GINGER ALES, GINGER BEERS & COLAS

Mixers for pairing with dark spirits such as whisky, bourbons and rums as well as vodkas. The range has continued to evolve with the introduction of a new Blood Orange Ginger Beer as well as Distillers Cola.

LEMONADES

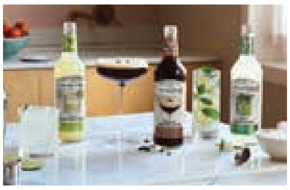
Perfectly balanced to be mixed with vodkas and gins or equally delicious as a sophisticated drink on its own.

SODAS

Premium sodas designed to be paired with a variety of spirits from gins and tequilas through to vermouths and Italian liqueurs, creating longer, lighter mixed drinks.

ADULT SOFT DRINKS

Our products' natural ingredients, adult flavour profiles and low-calorie options, combined with the sophistication of the brand, means we are ideally positioned to extend into this category.



COCKTAIL MIXERS

Portfolio of premium, non-carbonated mixers with natural ingredients ideal for creating simple cocktails, including classic Margarita and Bloody Mary.

Sustainability

Our sustainability framework comprises five branches of Climate, Conservation, Circular Economy, Communities, and our Colleagues which guide our initiatives to care for the world we live in and the people we work with. These are underpinned by three "roots" of Environment, Ingredients and Fighting malaria.

To inform our sustainability roots and branches we ensure alignment with the United Nations Sustainable Development Goals (SDGs), highlighting five key goals, each aligned to our sustainability branches, whilst acknowledging several other interacting SDGs.

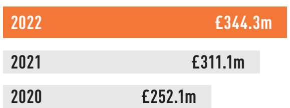
For more on our sustainability approach / pages 42 to 61

CHAIRMAN'S STATEMENT

A GLOBAL BUSINESS

"Fever-Tree has the ability to both premiumise and expand the mixer category, and we remain very early in our journey when we consider the total global opportunity."

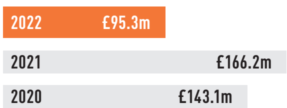
Bill Ronald
Non-Executive Chairman



REVENUE

£344.3m

(2021: £311.1m)



CASH

£95.3m

(2021: £166.2m)

Fever-Tree has continued to grow across the world despite the challenging environment during 2022, which is a testament to every one of our employees, as well as the strong relationships the business has built with our partners and customers throughout our supply chain.

On behalf of the Board, I'd like to begin by thanking our extremely talented, entrepreneurial team, who have navigated the business through a number of unprecedented circumstances.

The strength of the balance sheet has enabled the Group to focus on investing for long-term growth, whether that's through innovation and new product development, scaling up production in the US, spearheading various marketing campaigns across the world, or growing our talented team.

However, the near-term environment remains challenging and despite our continued top-line growth, the Group's margins have been impacted by both inflationary cost pressures and logistics challenges. We have a clear plan to mitigate the impacts of these headwinds as much as possible, whilst also making sure the right long-term strategic decisions are being made, reflecting the Board's support for management's long-term ambitions for the brand, with strong confidence in the global opportunity ahead.

2022 Performance

Fever-Tree delivered good revenue growth and made a number of important strategic steps in 2022. Revenue increased by 10.7% to £344.3m, a good result in a year where the On-Trade was still recovering during the first quarter in many regions and inflationary pressures dampened consumer sentiment. Adjusted EBITDA decreased 36.8% to £39.7m (2021: £63.0m) as the Group was impacted by several significant cost headwinds, most notably glass cost increases related to energy costs, alongside significantly elevated freight rates while we continue to scale local production in the US.

We are mindful of continued inflationary cost pressures and the volatile macro environment, however the long-term market trends remain supportive with the increasing popularity of long mixed drinks, especially at the premium end where Fever-Tree is driving this growth. Spirits continue to take share from wine and beer across the world, particularly in our large growth regions of the US and Europe, and the value of global spirits is increasing, driven by the premium segments. As we have demonstrated in our mature markets, like the UK, Fever-Tree has the ability to both premiumise and expand the mixer category, and we remain very early in our journey when we consider the total global opportunity.

Strategy

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

Fever-Tree has continued to innovate across a greater variety of spirit categories, especially with Premium Sodas appealing to younger customers and capitalising on the growing demand for Spritz serves across the world. We also launched a Blood Orange Ginger Beer in the US to recruit new customers, replicating the success we've had adding flavours to our Tonic range.

The Group's ambitions extend further than the significant runway for our core carbonated mixers, with two meaningful adjacent opportunities. Firstly, trials within the adult soft drink category at UK retail, utilising our sophisticated brand connotations and strong brand positioning around quality adult flavour profiles. These trials were positively received by our customers and consumers, and towards the end of the year we launched a new 4x250ml can pack format specifically designed for a soft drink occasion. While we're at an early stage, the category presents a significant long-term opportunity for the brand to extend into.

The second adjacency Fever-Tree has started to explore is the non-carbonated mixer category in the US, which is large, growing and premiumising. No brand has a dominant share at national retail and we believe Fever-Tree, with our brand credentials, proven track record in innovation, and strong relationships with the trade, is in an unrivalled position to take advantage of the opportunity.

To accelerate Fever-Tree's entry into this category, in September 2022 the Group announced the acquisition of Powell & Mahoney, an asset-light premium non-carbonated mixer brand. We are excited to leverage their existing production facility and distribution as a platform to launch the Fever-Tree brand into this category.

Whilst the Group has made important strategic progress during 2022, the volatility of the macro backdrop and associated headwinds meant that adjusted EBITDA declined year-on-year. Management has implemented a number of initiatives to mitigate these cost pressures. The Board remains supportive of these actions alongside a resolute focus on the long-term opportunity, as outlined above.

BOARD ENGAGEMENT

- During the year and informed by workforce engagement, the Board supported a number of initiatives to further enhance our desired culture and diversity including:
  - the work of the global DEI Committee, which included initiatives such as training on 'Managing a diverse and inclusive workforce';
  - an upgraded employee benefits package, which included launching an electric vehicle salary sacrifice scheme and a one-off bonus for UK employees to assist with the rising cost of living;
  - a continued apprenticeship scheme in the UK office;
  - training 14 employees from cross-departmental areas as Mental Health First Aiders;
  - enabling global mobility opportunities for employees and cross-departmental moves; and
  - bringing 24 people together for training for those new to management.

Find out more: www.fever-tree.com_gb/investors

CHAIRMAN'S STATEMENT CONTINUED

Throughout the year the Board has shared discussions with every region and the majority of departmental heads, who have updated 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 for the core business and explored exciting new opportunities for the Group, whilst navigating short-term obstacles.

The Board

This year marks my last at Fever-Tree before I step down at the Annual General Meeting in May 2023 to be replaced by Domenic De Lorenzo. Domenic brings exceptional leadership and commercial skills, with a clear focus on performance and a strong strategy skill set. Having worked with him in a Board capacity since 2018, I can attest to his strength of judgement and proven governance reputation and focus, as well as his personal leadership skills.

It has been a privilege to serve as Chairman of Fever-Tree during a truly transformative time for the brand. There is a fantastic team in place across the globe, and I have no doubt it has a hugely exciting future ahead of it. I will take great pleasure in following its progress.

Culture

The people at Fever-Tree remain the most important part of the business, especially during a highly volatile macro backdrop. In recognition of the team's effort during the year, as well as the inflationary environment, the Board supported Management's decision to award a one-off payment to employees in September.

Overcoming challenges as one company is strengthening the culture across our team, and we are aiming to be even more connected than before, especially as the business continues to grow internationally, utilising a suite of virtual platforms and encouraging knowledge sharing and learning across borders.

Central to this is the Group's Diversity, Equality and Inclusion Committee, which meets regularly to discuss and report on projects and initiatives to drive engagement and appropriately measure progress.

In addition, the strength of our relationships across our supply chain partners, our importers and distributors, and our customers continues to ensure that the business manages the current logistical disruption with minimal impact.

Sustainability

Having developed a new sustainability framework in 2021, the business focused on embedding this across the Group throughout 2022. It has been pleasing to see the progress made across the key areas of sustainability, and the focus remains to deliver progress against our goals whilst collaborating with our stakeholders in the process.

Fever-Tree continues to be committed to fully understanding the environmental impact of its products. We engaged The Carbon Trust for the second year running to help calculate the business's UK product footprint and certify for carbon neutrality in 2022. This helped pinpoint areas of our operations where sustainability change can make the most meaningful impact, and by collaborating within our business and across our supply chain, we're aiming to reduce our emissions per litre of product sold over time, offsetting the balance where we can't yet avoid or reduce emissions.

Alongside our focus on our environmental footprint, we're continuing to evolve our supply chain due diligence process to drive best practice. We've increased the focus on the environmental and social performance of suppliers to support our ongoing quality assessments which will minimise environmental and social risks and deliver sustained progress with our partners. We continue to foster long-term ingredient supplier relationships that support local communities and contribute to the economic empowerment of farmers whilst ensuring we source the best quality ingredients in the right way.

Dividend

Reflecting the financial strength and continuing confidence of the Group, the Board is pleased to recommend a final dividend of 10.68 pence per share in respect of 2022 (2021: 10.47 pence per share) bringing the total dividend for the year, to 16.31 pence per share (2021: 58.89 pence per share). If approved by shareholders at the AGM on 25 May 2023 the final dividend will be paid on 2 June 2023 to shareholders on the register on 21 April 2023.

AGM

The AGM is due to take place on 25 May 2023. Shareholders will be able to vote on resolutions by proxy by following the guidance provided in the AGM notice. Shareholders are also invited to submit any questions for the Board to agm@fever-tree.com.

BILL RONALD
Non-Executive Chairman

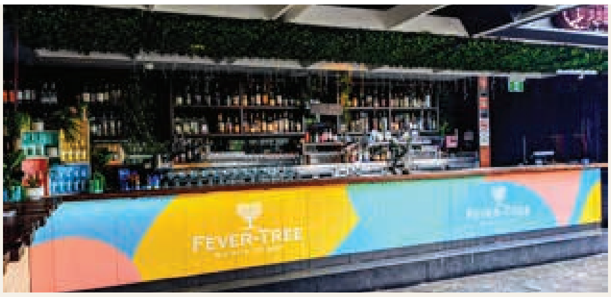
Governance overview / pages 78 to 107

STRATEGIC REPORT

MARKET OVERVIEW

GLOBAL LONG-TERM SUPPORTIVE TRENDS CONTINUE TO UNDERPIN THE OPPORTUNITY

Our long-term strategy continues to be underpinned by the strong global trend to long mixed, premium drinks.



Spirits continue to gain share of total beverage market

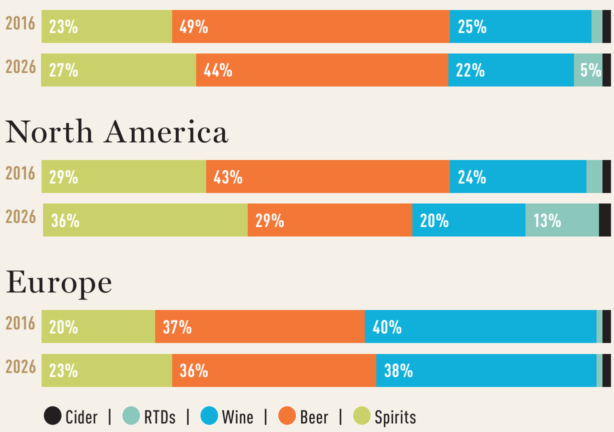
Spirits are forecast to continue to take share from wine and beer across the world, and particularly in our large growth regions of the US and Europe.

Global spirit premiumisation is forecast to continue

The value of the global spirits market has been growing, with the most premium segments in our top 15 markets.

This trend is expected to continue for the foreseeable future, and by 2025 the most premium spirits are forecast to make up almost 50% of the global spirits market by value.

Total beverage alcohol value pool analysis[1] (2016 vs 2026E)



Global spirits value by price tier[2] (CAGR 2015-20 & 2020-25 forecast)

	CAGR 2015-20	CAGR 2020-25 forecast
Total	4.1%	5.3%
Super Premium+	10.9%	12.6%
Premium	7.6%	7.3%
Standard	2.3%	2.2%
Value	(2.0)%	(1.5)%

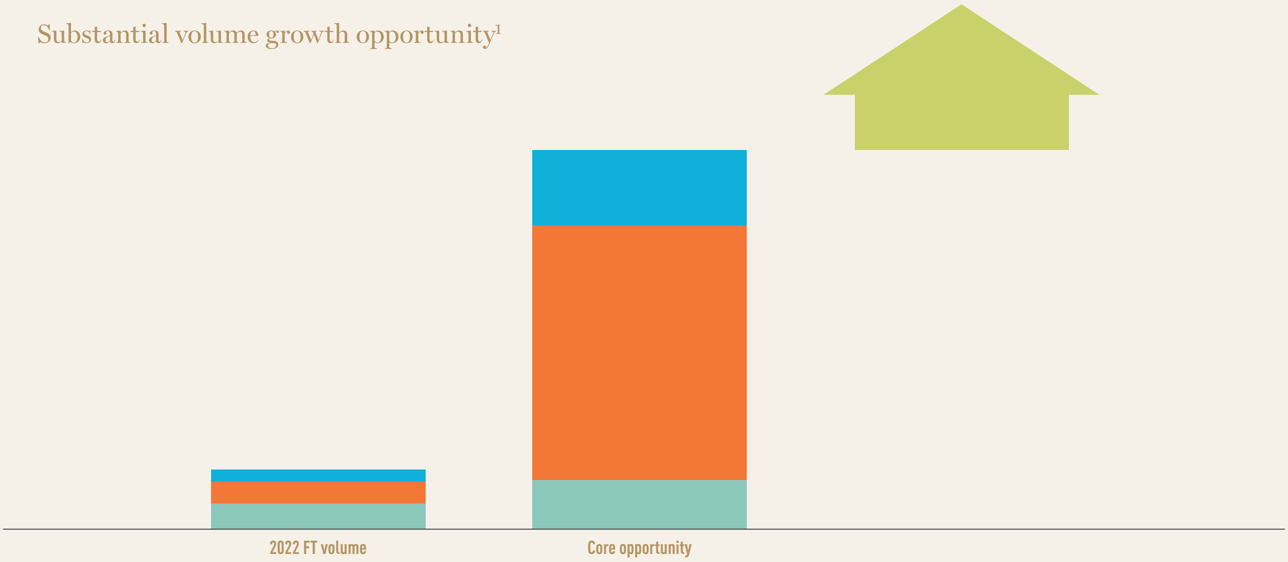
1 IWSR (excl National Spirits)

2 IWSR Fever-Tree Top 15 Markets: Australia, Austria, Benelux, Canada, Denmark, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, UK, USA

FEVER-TREE IS AT AN EARLY STAGE OF THE TOTAL OPPORTUNITY

These trends underpin the growing interest in long mixed drinks amongst consumers. Fever-Tree, with its global footprint, brand strength and range, sits at the heart of the movement to long mixed drinks, providing the Group with a significant volume growth opportunity in the coming years.

Substantial volume growth opportunity[1]



How we are responding

Stronghold
(incl. UK, Belgium)

- Transformed mixer category
- Clear leadership position with significant price premium to mainstream brands
- Higher UK household penetration than #1 UK beer brand

Next Wave
(incl. US, Germany, Italy, Spain, France, Aus, Canada)

- US premium spirits category > 10x the size of the UK
- Strong momentum in key European markets
- Driving category growth and premiumisation in Australia and Canada

White space
(incl. Asia, LatAm)

- Earlier stage
- Focus on establishing On-Trade in key cities
- Long-term opportunity as Western drinking habits establish

Adjacencies

- Significant opportunities beyond carbonated mixers
- Extending into non-carbonated cocktail mixers in the US & UK
- Exploring premium adult soft drinks, starting with the UK

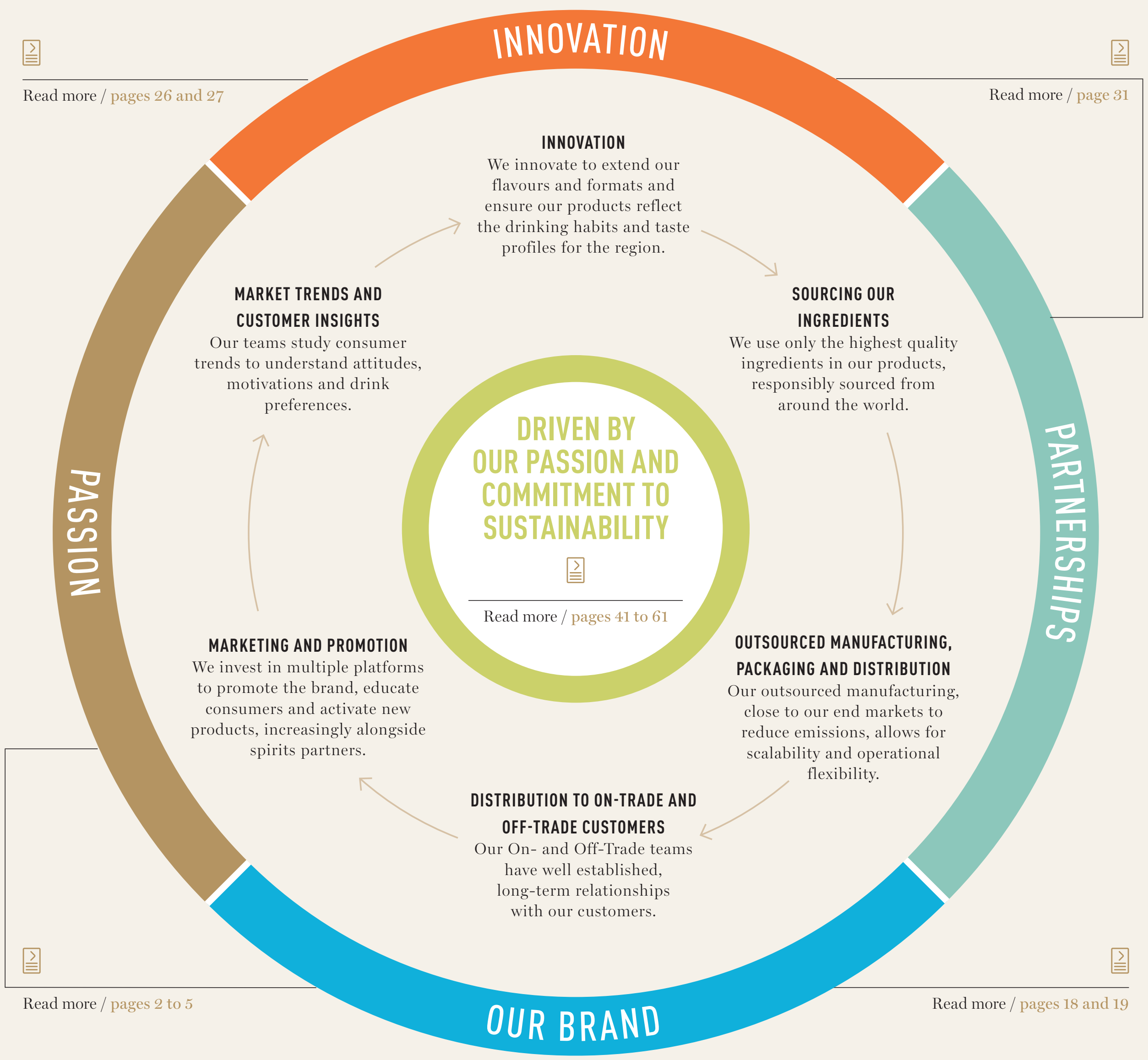
1 Chart based on Group estimates – methodology based on mixability of premium carbonated mixers to premium spirits alongside underlying category growth assumptions – chart not to scale

OUR BUSINESS MODEL

WHY WE EXIST

Fever-Tree is the world's leading supplier of premium carbonated mixers for alcoholic spirits by retail sales value, with distribution to over 85 countries internationally

DELIVERING SUSTAINABLE FUTURE GROWTH AND A POSITIVE SOCIAL IMPACT



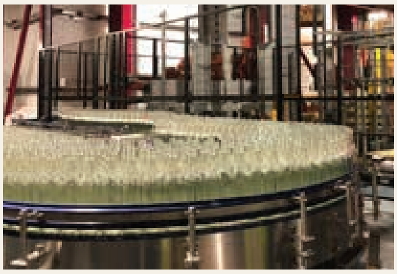
WHAT THIS MEANS FOR OUR STAKEHOLDERS

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

OUR PEOPLE

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

Read more / pages 60 and 61



OUR SUPPLIERS

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

Read more / page 57

OUR CUSTOMERS

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

Read more / pages 18 and 19

OUR CONSUMERS

Consumers get the choice and quality they require to have the best drinking experiences both at home and in bars and restaurants.

Read more / pages 16 and 17

OUR INVESTORS

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

Read more / pages 63 to 66

OUR COMMUNITIES

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

Read more / page 14 and 15

The initiative will contribute to a wider aim of creating more than 3,000 Tiny Forests across the world.

Find out more at the Earthwatch website:
www.earthwatch.org.uk/

"Maintaining biodiversity has never been more important in the climate change conversation. Fever-Tree is proud to partner with All Bar One to further the Tiny Forest movement in the UK to create urban green spaces that support wildlife and connect communities closer with nature."

JAMES ARCHER
Head of Sustainability

OUR BUSINESS MODEL IN ACTION

DELIVERING FOR...

OUR COMMUNITIES

TINY FORESTS

WE BELIEVE IN ENRICHING BIODIVERSITY IN PLACES WHERE OUR DRINKS ARE ENJOYED, AND WHERE WE LIVE AND WORK. THAT'S WHY SINCE 2021, WE'VE BEEN PARTNERED WITH ENVIRONMENTAL CHARITY EARTHWATCH EUROPE, TO PLANT LONDON'S FIRST-EVER TINY FOREST AND SUPPORT THE WIDER PROGRAMME ACROSS THE UK.

In 2022 we teamed up with All Bar One to support the Tiny Forest movement across the country. Together, we are investing in the care of over 150 Tiny Forests through local community support and forest maintenance. Our partnership is helping grow a network of local community volunteers committed to tree care in Tiny Forests throughout the UK with over 370 Tree Keeper volunteers to date.

OUR BUSINESS MODEL IN ACTION CONTINUED

DELIVERING FOR...

OUR CONSUMERS

EDINBURGH AIRPORT BAR

WE IDENTIFIED A GAP IN THE HOSPITALITY OFFERING AT AIRPORTS. WHILST THE PUB MARKET IS WELL SERVED AND THERE IS ALSO A VERY EXCLUSIVE CHAMPAGNE OFFER THERE IS NO DEDICATED OFFERING TO MEET THE CURRENT DEMAND AND TREND FOR COCKTAILS.

As such this year we opened our first branded and operated airport bar at Edinburgh Airport, giving the brand fantastic exposure and providing passengers with a premium cocktail and cafe experience before their flights. The extensive drinks menu uses a broad range of Fever-Tree products to create a range of serves to showcase the versatility of the brand across different spirits categories.

The results since the bar opened in May have been overwhelmingly encouraging, demonstrating a clear consumer demand for this type of offering at airports.

Our business model enables us to provide consumers with unrivalled drinking experiences as well as educating them and introducing new products and drinks.

Find out more at www.fever-tree.com/en_GB/article/fever-tree-bar

“Over a decade on from when we pioneered premium mixers, we continue to lead the way in elevating drinking experiences – this time at an international travel hub that is Edinburgh Airport, with our first-ever airport bar and café.”

TIM WARRILLOW
Chief Executive Officer

OUR BUSINESS MODEL IN ACTION CONTINUED

DELIVERING FOR...

OUR CUSTOMERS

INGREDIENT HUNTING

OUR RELATIONSHIP WITH ON AND OFF-TRADE CUSTOMERS REMAINS CENTRAL TO THE SUCCESS OF FEVER-TREE AS WE WORK IN TANDEM TO DRIVE INTEREST AND EXCITEMENT IN THE LONG MIXED DRINK OPPORTUNITY.

To this end, earlier this year, Fever-Tree's On-Trade team invited 12 of the leading bartenders in the UK for a day of foraging and drink development on the Wasing Estate in Southern England.

We tasted, picked, and collected ingredients with foraging equipment, to then be led through a flavour extraction session which included live distilling and extraction as well as using a larder of preserved ingredients for us to get creative with.

Find out more at www.fever-tree.com/en_GB/article/ingredient-hunting

“Our bartender colleagues share Fever-Tree’s passion and focus on quality and flavour of ingredients in the creation of cocktails and events such as this give a fantastic opportunity to share ideas and knowledge for future collaboration and drinks development.”

JAMES MOWBRAY-PRATT
Fever-Tree On-Trade Manager

OUR STRATEGY

A FORWARD-LOOKING STRATEGY

While our long-term strategy remains unchanged as it continues to be driven by the strong global trend to long mixed drinks, our growing global footprint, as well as our excellent track record against the competition, it also evolves to reflect the nearer-term challenges and opportunities.

All underpinned by a focus on growing and supporting our team who have always been, and remain, the most important part of the business.

1

RECOGNISING & CAPITALISING ON MARKET TRENDS

Progress in 2022

2022 saw the exploration of two exciting adjacent opportunities for long-term growth in the UK.

The first notable initiative we have started to explore this year is within the premium adult soft drink category.

We have long understood that our products' natural ingredients, adult flavour profiles and low-calorie options, alongside the sophistication of our brand, means we are ideally and uniquely positioned to extend into the premium soft drink occasion. This belief has been underpinned by initial trials we have conducted with a major UK retailer over the last 12 months, which has seen a small number of our products placed within the adult soft drink section of the store.

While at a relatively early stage, we believe the category presents a significant long-term adjacency for the brand. In the near term, the positive results of the trial have enabled us to secure incremental distribution and the successful launch of a 4x250ml can format to support the roll-out. This will be followed by new flavours and extending into other channels as we build out the opportunity in the coming years.

The second significant initiative is within the non-carbonated mixer category in the US, which includes Margarita and Bloody Mary mixers.

The category value is larger than either Tonic Water or Ginger Beer and has grown by 58% since 2019. This growth has been driven by the premium end, which has grown at over 100%, compared to growth of 40%[1] for the mainstream segment.

What makes this category even more compelling is that no brand as yet has a dominant share and we believe Fever-Tree, with our brand credentials, proven track record in innovation, strong relationships with the trade, and broad distribution, is in an unrivalled position to take advantage of the opportunity.

To accelerate Fever-Tree's entry into this category, in 2022 we acquired Powell & Mahoney, a premium non-carbonated mixer brand, with an attractive asset-light business model and a good track record of growth. We are excited to use their existing distribution as an ideal platform to launch the Fever-Tree brand into this category.

1 Nielsen L52 to 30 June 2022

OUR STRATEGY CONTINUED

2

KEEPING INNOVATION & MARKETING AT THE HEART OF THE BUSINESS

Progress in 2022

Over the last few years, the strong and secure financial position of the Group has enabled us to remain focused on the long-term opportunity, maintain a good level of investment and make strategic progress.

Central to this has been our continued investment in our innovation pipeline alongside our broad range of marketing activities across our regions, helping us build the brand through consumer recruitment and retention.

We continue to expand our portfolio to cater to a greater number of spirit occasions and consumer tastes, with several significant launches in 2022, including our Passionfruit & Lime Limited Edition Tonic in the UK and our Distillers Cola and Blood Orange Ginger Beer in the US.

Maintaining our investment behind the brand as we scale is crucial and we will continue to focus on multi-channel campaigns across markets, utilising retail displays, above the line exposure, co-promotions, Airport Bars, pop-up bars and On-Trade activations to increase the brand's presence, trial and excitement.

Read our Chief Executive's review / pages 28 to 30

3

BROADENING AND DEEPENING OUR ROUTE TO MARKET

Progress in 2022

We remain focused on ensuring we are working with the right distribution partners for the next stage of our development across our regions, partnering with those who match our ambitions, have good reach and are willing to invest alongside the brand.

To this end and reflecting the long-term opportunity we see, Fever-Tree has made two significant route-to-market changes during 2022. Firstly, in Canada we have transitioned to a larger distribution partner, Tree of Life, who will support our long-term growth ambitions in this attractive market using their 70+ years of experience in the Canadian market, their strong sales team, and broad coverage across all channels and geographies.

In Asia we have also made an important change to our route-to-market, having spent some years seeding the brand at the premium end of the On-Trade. The brand has agreed to take on Asahi Breweries as our new distribution partner in Japan, with a three-year exclusive deal starting in January 2023. This move is reflective of Asahi's belief in the significant future opportunity of the premium mixer and adult soft drink category, and their strong belief that Fever-Tree is the brand to unlock this opportunity. Asahi is the largest beer company in Japan and as such has very significant reach across both the On and Off-trade, and to this end we are excited about working with them in this potentially valuable and significant market.

Find out more / www.fever-tree.com/en_CA

OUR STRATEGY CONTINUED

4

BUILDING AND IMPROVING OUR CAPABILITIES TO SET US UP FOR FUTURE GROWTH, WITH A FOCUS ON EFFICIENCY

Progress in 2022

As well as maintaining our investment in the brand, we have continued to focus on setting up our operations for the future to drive volume growth, as well as improve our efficiency.

Over the last three years we have been building our capabilities to scale the brand by expanding the number of global production sites to ten across the UK, Europe and the US.

2022 saw the continued ramp-up of our partner's bottling facility on the East Coast of the US which will reduce our reliance on sea freight and start to build economies of scale as we continue to grow.

We have also been investing in our team, especially within supply chain as well as in technology, including a new wide-ranging programme embedded into all our global operations to give us best-in-class ways of working, new data and insights to manage any potential disruption, as well as underpinning our future growth.

Read our Chief Executive's review / pages 28 to 30


FEVER-TREE
MIX WITH THE BEST
FEVER-TREE
SPICED ORANGE
GINGER
ALE

Q&A WITH ROSE

HOW HAS OUR INNOVATION MADE A DIFFERENCE?

INNOVATION

"Innovation is – and has always been – at the heart of our business and lies within the very foundations of the brand."

ROSE COTTINGHAM
Innovation Director

Can you tell us a bit about what your role entails?

My role is about working closely with teams across the business to identify and develop new opportunities for us as a brand, be it a new flavour, a new format or even a new range – taking them from those initial conversations through to seeing them on shelf or behind the bar!

What are some key innovations the team has been working on during the year?

It's essential for me to make sure that our innovation stays true to the brand ethos, working hand in hand with our teams across the world to ensure we have the right products in the right markets to cater for different consumer habits.

This year has seen us introduce new variety packs into the UK, our new Adult Soft range as well as continuing with our Limited Edition mixers such as our Damson and Sloe Tonic which has already become a firm favourite with our consumers.

But it's not just the UK; our other regions have been keeping the team very busy, nowhere more so than the US where we were really excited to see the launch of our Blood Orange Ginger Beer in partnership with Maker's Mark.

How does the team work with partners & suppliers?

We have spent years forming collaborative relationships with a select, carefully chosen group of suppliers. When working with any supplier or partner, it's important that they not only understand what our brand is about but share our focus and commitment in the pursuit of excellence – be it in the ingredients we source, the liquids we create or the role sustainability plays throughout our supply chain.

You mention sustainability; how important is it when it comes to selecting the ingredients you use?

We ensure that we are sourcing our ingredients responsibly and take this approach to all of our product development. Ingredient trips continue to be a focal part of this, as we recognise that understanding where and how ingredients are grown is extremely important and these visits allow us to understand more about the climate and how it can impact crops and the ingredient journey, from seed to sip.

What are the next big trends in drinks?

Landscapes are always evolving and it is important to stay abreast of them and to then be able to differentiate between fads and more longer-term trends that will shape consumers' behaviours in the long term.

There is no doubt the twin waves of premiumisation and the popularity of spirits are continuing to drive trends around the world. In fact, 2022 was the first year that spirits have overtaken beer in terms of market share in the US, a pretty momentous stat and one that underpins the growing focus on long mixed drinks – such as the Mule, the Spritz, the Highball or of course the G&T – across the globe.

You must get to visit some amazing places as part of your role. What has been your most memorable trip?

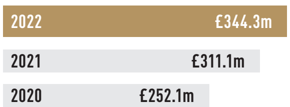
It's certainly a big perk of the role! I've been lucky enough to spend time in Spain exploring oranges, travel up to Herefordshire to hunt for the very best damsons and most recently the team have been to India to explore different varieties of ginger. The most memorable visit for me was to Mexico to visit the distillery of a key spirit partner, learning all about Tequila production and then visiting the agave crops to help with the harvest before sampling the end product (mixed with our Mexican Lime Soda of course!).

CHIEF EXECUTIVE'S REVIEW

A STRONGER POSITION

"The combination of our first mover advantage, track record against competition, increasing international footprint, product range, global brand recognition, and relationships puts us in an unrivalled position to capture the significant global opportunity."

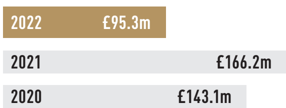
TIM WARRILLOW
Chief Executive Officer



REVENUE

£344.3m

(2021: £311.1m)



CASH

£95.3m

(2021: £166.2m)

"Whilst the business grows in depth, breadth and complexity, we continue to maintain and champion our entrepreneurial ethos."

Performance overview

Once again, Fever-Tree has delivered a robust set of results during another remarkably challenging year. As well as extending our position as the number one premium mixer brand globally, the Group has started to develop several key adjacent opportunities for the brand, as well as strengthening our relationships across our supply chain, and evolving our route-to-market in several key markets.

I am also delighted to report on the continuing global popularity of the brand as we were voted "Number One Top Selling Mixer" and "Number One Top Trending Mixer" for the ninth year running by Drinks International. Another demonstration of the brand leading the global premium mixer category.

The Group delivered revenue of £344.3m, representing an increase of 10.7% year-on-year. This was a very positive performance in the context of continued On-Trade disruption across our markets in the first quarter of 2022, followed by subdued consumer confidence as the cost of living rose during the year. Despite the well-publicised headwinds, the On-Trade recovered well, especially across Europe and in the US, where we saw particularly good growth.

Whilst the Group delivered good top-line growth, industry-wide logistics challenges and inflationary cost pressures impacted our margins for the full year, with gross margins reducing to 34.5%. We delivered adjusted EBITDA of £39.7m, a decrease of 36.8% year-on-year, as we continued to invest behind the brand and our team, with operating expenses at 23.0% (2021: 21.9%) of revenue. Profit before tax was £31.0m, a 44.1% decrease compared to 2021, and we ended the year with a strong balance sheet and net cash of £95.3m, a decrease of 42.7% year-on-year, following the award of a £50m special dividend to all shareholders in May 2022.

The management team remains incredibly focused on driving gross margin improvement in the coming years. Whilst we recognise that many of the headwinds faced by the business are transitory, we are also working hard on a range of profit optimisation initiatives to ensure the business operates efficiently as it continues to grow at pace.

Our team have continued to work very closely with our partners throughout our supply chain to help mitigate against increased levels of supply chain disruption and inflationary pressures that have impacted the industry this year. Logistics challenges were widespread, particularly with regards to the shipping of product to the US, with port congestion and continued rates inflation impacting shipping availability, lead times, pricing and other disruption charges, such as demurrage. These headwinds impacted the business significantly throughout the year and were compounded by delays in ramping up production at our partner's new US East Coast bottling plant, making us more reliant on transatlantic freight than we had predicted at the start of the year. However, as the year progressed, US sea freight disruption started to subside as we continued to scale up production with our US bottler. This sets up the business well going into 2023, adding further capacity and flexibility to our network, positioning us to realise our substantial ambition in the US market.

We are now a truly global company, available in over 85 countries and produced across ten sites globally; seven bottling sites and three canning sites. Our increasingly local production network will underpin our growth ambitions in both Europe and the US, continue to mitigate our exposure to elevated logistics costs, and will help to reduce the carbon emissions associated with our supply chain operations.

People and Culture

The Group continues to grow at pace across multiple regions, and we have made a significant investment in new hires over the last few years to ensure we have the appropriate structure and resource to satisfy our global growth ambitions.

A focus for our recruitment during 2022 has been on senior hires within our supply chain team as the business grows and becomes more complex, as well as within our IT infrastructure team to support the implementation of a new end-to-end operational processes programme which will embed technology across our global operations to facilitate best-in-class ways of working, data and insights.

Whilst the business grows in depth, breadth and complexity, we continue to maintain and champion our entrepreneurial ethos. Ensuring that we maintain an informal and open structure and culture that enables all of our team members to feel that they can make a real difference to the business, whatever their role or seniority.

Sustainability

Our sustainability framework has been developed to ensure the business focuses on the right areas to deliver meaningful change. Fever-Tree's Roots & Branches approach caters to both the environmental and social aspects of sustainability and is aligned with the United Nations Sustainable Development Goals. As part of the business's ongoing commitment to sustainability, our ESG Committee meets quarterly to assess progress and navigate sustainability challenges.

See the regional reviews / pages 32 to 39

CHIEF EXECUTIVE'S REVIEW CONTINUED

Fever-Tree's five sustainability branches help deliver against our environmental and social aims. A focus on climate, conservation and the circular economy drive the environmental side of our sustainability approach whilst our work with communities and our colleagues ensures we're championing social betterment.

We continue to conduct an annual cradle-to-grave lifecycle assessment on our UK products and plan to extend this to our other key markets going forward. This will help us understand the potential environmental benefits of operational change such as the on-shoring of sourcing and production capabilities in the USA and Australia, reducing sea freight requirements between continents. Similarly, the strict requirements we set ourselves for offsetting ensure we're contributing to conservation by investing in nature-based solutions within our supply chain.

We've also supported initiatives closer to home by extending our partnership with Earthwatch to manage their UK portfolio of urban forests. We continue to avoid using PET in our product packaging, instead opting for infinitely recyclable glass and aluminium, and are committed to pursuing further initiatives to support the circular economy going forward.

The social side of our sustainability approach is equally important to us which is why we continue to develop our approach to supplier due diligence to ensure we're operating in a responsible way, whilst supporting charitable initiatives both across our markets and where we live and work. The year ahead will mark our tenth year partnering with Malaria No More to help the organisation achieve its goal of eliminating malaria and we have been very encouraged by recent developments regarding a possible malaria vaccine and the transformative impact this could have.

Our Diversity, Equality and Inclusion committee meets regularly to discuss how best to support our own employees alongside the communities we serve, and we continue to work with charities such as Future Frontiers to support local communities and engage our employees in meaningful causes.

Summary and long-term opportunity

As detailed above, I am encouraged by all that we have achieved at Fever-Tree during 2022. Despite the significant unforeseen external challenges, we have not only delivered strong top-line growth but increased our global reach and category opportunities, as well as making strategic supply chain progress, all of which will help ensure the medium and long-term success of the business.

Furthermore, Fever-Tree's growth remains underpinned by strong global trends to premium mixed and cocktail drinks. With the popularity of consuming spirits growing ahead of wine and beer occasions, and the continued premiumisation of the spirit and mixer categories our confidence in the future growth potential for the brand is stronger than ever[1].

The value of the global spirits market has been growing and premium spirits have been driving this growth. From 2016 to 2021 the value of the premium and super premium spirits categories across Fever-Tree's top 15 markets grew by 64%, to comprise over 40% of the category value, significantly outperforming the standard and value segments. And this trend is forecast to continue so that by 2025 the premium and super premium segments comprise almost 50% of the category value[2].

Fever-Tree, as the largest global premium mixer brand is the primary driver of premium mixer category growth, which complements the expansion of the premium spirit category. The combination of our first mover advantage, track record against competition, increasing international footprint, product range, global brand recognition, and relationships puts us in an unrivalled position to capture the significant global opportunity.

Over the last few years, the strong and secure financial position of the Group has enabled us to remain focused on the long-term opportunity, maintain a good level of investment and make strategic progress. We continue to expand our portfolio to cater to a greater number of spirit occasions and consumer tastes, with several significant launches in 2022, including our Limited Edition range in the UK and our Blood Orange Ginger Beer in the US. In addition, we started to explore two exciting adjacent opportunities for the brand, firstly in UK adult soft drinks where we have extended the brand into a new and significant category, as well as non-carbonated mixers in the US to capitalise on popular serves such as the Margarita and Bloody Mary.

Macro headwinds remain into 2023; however, we are confident of maintaining the Group's growth momentum into the new financial year. We will continue to work to mitigate the impacts of input cost inflation and continued global logistic disruption, with a particular focus on increasing the production output from our US bottlers to decrease our reliance on transatlantic freight.

The Group remains well placed financially, with a cash position at year end of £95.3m 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.

TIM WARRILLOW
Chief Executive Officer

1 IWSR

2 IWSR Fever-Tree Top 15 Markets: Australia, Austria, Benelux, Canada, Denmark, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, UK, USA

COCHIN GINGER

At Fever-Tree, we use a blend of three types of ginger in our ginger beers and ales.

One from the Ivory coast, one from Nigeria and one from Cochin, India. Uniquely zesty with a bright warm spice, the Cochin ginger works in harmony with its counterparts, perfectly balancing the citrus-forward lemongrass freshness of our Ivory Coast ginger and the deep earthy richness of the dried Nigerian ginger.

A team from Fever-Tree, including our co-founder Tim, recently visited our ginger growers, high in the hills of Kerala in South West India. This region, verdant and lush, is famously known as the 'Spice Garden of India'; renowned for growing an abundance of spices including cardamom, green pepper, black pepper, turmeric, nutmeg, chillies and of course ginger.

The visit gave the team an opportunity to deepen their knowledge of the ginger grown in the region, be updated on their sustainability initiatives as well as sample a wide variety of spices and talk about our ongoing partnership.

Find out more: www.fever-tree.com/en_GB/our-approach

BUSINESS REVIEW – UK

FEVER-TREE CONTINUES TO LEAD THE UK MIXER CATEGORY

UK REVENUE

£116.2m

2022 highlights

Fever-Tree delivered £116.2m revenue in the UK, a slight decrease of 1.8% year-on-year. The brand continues to lead the UK mixer category, with 45% value share, more than 20 times larger than the next premium mixer brand and c.50% larger than Schweppes[1]. We remain the mixer brand of choice for UK consumers, with the highest household penetration of any mixer brand during 2022[2].

Fever-Tree's sales in the On-Trade increased by 28% year-on-year despite the impact of strikes and disruption during the key December trading period. We continue to build our market share in the On-Trade, which increased to c.50% and our distribution and relationships with key customers are stronger than ever. It was pleasing to see the On-Trade recover during the first half of the year, to become an integral part of consumer social occasions once again, although the over-45 age demographic has been slower to return.

Gin is recalibrating from its pre-COVID levels, however, the wider Spirits category continues to grow in popularity, increasing in sales value by 13.4% compared to 2019[3], and providing more opportunities for Fever-Tree to be present on menus as part of the ever-popular long mixed drinking occasion. As we enter 2023, I am confident that Fever-Tree's brand strength, unrivalled range of products, with exciting new innovation to launch and our excellent relationships with the trade position us well to continue to build on our market-leading position.

In the Off-Trade the mixer category was lapping tough comparators after a strong period of sales during the lockdowns of 2020 and 2021 and declined by 11% in 2022[4]. The brand has held its volume share within the category and remains by far the largest premium mixer brand at UK retail with a rate-of-sale on shelf seven times higher than the average rate-of-sale of other premium mixers[5]. In addition, the spirits category continues to perform well at retail, with rum the stand-out performer[6]. These trends supported the growing popularity of our Gingers.

Our Ginger Ale volume has grown c.80% at retail since 2019 after strong distribution gains and underscores the wider opportunity for our broad portfolio of products.

Strategic progress

The Group continued to invest in marketing through various channels and platforms. We launched a new campaign in the first half of the year, "We'd Say T&G", which included our first national appearance on UK radio stations, alongside social media and out-of-home on large visual displays.

The On-Trade has always been a vital part of Fever-Tree's brand visibility and as a vehicle for promoting trial, and so we were proactive in this channel as it rebuilt. It was great to see a full programme of events back in the UK, which we took full advantage of with Fever-Tree branded bars at some of the country's most iconic sporting events, such as Royal Ascot, The Oval, and Polo in the Park.

Another On-Trade highlight was our Summer of Spritz activation with Bill's, which included branded Bill's terraces and bespoke menus, leading to a significant uplift in Fever-Tree sales across their estate and perfectly showcased our premium flavoured Soda range.

THE PERFECT TONIC: WE'VE LANDED AT EDINBURGH AIRPORT

2022 saw the brand open our first-ever bar and café at Edinburgh Airport.

Our drinks menu showcases the very best from the world of long mixed drinks, with our Fever-Tree range complementing expertly selected spirits, alongside beer, wine and bubbles.

The perfect pairings don't stop there. We're also serving food with delicious breakfast options, small plates and platters made with local and seasonal ingredients. Gin-cured olives, chorizo cooked in our very own Ginger beer and whisky-cured salmon are a few of the many delicious dishes on offer.

Innovation has always been at the core of the business as we aim to excite and stimulate the category, capturing the latest consumer trends, and building on our premium mixing credentials. We launched a new Limited Edition Passionfruit & Lime Tonic for Spring/Summer, combining popular seasonal flavours to great effect, exciting the category, and bringing incremental value through additional sales.

Beyond innovation with our core mixers, 2022 saw the exploration of two exciting adjacent opportunities for long-term growth in the UK.

Firstly, we started to position some of our products for the adult soft drink occasion following successful trials with one of the UK's major retailers during the first half of this year. The response to these trials reaffirmed our long-standing belief that our products' natural ingredients, adult flavour profiles and low-calorie options, combined with the sophistication of the brand, means we are ideally positioned to extend into this category.

The first phase of our trials used our existing products and formats, which outsold many of the well-established premium soft drink brands. This encouraged us to progress to the second phase of our trials in the third quarter of the year, introducing a new 4x250ml can format which has driven a strong performance in this category, with our Soft Drink sales growing by 37% in Q4 2022 compared to the same quarter in 2021.

Next year we will launch new flavours specifically crafted for the adult soft drink category as we build out the opportunity over the coming years.

The second exciting opportunity has been the launch of our first airport bar. After identifying a gap in the market for premium long mixed drinks in a sophisticated setting at airports, we created a one-of-a-kind Fever-Tree bar at Edinburgh airport, which opened in May. This has provided a great way to showcase the brand in a new setting and has performed very strongly since opening, significantly exceeding our sales expectations and demonstrating a clear consumer demand for this type of offering at airports.

The UK Outlook

Overall, I'm pleased with the progress the brand has made in the UK during the year. Unlike in many of our other markets, where significant whitespace exists for the category and the brand, the fantastic job that we have done in the UK in achieving such a strong market share, high household penetration, and widespread distribution across both channels means that we will naturally be more exposed to further softening of consumer sentiment. Notwithstanding this, the resilience of the spirit category, our position as an affordable luxury, and the new adjacent opportunities we have identified gives us confidence to manage the brand with a long-term horizon and make the right choices around pricing and investment that will continue to position us for sustained success in this market.

1 CGA & IRI 13 weeks to 16/06/2022
2 Kantar
3 CGA
4 IRI 2022
5 IRI YTD 10/07/2022 (Other premium brands: Schweppes 1783; Fentimans; London Essence; Merchant's Heart; Double Dutch)
6 Nielsen YTD 12/09/2022

BUSINESS REVIEW – US

THE BRAND GOES FROM STRENGTH TO STRENGTH

US REVENUE

£95.6m

2022 highlights

Fever-Tree grew revenues by 22.7% during 2022 to deliver £95.6m sales (13% at constant currency); another good performance in the US despite the operational challenges we faced which meant we weren't able to fully satisfy the strong underlying demand for the brand at certain points during the year.

The spirits market continues to grow and premiumise, led by Tequila[7], supporting the growth of premium mixers which are outpacing the growth of mainstream mixer brands[8]. Fever-Tree is helping to drive these trends, growing three times faster than the wider mixer category over the last three years[9].

Fever-Tree's On-Trade sales have been strong as the channel rebounded quickly and the brand benefited from the significant new distribution won over the period since the pandemic began, including in 2022 more than 1,000 new points of distribution in Marriott Hotels, along with new accounts at Disney and Hilton Luxury Hotels, to name but a few. During the year, we increased our number of On-Trade distribution points by 30% as we strengthened our position as the premium mixer of choice in this channel.

Our focus on high quality On-Trade accounts, successful introduction of new products, and relationships with our On-Trade customers, as well as our strong partnership with Southern Glazer's Wines and Spirits (SGWS), gives us confidence that we will continue to drive growth in this important channel, with a lot of whitespace still ahead of us.

Fever-Tree also had a strong performance in the Off-Trade, with value growth of 10% compared to 2021, and 117% compared to 2019. Within the portfolio we have seen particularly strong growth in Premium Club Soda as consumers search for premium low calorie, low sugar options more frequently, as well as maintaining our number one value share in Ginger Beer[10].

Fever-Tree is the largest premium mixer brand in the US, over two times larger than the next premium competitor. We continue to gain share within the total mixer market with our superior rate-of-sale, driven by our increasing awareness, popularity, new product development, and format evolution. Despite having to navigate significant logistics headwinds, we maintained our strong relationships with our customers and significantly improved our stock position during the second half of the year.

7 IWSR 2021
8 Nielsen
9 Nielsen
10 Nielsen & IRI

With healthy inventory and increased local production in the US we are confident of fully satisfying the demand for the brand and delivering a year of strong growth in 2023.

Strategic progress

We have made some significant strategic steps during 2022, with investment across marketing, new product development, new formats, as well as an acquisition to accelerate our growth into the non-carbonated mixer category – an exciting new opportunity for the brand.

Our multi-channel approach to brand building encompassed a number of platforms and activations this year, including digital, such as YouTube and social media, where we have delivered messaging on the quality of our ingredients and "how to" tutorials, and a TVC on Hulu and Disney+. In addition, we have introduced online grocery sampling where we have included samples of Ginger Beer and Ginger Ale in online grocery orders with some of our key retailers, such as Albertsons-Safeway.

We continue to support the On-Trade with "Fever-Tree perfect serve menus", custom menu boards, outdoor parasols and other merchandise, as well as creating our own pop-up bars across the country, including in the Four Seasons LA and Chicago, and a Winter Chateau at the Pendry Hotel rooftop in Chicago.

The team remain focused on US consumer drinking trends so that we can innovate in the most impactful way, creating mixers to pair with popular, fast-growing and premiumising spirits. Following the successful introduction of Sparkling Pink Grapefruit (targeting the Tequila occasion) and Lime and Yuzu (targeting the Tequila and Vodka occasions) over recent years, our latest exciting addition to the portfolio during 2022 was Blood Orange Ginger Beer, broadening our Ginger Beer flavours offering, in the same way we have with our Tonic range as a way to stimulate growth by recruiting new consumers and prompting existing consumers to try something new. Partnering with Maker's Mark has helped to propel our Blood Orange Ginger Beer launch, which has gained good initial distribution across Publix, Kroger and Total Wine, and quickly became our most successful ever new product launch in the US.

Alongside extending our range of carbonated mixers, we are also extending into the significant opportunity within the non-carbonated cocktail mixer category in the US. This segment of the mixer market is higher than the Tonic Water and Ginger Beer markets and is growing and premiumising at pace[8]. Fever-Tree's established credentials as the US's largest premium mixer, our proven track record in innovation to complement popular spirits, and our strong customer relationships and route to market make us very well placed to enter this category. Consequently, in August 2022 we acquired Powell & Mahoney, a premium non-carbonated US cocktail mixer brand, with national retail listings and an asset-light business model with an established production partner. We believe the acquisition will provide Fever-Tree with the ideal platform to accelerate the Fever-Tree brand's entry into this exciting adjacent category and look forward to launching our first three non-carbonated mixers – Margarita Mix, Light Margarita Mix, and Bloody Mary Mix into retail in the first half of 2023.

DRIVING BRAND VISIBILITY

Our branded Fever-Tree Mixer Truck has been on tour around the country with three day stops in four key markets: New York, LA, Austin and Miami.

Our merchandise and pop-up bars give the brand great visibility and enable us to provide consumers with a fantastic experience as they enjoy perfectly crafted cocktails using a range of Fever-Tree mixers.

Find out more: www.fever-tree.com/en_US

The US Outlook

After another exciting and productive year, where we continued to recruit new customers, increased our distribution, introduced new products, and worked with multiple spirit partners on successful co-promotion campaigns, we created more demand than ever for the brand and extended our market-leading position. This performance, along with the supportive trends of long mixed drinking and premiumisation makes us confident of driving further growth next year and beyond.

BUSINESS REVIEW – EUROPE

ANOTHER YEAR OF STRONG GROWTH

EUROPE REVENUE

£101.0m

2022 highlights

Our European business delivered revenue of £101.0m, an increase of 14.4% year-on-year (16% at constant currency). This performance was driven by Fever-Tree's strong growth in our Next Wave markets, such as Italy and Spain, where the On-Trade recovered well and we continue to increase our retail distribution, leading to market share gains in our key markets across the region.

The On-Trade channel accelerated in the second quarter following the removal of COVID restrictions and continued to show good sales growth as the year progressed with the return of tourism and local pent-up demand contributing to a revival of out-of-home social occasions. Fever-Tree saw particularly strong On-Trade growth in Benelux, Spain and Italy as we increased the range of our portfolio and gained significant new distribution, contributing to higher On-Trade sales during 2022 than pre-COVID in 2019 across the region.

The Off-Trade channel was more subdued compared to the last two lock-down impacted years, but Fever-Tree continues to perform well especially in some of our key growth markets, including Spain, France and Italy, gaining momentum throughout the year. Fever-Tree continues to drive growth and premiumisation of the mixer category at retail in Europe, contributing to about a third of the total category's growth since 2019, well ahead of any other premium brand, and second only to Schweppes. We now hold c.15% of the retail branded mixer value share, c.3% increase since 2019[10]. One exception to our strong progress across the region was in Germany where we were impacted by softening consumer sentiment, but we remain confident in our strong brand position within this market and expect to continue to drive premium mixer growth once macro conditions improve.

Long mixed drinks continue to grow in popularity across Europe, and as part of this, the Gin & Tonic serve is performing strongly, with premium Gin sales increasing by 15% between 2019 and 2021, with especially strong growth in Italy, France and The Nordics[11]. Fever-Tree is both benefiting from and helping to drive the trend towards premium Gin & Tonics, as well as ensuring we have a range of mixers to cater to the wider growing premium spirits category.

10 Nielsen & IRI
11 IWSR

CROSS BORDER CO-PROMOTIONS

Co-promotions remain a focus of our marketing strategy with increasingly regional execution to deliver consistent initiatives across multiple markets, whilst continuing to adapt to local preferences, such as various campaigns across more than ten markets with Lillet, giving us the opportunity to provide for occasions beyond the G&T.

Find out more: www.fever-tree.com/es_ES

Strategic progress

We have intensified our focus on category management with the aim of creating a distinct mixer category at retail in key European markets, enabling retailers to place more emphasis on how visible it is, how it's marketed to consumers and the resources that are allocated to the space. As the driving force behind this evolution, Fever-Tree is gaining more brand visibility through shelf space and activations, encouraging more consumers to trade up to premium mixers.

The brand's growing shelf space is enhanced by our expanding portfolio. Following the launch of our Rhubarb & Raspberry Tonic across key European markets last year, it has become one of our top three selling Tonic flavours across the region, leveraging the trends towards bright, pink and sweeter mixers. We continue to grow our Mediterranean Tonic, which is now our most popular Tonic across a number of European markets, as well as introducing our premium flavoured Soda range, with the launch of Mexican Lime Soda, Blood Orange Soda, and Sparkling Pink Grapefruit this year to capitalise on the growing popularity of the Spritz serve, especially in the Summer months.

The focus of our marketing activities this year has been a number of above the line campaigns, including our first national television campaign in Italy, contributing to a substantial increase in brand awareness, as well as continuing our television presence in Catalunya, Spain. Both campaigns delivered our "3/4" message and the importance of the quality of our ingredients. We have also strengthened our digital presence across Europe, with local tailored communications to build awareness and increase consumer engagement.

The Europe Outlook

We continue to be confident in the opportunity across Europe. The premium spirit and mixer categories are growing well, and Fever-Tree has continued to extend its market-leading position across the region, building significant scale in many of the key markets. We continue to invest behind the opportunity, increasing our in-country expertise, strengthening our relationships with our distributors, customers, and spirit partners, and have identified a number of markets that offer real potential over the medium and long term.

BUSINESS REVIEW – REST OF THE WORLD

THE BRAND'S GLOBAL FOOTPRINT CONTINUES TO GROW

ROW REVENUE

£31.5m

2022 highlights

Fever-Tree delivered revenues of £31.5m in our Rest of the World Region, an increase of 18.0% year-on-year, with particularly strong growth in Australia, where Fever-Tree grew retail sales by 23%, gaining 3.3ppts of market share as we drive growth of total mixers from the premium end[12]. Our Tonic continues to grow ahead of the market, achieving 40% value share at grocery in the last 13 weeks of the year, up 2.4ppts year-on-year. We have also seen very strong growth in categories outside of Tonic, with a third of our retail value growth from our Gingers and Sodas after strong distribution gains last year[13].

In Canada, the On-Trade in Canada still had restrictions until March, but recovered well once these were lifted, with sales across the channel surpassing 2019 levels towards the end of the first quarter[12]. Fever-Tree continues to drive the growth of the premium mixer category and remained the largest premium mixer brand by value at Canadian retail. Ginger Beer performed incredibly well, growing over 8ppts faster than the market through new distribution with key retailers and expansion into our can format[10].

Strategic progress

In Australia, we have continued to drive distribution growth and optimise our range to suit Australian drinking occasions. To support our ambition to premiumise dark spirit mixing, we launched Distillers Cola in Australia's largest liquor retailer, Dan Murphy's, and top-tier On Premise venues. The launch of our can format has had a positive impact on our sales, leading to incremental shelf space and helping us to recruit new consumers to the brand. In the On-Trade, we continue to activate at scale, the highlight of which was our own Gin & Tonic weekend Festival, hosted in Brisbane.

In Canada, consumers enjoy long mixed drinks across a range of serves. The versatility of Fever-Tree's portfolio, providing a diverse range of premium mixers, including Tonics, Gingers and Sparkling categories is therefore a strong competitive advantage in this market. Following the launch of our Sparkling Pink Grapefruit last year, our most successful new flavour launch in the Canadian market, we have continued to focus on our Soda and Sparkling liquids to capitalise on the popularity of the Paloma and Spritz Occasions, as well as continuing to command a strong position in Tonics and Ginger Beer, where we hold around 30% share in both categories[14].

12 CGA

13 Woolworth & Coles retail scanner data

14 Nielsen & IRI

GROWING THE BRAND

2022 saw the Brand extend its reach across South East Asia with our first ever Gin & Tonic Festival in Cambodia.

Working with our distributor and various spirit partners, the festival attracted 2,000 people over two days who got to participate in tastings, cocktail making competitions, and enjoy other live entertainment whilst enjoying a Gin & Fever-Tree.

Find out more: www.fever-tree.com/en_AU

In recognition of the long-term opportunity we see in Canada, we made a significant step change in our route-to-market this year by transitioning to a new larger, more powerful distributor, Tree of Life. With over 70 years of experience in the Canadian market, Tree of Life's strong multi-channel coverage and broad reach has already secured new business for the brand, along with more activations in both retail and in the On-Trade, improving our visibility and accessibility to the Trade and the consumer.

We have also upgraded our route-to-market in Asia this year after the brand agreed to take on Asahi Breweries as our new distribution partner in Japan, with a three-year exclusive deal starting in January 2023.

This move is reflective of Asahi's belief in the significant future opportunity of the premium mixer and adult soft drink category, and we are excited about working with a company of their size and influence to go after the opportunity in this potentially valuable market.

Asia remains a region with long-term potential for Fever-Tree, and we continue to set the brand up for future success by ensuring it has a good presence in high-end bars and hotels in cosmopolitan cities, and we continue to develop our relationships with international and local spirits companies, including Bacardi, Campari and Diageo.

ROW Outlook

We are focused on making sure we are working with the right distribution partners for the next stage of our development, who match our ambitions, have good reach, and are willing to invest alongside the brand.

SUSTAINABILITY

WE ARE A TRULY GLOBAL BRAND COMMITTED TO SERVING OUR COMMUNITIES WITH DRINKS MADE FROM QUALITY INGREDIENTS SOURCED IN A RESPONSIBLE WAY.

That's why we've built a sustainability framework that pursues best practice from an environmental and social standpoint whilst delivering against globally accepted targets such as the United Nations Sustainable Development Goals, ensuring we're focusing on the right areas.

SUSTAINABILITY – OVERVIEW

FIVE BRANCHES

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

OUR BRANCHES

CLIMATE

Our ingredients are sourced from around the globe, which is why we need to ensure we are sourcing in a responsible way, working with nature not against it, doing all we can to deliver our products to customers and consumers whilst minimising our impact on the environment.

2022 Progress

All Fever-Tree products sold in the UK are now certified as carbon neutral by The Carbon Trust.

We have made meaningful progress in reducing the impact of logistics by switching from diesel to HVO fuel at one of our key suppliers and increasing production capabilities in the USA to reduce sea freight from Europe.

CLIMATE ACTION

Supporting UN SDGs

3 Good Health and Well-Being
7 Affordable and Clean Energy
15 Life on Land
17 Partnerships for the Goals

Read more / pages 48 to 52

CONSERVATION

Our commitment to sustainability includes ensuring we try to play our part in the protection of the habitats and landscapes where we source our ingredients, manufacture our products, and live and work.

2022 Progress

Alongside evolving our supply chain due diligence process to increase the focus on sustainable ingredients supply, we have extended our partnership with Earthwatch Europe to support their portfolio of Tiny Forests and committed 100% of our carbon offsets to forest protection and afforestation projects.

LIFE ON LAND

Supporting UN SDGs

11 Sustainable Cities and Communities
12 Responsible Consumption and Production
13 Climate Action
17 Partnerships for the Goals

Read more / pages 53 to 54

CIRCULAR ECONOMY

As a business operating across multiple geographies and serving a diverse set of customers we are aware of the need to manufacture our products in an environmentally responsible way. For this reason, where possible, we use packaging materials that have strong circularity credentials, opting for infinitely recyclable glass bottles and aluminium cans instead of PET.

2022 Progress

We have continued to collaborate with industry stakeholders to understand how we can improve the environmental impact of our packaging, from taking part in a Loop trial with a leading UK retailer to encourage in-store recycling, to engaging with third parties on the potential for kerbside collection trials championing reusable bottles.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Supporting UN SDGs

7 Affordable and Clean Energy
8 Decent Work and Economic Growth
9 Industry, Innovation and Infrastructure
13 Climate Action

Read more / pages 55 to 56

COMMUNITIES

We aim to support the communities in our supply chain alongside those where we live and work. Our Social, Ethical and Environmental Business Policy directs our supply chain due diligence process to ensure responsible production, whilst our commitment to charitable causes aims to support local communities across our regions.

2022 Progress

We are increasing our focus on the interaction between the environmental and social aspects of sustainability, which we continue to incorporate into our due diligence processes, whilst our support for Malaria No More in 2022 has helped amplify African voices and roll out programmes in the fight against malaria.

REDUCED INEQUALITIES

Supporting UN SDGs

1 No poverty
3 Good Health and Well-being
4 Quality Education
8 Decent Work and Economic Growth

Read more / pages 57 to 59

COLLEAGUES

Our ESG and DEI Committees work closely to collaborate on sustainability initiatives to drive meaningful progress for our employees and those we work with.

2022 Progress

In addition to fostering greater collaboration across our geographies through our DEI Committee, 2022 was the fourth year of our partnership with Future Frontiers, a charitable organisation promoting education and social mobility. Our colleagues offered career guidance to students at our offices to help them achieve both at school and make more informed choices about their future.

GOOD HEALTH & WELL-BEING

Supporting UN SDGs

4 Quality Education
5 Gender Equality
10 Reduced Inequalities
11 Sustainable Cities and Communities

Read more / pages 60 to 61

THREE ROOTS

Underpinning our sustainability branches are our three roots of Environment, Ingredients, and Fighting Malaria. Whilst our sustainability branches direct our initiatives, our roots help guide our areas of focus, from the way in which we source our ingredients, to the methods of production and the relationships we form.

Environment

Taking the time to understand the environmental impact of our products helps us to direct our attention when identifying potential sustainability initiatives best suited to making meaningful change.

Ingredients

Responsible sourcing practices ensure we're taking an ethical approach to the use of raw materials, including how we collaborate with our supply chain partners.

Fighting Malaria

The historic role that quinine has played in combating malaria means that the cause is inextricably linked to our brand and is a key reason we continue to support the fight to eradicate malaria.

Find out more: www.fever-tree.com_gb/sustainability

OUR SUSTAINABILITY FRAMEWORK & APPROACH

Our ESG Committee meets quarterly to discuss and make decisions on sustainability matters, including assessing the potential impact of operational change, target-setting, and progress monitoring through internal and external reporting.

1. Understanding our environmental footprint to direct our focus

- We engage specialist third parties on an annual basis to help calculate our product carbon footprint in order to better understand the environmental impact of our products and in doing so guiding our approach to mitigating action.
- Our corporate carbon footprint is assessed as part of our SECR reporting requirements and is monitored annually to track progress against our SBTi commitment to reduce our Scope 1 and 2 emissions.
- We appreciate that there is more to sustainability than emissions, which is why our approach also covers circularity and conservation, from using responsible packaging materials to offsetting our UK emissions against nature-based projects.

2. Incorporating social considerations into our approach

- The communities impacted by our brand include those across our supply chain and those in the areas we live and work, which is why we pursue both social initiatives driving supply chain best practice and those engaging communities in our end markets.
- Our colleagues are central to our progress, whether driving engagement in fundraising initiatives for social causes close to our brand or collaborating to identify and implement sustainability change programmes within and outside of our business.
- Social considerations form a key part of our supply chain due diligence process and we carry out both our own and independent assessments to ensure we're capturing risks and identifying improvement opportunities to deliver best practice.

3. Sustainability progress to date

- We have put a cost on carbon in our business through our carbon neutrality across our UK products, requiring a combination of reduction and offsetting initiatives to deliver on corporate and product-related goals.
- We avoid PET in our product packaging, instead opting for glass and aluminium to drive circularity in our supply chain.
- We have stepped up our operational capabilities in the US, increasing employment in communities more local to the markets in which we sell our US products, and reducing the emissions related to logistics.

4. Upcoming areas of focus

- Following the increase in our US operational capabilities, we are looking at opportunities to localise production in other regions around the world.
- We continue to work with supply chain partners to better understand where we can capitalise on innovation, technology, and operational change, for example increasing our use of HVO fuel and switching from truck freight to rail where possible.
- Packaging innovation is another area of focus for us, and we talk regularly with our supply chain partners to understand the viability and potential benefits of reusable glass bottles, dispense solutions, light-weighting and increasing recycled content.

Our environmental and social actions

Topic	Actions
Climate	
Carbon emissions & Product carbon footprint	Annual cradle-to-grave analysis conducted by The Carbon Trust gives us greater visibility with respect to our product-related emissions and we have identified projects to reduce the absolute emissions associated with our corporate footprint (Scope 1 and 2) alongside reducing emissions per litre for our products which incorporates our Scope 3 emissions. Upcoming initiatives include reviewing our logistics processes, along with assessing the recycled content levels in packaging to reduce the emissions associated with energy inputs in packaging production. **Target:** Reducing our Scope 1 and 2 emissions by 50% by 2030 and reducing per litre product emissions on an annual basis.
Climate change vulnerability	Where possible we aim to source from farmers favouring less intensive methods and ensure our due diligence process captures several environmental and social assessments. Our upcoming focus is to ensure our supply chain is well placed to respond to climate pressures particularly with respect to water stress and changing temperatures, increasing crop resilience and growing more efficiently. **Target:** Minimising our exposure to environmental risk by managing our reliance on sourcing regions exposed to extreme weather and water stress.
Manufacturing and supply	We work closely with our manufacturing partners to ensure appropriate efforts are being placed on pursuing environmental improvement projects, from transitioning to renewable energy in production to reducing waste. Projects undertaken by our ingredients suppliers, processors, and co-packers are anticipated to deliver long-term environmental benefits over the coming years. **Target:** Increasing the proportion of renewable energy used in production along with championing innovation and responsible farming practices for ingredients supply.
Transportation and logistics	Alongside reducing the impact of our employee travel by incentivising the use of electric vehicles, we're working with our supply chain partners to understand how emissions reductions can be achieved through rethinking logistics. We have started to replace diesel with HVO across parts of our supply chain, whilst increasing the production capabilities in our global geographies is expected to reduce the environmental impact associated with sea freight. **Target:** Increasing the use of lower-carbon energy in our supply chain logistics processes whilst optimising to reduce haulage distance by increasing regional capabilities and effectively managing inventory.

SUSTAINABILITY – OVERVIEW CONTINUED

Topic	Actions
Conservation	
Biodiversity and land use	We favour working with farmers adopting less intensive methods in order to minimise the impact our or sourcing activity on the land where our ingredients are grown. We have continued to support local initiatives promoting greater understanding of biodiversity and land use by partnering with Earthwatch to support their portfolio of Tiny Forests. **Target:** Extend our partnership with biodiversity and conservation focused organisations whilst involving commercial and operational partners where possible and forming closer relationships with ingredients growers.
Raw material sourcing	Our ingredients due diligence process highlights risk areas from an environmental perspective to ensure we're aware of potential issues and can work with suppliers to respond accordingly. We work closely with ingredients and packaging suppliers and are continuing to increase the robustness of our environmental and social assessments as part of our approach to sourcing. **Target:** Working with ingredient suppliers to manage environmental risks associated with ingredients production whilst promoting the adoption of sustainable farming practices. Striving for increased recycled content in our packaging, increasing the proportion of renewable energy used in packaging production, and collaborating on circularity initiatives with our partners.
Water stress	Due to our outsourced business model the impact of water use from operations directly within our control is minimal however we continue to look for ways to reduce this even further. The increasing capabilities of our production facilities on a global scale will require greater focus to ensure all water stress risks are captured. We are working closely with our domestic and overseas partners to fully understand their initiatives to increase water usage efficiency and reduce water wastage. **Target:** Take an active role in the water stewardship efforts of our ingredient suppliers and operating partners, particularly in water-stressed regions, to monitor and identify areas of improvement.
Pollution and waste	
Packaging material and waste	We avoid using PET instead opting for non-toxic and infinitely recyclable beverage packaging in glass bottles and aluminium cans. On-Trade recycling levels are high, and we're exploring partnerships with industry stakeholders to drive recycling in our Off-Trade channels. We are engaging with our partners to understand the options available to us to reduce the environmental impact of materials, from redesign and light-weighting to increasing recycled content and developing innovative format solutions. **Target:** Striving for increased recycled content in our packaging, increasing the proportion of renewable energy used in packaging production, and collaborating on circularity initiatives with our partners.

Topic	Actions
Human capital	
Health and safety, human capital development, labour management, and supply chain labour standards	**In our own business:** Our local office teams ensure the maintenance of health and safety standards and work with our DEI Committee and other teams to ensure we're supporting learning and development activities as best we can. **Across our supply chain:** Our teams are trained on supply chain due diligence and our supplier on-boarding and monitoring processes ensure the maintenance of standards. Information is managed on the SEDEX platform for many of our key suppliers whilst our Social, Ethical and Environmental Business Policy is informed by the Ethical Trading Initiative Base Code and International Labour Organisation fundamental conventions. **Target:** Minimise health and safety incidents on our own premises alongside those of our suppliers whilst increasing professional training and development of our employees.

Impact of policy

Whilst not mandatory for our business at this stage, we are aware of the benefits of aligning with incoming reporting standards such as Task Force on Climate-Related Financial Disclosures (TCFD) and Corporate Sustainability Reporting Directive (CSRD). Although we are not yet compliant with these standards, we have begun incorporating them into our own scenario planning and approach to sustainability, particularly with respect to identifying and mitigating the risks of climate change across our supply chain whilst championing responsible business practices from both environmental and social standpoints.

We welcome regulation and legislation promoting responsible production and consumption, which will help our industry achieve its wider sustainability goals. For this reason, we are actively engaging with legislation such as the Plastic Packaging Tax (PPT) and Extended Producer Responsibility (EPR) to ensure we're best placed to adopt new ways of working and collaborating with stakeholders on change. Similarly, we are preparing our business for potential changes relating to the Deposit Return Scheme (DRS) across the UK to ensure we can respond quickly, manage any associated risks, and incorporate change within our business operations and approach to sustainability.

SUSTAINABILITY – CLIMATE

CLIMATE

OUR INGREDIENTS REMAIN CENTRAL TO OUR PRODUCTS, WHICH IS WHY WE NEED TO ENSURE WE ARE SOURCING IN A RESPONSIBLE WAY, WORKING WITH NATURE NOT AGAINST IT, AND DELIVERING OUR PRODUCTS TO CUSTOMERS WHILST MINIMISING OUR IMPACT ON THE ENVIRONMENT.

CLIMATE ACTION

Supporting UN SDGs

3 Good Health and Well-Being
7 Affordable and Clean Energy
15 Life on Land
17 Partnerships for the Goals

Our progress

Carbon measurement

Alongside our SECR reporting obligations measuring our corporate carbon footprint we have decided to measure our product carbon emissions to fully understand the environmental impact of our mixers. For the second year running we have partnered with The Carbon Trust to carry out a cradle-to-grave lifecycle assessment to pinpoint areas of our value chain, from ingredients sourcing and processing to distribution and consumption, where we could make the most meaningful impact on emissions reduction.

Carbon reduction

Using the results of our product lifecycle assessment we can prioritise areas of our emissions to focus on with the aim of making reductions over time. In addition to our goal of reducing our Scope 1 and 2 emissions by 50% by 2030 as part of our SBTi commitments, we are also aiming to reduce emissions per litre product sold on an annual basis. We have identified several areas through which to achieve these targets, from transitioning to renewable energy in our offices to rolling out carbon reduction initiatives across our supply chain.

Carbon offsetting

We have taken the decision to offset what we can't currently avoid or reduce for the products we sell in the UK. Whilst offsetting is a part of our current approach to sustainability it is by no means the solution. By offsetting the balance of our emissions we're able to support nature-based environmental projects whilst continuing to identify long-term answers to avoiding and reducing the carbon emitted in the first place. We have strict requirements for offset project selection, namely that projects must be certified appropriately, positively contribute to the regions in our supply chain, and focus on nature-based solutions such as forest protection and afforestation.

OUR EMISSIONS

PER 200ML INDIAN TONIC SOLD IN UK

Liquid
0.026kg CO_2e/unit

Packaging
0.121kg CO_2e/unit

Manufacture
0.015kg CO_2e/unit

Use phase
0.013kg CO_2e/unit

Downstream distribution
0.017kg CO_2e/unit

End of life
0.006kg CO_2e/unit

TOTAL

0.20kg CO_2e/unit vs 0.22 in 2021

SUSTAINABILITY – CLIMATE CONTINUED

Emissions reduction

Operational change

We have transitioned to 100% renewable energy in the Germany office and have started the process of switching company-owned cars to hybrid whilst incentivising the purchase or lease of electric vehicles for UK employees. We continue to work with our supply chain partners to understand how they are increasing their use of renewable energy as a proportion of their total consumption alongside energy efficiency actions to reduce the overall use of energy per bottle or can produced.

As of January 2022 our primary cans co-packer switched to 100% renewable energy, with agreed supply until at least the end of 2023, whilst they are also assessing the feasibility of a solar PV project for installation on warehousing. In addition they have invested in a new tank for CO_2 vaporisation which will help with supply and reduce energy requirements.

A key ingredient supplier has also improved boiler insulation with 2022 being the first full year benefiting from this change which is expected to reduce total fuel usage by 5%. In addition, several space heating improvements have been delivered, including the installation of air curtains and timed electric heating in warehousing to increase efficiency and reduce heat loss.

Finally, one of our key co-packing partners installed LED lighting in November 2022 for its Fever-Tree dedicated site with integrated motion sensors which will adjust according to the lighting required at any given time.

Logistics efficiencies

Reducing the impact of logistics processes where possible is a priority for us and lies in finding efficiencies in our supply chain processes, from the operational capabilities in our end-markets to the management of inventory by region. We have already reduced the need for sea freight between Europe and North America by increasing production and warehousing in the US and we plan to continue this method of localisation across our other regions in due course. In addition we are working with our supply chain partners to continue the rollout of HVO as an alternative to diesel and we continue to engage with our logistics partners to understand how to harness technology and find innovative solutions in transport and alternative fuel.

For example our canning partner has replaced diesel with HVO to transport all our finished goods from the end of production lines to warehouses using shunt trucks while another key co-packer is due to transition to HVO for a proportion of our products' journey to our customers. These changes are expected to reduce CO_2 emissions by over 90% compared with normal diesel.

Sustainable packaging

We avoid using PET which is generally more difficult to recycle, uses higher levels of virgin material, and often includes crude oil as a raw material. Our glass bottles and aluminium cans are infinitely recyclable as opposed to plastic bottles which can often only be recycled a few times before needing to be topped up with virgin material or sent to landfill. Our glass bottles and aluminium cans contain recycled content and our Germany business operates a reusable bottle system. In addition we have trialled a new serve solution in several On-Trade locations this year which we could explore further to reduce the use of glass bottles in this channel as well as engaging with glass suppliers on innovative concepts such as hydrogen powered furnaces.

Future targets

We continue to see the value in localising supply chain processes where we can, whether that's sourcing of raw materials or manufacturing our products. Not only can this reduce the emissions burden on our business but the employment of workers closer to our end markets can support the economic empowerment of the communities we serve. In addition to the progress we've made in the USA we anticipate increasing sourcing, operational, and warehousing capabilities in Australia alongside continuing our transition to renewable energy in our offices and at our supply chain partners' facilities, whilst working with our stakeholders to drive operational efficiency with a beneficial carbon reduction impact.

Reporting

Fever-Tree Drinks PLC Streamlined Energy and Carbon Reporting

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

This includes Fever-Tree Drinks PLC's stated emissions for the most recent reporting year – the 12 months starting 01/01/2022 and ending 31/12/2022, on top of previous analyses performed in 2021.

Methodology

Responsibilities of Fever-Tree and Green Element

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

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

Scope and Subject Matter

The boundary of the report includes the UK, US, and Germany offices which were all operational for the entire reporting period.

Energy and GHG sources included in the process:

1. Scope 1: Fuel used in company vehicles and natural gas
2. Scope 2: Purchased electricity
3. Scope 3: Fuel used for business travel in employee-owned or hired vehicles
4. All seven Kyoto protocol GHGs were included: CO_2, N_2O, CH_4, HFCs, PFCs, SF_6 and NF_3

The figures were calculated using UK government 2022 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Energy Efficiency Actions

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

- Switched to 100% renewable tariff in our Germany office.
- Introduced salary sacrifice scheme to incentivise use of electric vehicles.
- Engaged with partners across supply chain to understand where energy savings could be achieved.

In 2023 efforts will be continued to identify and deliver increased energy efficiency through the following:

- Continuing transition to renewable energy in UK Offices.
- Researching how to transition to renewable energy in our US offices.

SUSTAINABILITY – CLIMATE CONTINUED

Fever-Tree Drinks PLC GHG statements by site (in tonnes of CO_2e), as follows:

	Reporting Period: 01/01/2021 to 31/12/2021			Reporting Period: 01/01/2022 to 31/12/2022		
Site	UK Office	US Office	Germany Office	UK Office	US Office	Germany Office
Annual energy consumption: (kWh)						
Electricity	89,458.56	16,956.00	11,924.00	131,431.00	21,132.00	16,491.00
Gas	2,842.74	–	–	459.00	–	176.00
Transport fuel	121,761.69	214,195.83	514,840.83	158,574.55	284,262.13	797,366.76
Total	**214,062.99**	**231,151.83**	**526,764.83**	**290,464.55**	**305,394.13**	**814,033.76**
Annual GHG emissions (tCO_2e)						
Scope 1						
Emissions from combustion of gas	0.52	–	–	0.08	–	0.03
Emissions from combustion of fuel for transport purposes	7.80	–	125.14	10.20	–	103.82
Scope 2						
Emissions from purchased electricity – location based*	18.99	4.26	4.04	25.42	5.32	3.96
Emissions from purchased electricity – market based**	4.53	4.26	1.76	8.09	2.04	–
Emissions from purchased electricity for transport purposes	0.26	–	–	0.39	–	–
Scope 3						
Category 6 – Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	22.05	52.70	–	29.02	70.14	93.99
Category 3 – Emissions from electricity upstream transportation and distribution losses and excavation and transport of fuels – location-based*	14.90	15.98	36.16	19.05	21.18	53.35
Category 3 – Emissions from upstream transport and distribution losses and excavation and transport of fuels – market-based**	8.93	15.98	35.10	12.09	18.98	52.21
Total tCO_2e emissions (location-based)	**64.51**	**72.94**	**165.34**	**84.17**	**96.64**	**255.16**
Total tCO_2e emissions (market-based)	**44.08**	**72.94**	**162.00**	**59.87**	**91.52**	**250.05**
Intensity (tCO_2e / £ million revenue)						
Revenue (£m)	118.30	77.90	78.80	116.20	95.60	89.20
Intensity ratio: total location-based* tonnes per million revenue tCO_2e / £m	0.55	0.94	2.10	0.72	1.01	2.86
Intensity ratio: total market-based** tonnes per million revenue tCO_2e / £m	0.37	0.94	2.06	0.52	0.96	2.80

Methodology	**GHG Protocol Corporate Accounting and Reporting Standard**

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

** Market-based electricity reporting uses the supplier-specific fuel mix of the reporting company's tariff.

CONSERVATION

OUR COMMITMENT TO SUSTAINABILITY INCLUDES ENSURING WE'RE PLAYING OUR PART IN THE PROTECTION OF THE HABITATS AND LANDSCAPES WHERE WE SOURCE OUR INGREDIENTS, MANUFACTURE OUR PRODUCTS, AND LIVE AND WORK.

LIFE ON LAND

Supporting UN SDGs

11 Sustainable Cities and Communities

12 Responsible Consumption and Production

13 Climate Action

17 Partnerships for the Goals

Our progress

We continue to engage with our commercial partners on sustainability initiatives. In 2022 we extended our partnership with Earthwatch to include a major On-Trade customer for the first time, together supporting Earthwatch's portfolio of urban forests. We recognise the importance of collaborating with our operational and commercial partners to drive sustainability change.

We have further developed our responsible sourcing processes to reduce the environmental and social risks associated with procuring ingredients from a wide-ranging set of geographies. Continuing to build lasting long-term relationships with suppliers championing responsible sourcing is important to us and our self-reflective approach helps us deliver against these standards.

Our strict offsetting requirements ensure that we continue to offset through projects that are appropriately certified, have a direct link with our supply chain, and provide meaningful value to nature. For this reason we prefer to offset through nature-based projects such as those promoting forest protection and afforestation within our supply chain.

SUSTAINABILITY – CONSERVATION CONTINUED

OUR APPROACH TO SOURCING – SICILIAN BLOOD ORANGES

Our blood oranges are grown on a 4th generation citrus farm that has been specialising in Blood Oranges for nearly a century.

Giosue, (Joe) is a passionate citrus grower with an unwavering commitment to natural processes in his growth and harvest of the fruit. His philosophy is a simple love and respect for nature and the soil as well as blending traditional ways with more innovative ones – there as an area taking up 10% of the farm which is a dedicated 'centre of research' to explore and produce different varietals. The harvest is done manually with specialist pickers before the fruit is transported a short distance away to be processed and the essential blood orange oil is produced.

Find out more: www.fever-tree.com/en_GB/products

Looking ahead

Having worked with Earthwatch and their portfolio of urban forests for the past two years we are looking to extend our conservation and nature-based efforts across our global locations and are exploring ways to support the environment in ways which make sense for particular geographies.

Regional conservation initiatives are being explored to understand how we can make the most impact in the regions within which we operate.

Whilst we don't use vast volumes of water ourselves due to our outsourced business model, we appreciate the need to work with our supply chain partners to focus on delivering meaningful reductions in water usage and wastage.

Alongside building this into our supply chain due diligence process and ways of working with our partners, we're taking steps to reduce our own water usage in our offices.

CIRCULAR ECONOMY

AS A BUSINESS OPERATING ACROSS MULTIPLE GEOGRAPHIES AND SERVING A DIVERSE SET OF CUSTOMERS WE ARE AWARE OF THE NEED TO MANUFACTURE OUR PRODUCTS IN AN ENVIRONMENTALLY RESPONSIBLE WAY. FOR THIS REASON WE USE PACKAGING MATERIALS WITH THE BEST CIRCULARITY CREDENTIALS, OPTING FOR INFINITELY RECYCLABLE GLASS BOTTLES AND ALUMINIUM CANS INSTEAD OF PET.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Supporting UN SDGs

7 Affordable and Clean Energy

8 Decent Work and Economic Growth

9 Industry, Innovation and Infrastructure

13 Climate Action

Our progress

We continue to see glass as the best way to deliver the finest quality mixers in a sustainable way. Alongside serving our mixers in glass bottles, we believe a portfolio of packaging formats is the most appropriate way to cater to both our On and Off-trade customers whilst mitigating against potential supply chain pressures and capitalising on the sustainability credentials of alternative materials.

Like our glass bottles, our aluminium cans are infinitely recyclable and contain recycled content whilst providing a more lightweight format and are more easily stackable compared to alternatives which allows for more efficient use of space when transported.

We appreciate the importance of working with our partners to collaborate on circularity initiatives across the industry. Our participation in the Loop trial came to an end in 2022, during which we partnered with a major UK retailer to provide returnable and reusable glass bottles for some of our products. This was a great way to engage consumers in sustainability concepts and we are in the process of understanding the results of the trial and determining next steps.

SUSTAINABILITY – CIRCULAR ECONOMY CONTINUED

INCREASING WATER RECOVERY IN PRODUCTION

An installation of a water recovery system at our co-packer in December 2021 means that 2022 saw increased water recycling.

The system used requires low levels of replenishment and rinse water is automatically dosed with chlorine dioxide for microbiological control to ensure there is no threat to product safety. Savings are anticipated to reach 50-60 m3 per day.

Looking Ahead

We use reusable glass bottles in our Germany operations and whilst we appreciate there are key differences between this market and our other geographies, both with respect to infrastructure in place and consumer appetite for reuse, we want to ensure we're exploring the options available to us to champion a more circular approach.

We are working with our glass and aluminium packaging suppliers to understand how we can maximise our recycled content levels at the same time as maintaining the quality of our products and exploring other innovative methods in sustainable production such as alternative energy sources.

Although we don't have complete control over the water used in our supply chain we continue to work with our supply chain partners to promote water stewardship and drive efficiencies with respect to water usage, wastage and innovation. We have built in water risk to our ingredients supplier due diligence framework and we will work closely on water stewardship initiatives with our supply chain partners over the coming year, alongside monitoring water consumption in our offices and identifying opportunities for improvement.

SUSTAINABILITY – COMMUNITIES

COMMUNITIES

WE AIM TO SUPPORT THE COMMUNITIES IN OUR SUPPLY CHAIN ALONGSIDE THOSE WHERE WE LIVE AND WORK. OUR SOCIAL, ETHICAL AND ENVIRONMENTAL BUSINESS POLICY DIRECTS OUR SUPPLY CHAIN DUE DILIGENCE PROCESS TO ENSURE RESPONSIBLE PRODUCTION, WHILST OUR COMMITMENT TO CHARITABLE CAUSES AIMS TO SUPPORT LOCAL COMMUNITIES.

10 REDUCED INEQUALITIES

REDUCED INEQUALITIES

Supporting UN SDGs:

1 No poverty
3 Good Health and Well-being
4 Quality Education
8 Decent Work and Economic Growth

Our progress

We reassess our Social, Ethical and Environmental Business Policy on a regular basis to ensure it is robust, implementable, and striving for best practice both across our own operations and those of our partners. We ensure this is bought into by all our key supply chain partners and used as a framework to deliver against the community goals as part of our overall approach to sustainability and responsible business practice.

We aim to provide meaningful support to the communities across our supply chain, and where we live and work, which is why we continue to support social causes such as those championed through our partnerships with Malaria No More, Earthwatch, and Future Frontiers. In 2022, we hosted a number of Science Days at Tiny Forests across the Earthwatch portfolio to encourage engagement with nature and improve understanding of using data to inform climate decisions.

In addition we hosted a workshop with Future Frontiers to support young people make more informed decisions about their future careers.

As part of our ongoing commitment to responsible supply chain practices we carried out a programme of social audits in 2022 to ensure we're well placed to deliver social best practice. Social audits provide a great opportunity to identify areas of focus for us and our suppliers alongside helping build a framework to deliver against our goals over the longer-term. We aim to build on these learnings with our other key supply chain partners in 2023.

SUSTAINABILITY – COMMUNITIES CONTINUED

TINY FORESTS

Together with All Bar One, we are investing in the care of over 150 Tiny Forests through local community support and forest maintenance. Our support for Earthwatch is helping to grow a network of local community volunteers committed to tree care in Tiny Forests throughout the UK.

Through the Fever-Tree x All Bar One partnership, in 2022 we helped:

- Recruit and induct around 400 new Tree Keeper volunteers since May 2022
- Support the management and maintenance of 34,800 trees
- Directly engage 40 local volunteers and employees through three Science Days, with 100% of participants surveyed rating the event as fantastic or very good and completing 523 monitoring surveys

Find out more: www.tinyforest.earthwatch.org.uk/

MALARIA NO MORE

Fever-Tree and Malaria No More UK (MNMUK) have been working together for nearly a decade, partnering to end malaria for good globally.

Our partnership with Malaria No More has supported the following progress in 2022:

- Securing $4.5bn investment towards eradicating malaria and neglected tropical diseases at the Kigali Summit held in Rwanda in June 2022
- £1bn commitment by the UK for the 7th replenishment of the Global Fund to help save 20m lives and ensure a healthier, safer, and equitable future for all
- Roll-out of the Draw The Line youth across Africa a to encourage leaders to take accountability and action to move malaria up the political agenda, reaching over 267m people, generating 1.07bn in campaign impressions, and spurring over 2m online engagements
- Fever-Tree customers across the UK and the world have been reached with mobilising marketing and fundraising campaigns, and colleagues and customers have shown incredible support for ending malaria entirely

Find out more: www.malarianomore.org.uk/mnmuk-impact-2022

Looking Ahead

Charitable partnerships form a key part of our approach to sustainability, whether they target progress against global or local environmental and social concerns. Alongside our major charitable partnerships such as those with Malaria No More and Earthwatch, we want to ensure we're collaborating with local partners across our supply chain and in the markets where our mixers are enjoyed.

For this reason we will be stepping up our efforts to work with our regional teams to identify meaningful areas where we can contribute to local social causes relevant to particular markets alongside continuing our support for key global issues.

Whilst we have a robust supply chain due diligence process in place which captures environmental and social elements to maintain standards and drive best practice, we will build out the use of our own and independent social audits to monitor our impact on the communities across our supply chain and build appropriate roadmaps to deliver social best practice.

SUSTAINABILITY – COMMUNITIES CONTINUED

COLLEAGUES

OUR ESG AND DEI COMMITTEES WORK CLOSELY TO COLLABORATE ON SUSTAINABILITY INITIATIVES TO DRIVE MEANINGFUL PROGRESS FOR OUR EMPLOYEES AND THOSE WE WORK WITH.

GOOD HEALTH & WELL-BEING

Supporting UN SDGs:

4 Quality Education
5 Gender Equality
10 Reduced Inequalities
11 Sustainable Cities and Communities

Our progress

Our Diversity, Equality and Inclusion Committee meets regularly to identify areas of positive change to be pursued by the business. Reporting into the Board annually, the Executive team twice-yearly, and engaging with local teams more regularly, the DEI Committee has developed our reporting framework to measure progress and use data to provide an honest reflection of how well we're representing our employees and teams.

Further activities have included appointing internal champions for specific community groups and initiatives, celebrating and raising awareness of key DE&I dates such as International Women's/Men's Day, Mental Health Awareness Week, providing unconscious bias training to all hiring managers to promote diversity in hiring, along with plans to introduce a voluntary equal opportunities monitoring form to capture insights and suggestions and further build awareness and understanding of under-represented groups.

As at 1 January 2023, the gender balance of those in senior management positions and their direct reports was 60% male and 40% female. If we expand that to all managers in the business, the split is 49% male and 51% female. Our business has identified a pipeline of diverse and high-calibre candidates internally who through focused coaching and development we are working to help grow into senior management positions in the future.

In December 2022, Fever-Tree was proud to have supported the Women in Technology programme at Fever-Tree HQ, welcoming over 40 guests hosted by our own female technology lead. The session included networking opportunities, and two insightful panel discussions exploring topics and issues around mentoring and leadership.

FUTURE FRONTIERS:

The Future Frontiers Programme provides young people from disadvantaged educational and financial backgrounds with intensive, personalised career support over a two-year period. For the fourth year running Fever-Tree remained a host employer in an effort to support the disadvantaged young people of West London with the skills, knowledge and insight into how global businesses work, sparking ambition and broader aspiration.

Fever-Tree coaches worked with Year 10 pupils from a London borough that has some of the highest unemployment and child poverty rates in London and where one in four young people are NEET (not in education, employment, or training) between the ages of 18-24.

- Our colleagues offered career guidance to students to help them achieve both at school and make informed choices about their future in different industries
- After the programme, 100% of young people agreed that their coach helped them find an aspirational career AND 100% of young people agreed that they are clearer on what they need to achieve their ambitions

> “We could not deliver such personalised support without volunteers like Fever-Tree. You have opened their eyes to new opportunities and given them the insight, information and self-belief they need to take the first steps towards making their goals a reality. Thank you!”

DOMINIC BAKER
Founder & CEO of Future Frontiers

We see great value in engaging our employees and partners on our sustainability initiatives, particularly those focused on providing social value for the communities where we operate, live and work. Our support of Tiny Forest and Future Frontiers are examples of this, the former where we have hosted several Science Days and the latter where we have invited the Future Frontiers team and members of their community to our offices to provide skills workshops and career guidance, with members of our team hosting for the day.

Looking Ahead

We strive to deliver a more equal workforce that is reflective of the communities we operate in. We appreciate that whilst the principles of diversity, equality and inclusion can be far-reaching, progress is often best achieved by taking a bespoke approach unique to the regions where we have a presence. For this reason our DEI team will be working closely with our local teams to better understand the unique attributes of our workforce in specific markets in order to ensure we're catering to their needs whilst pursuing best practice and driving change.

Our Women in Tech event in 2022 was a great example of how we can mobilise our stakeholders to champion positive social causes and make a meaningful difference during the course of our day-to-day work.

We will look to build on this success by continuing our efforts in this area alongside identifying initiatives and partners to make further progress, empowering our employees, communities and other stakeholders in the process.

We aim to provide an environment in which our employees feel empowered to learn and develop their skills. Whether these are technical qualifications or workshops aiming to improve skills, we will continue to identify opportunities to improve the skillsets of our employees to enable them to deliver on their individual and team goals whilst pursuing educational and training opportunities that help deliver on their personal and career ambitions.


FEVER-TREE
Refreshingly Light
ELDERFLOWER
TONIC
WATER
PAIRS PERFECTLY
PINK
PEPPER
GIN
FEVER-TREE
Refreshingly Light
MEDITERRANEAN
TONIC
WATER
PAIRS PERFECTLY
Chase
PINK
GRAPEFRUIT
& POMELO
GIN
SALCOMBE
GIN

FINANCIAL REVIEW

INVESTING FOR THE LONG TERM

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

ANDREW BRANCHFLOWER
Chief Financial Officer

2022	£344.3m
2021	£311.1m
2020	£252.1m

REVENUE

£344.3m

(2021: £311.1m)

2022	£95.3m
2021	£166.2m
2020	£143.1m

CASH

£95.3m

(2021: £166.2m)

The Group continued to make good progress in 2022 with revenue of £344.3m (2021: £311.1m), delivering growth of 11% against a challenging backdrop of logistics disruption and macro-economic volatility.

Whilst performance in our most established market in the UK was impacted by reduced consumer spend alongside disruption and strikes during the key December trading period in the On-Trade, we continue to drive strong momentum in our International regions, with combined growth of 18% year-on-year outside the UK.

We made good strategic progress during 2022, with successful new product launches in key markets, an initial entry into the adjacent adult soft opportunity in the UK, the acquisition of Powell & Mahoney, and we have moved to new distributors in Canada and Japan.

Alongside this, we continue to invest in our marketing, sustainability agenda and our people and look forward to continuing to drive the strong momentum we have in a number of exciting growth markets in 2023, including the US, Canada and Australia as well as across our European markets.

The Group was impacted by ongoing disruption to global logistics networks, most notably through US port congestion and the pricing of transatlantic shipping routes. Our exposure to these costs was exacerbated by a slower than expected ramp-up of local bottling on the East Coast of the US.

FINANCIAL REVIEW CONTINUED

Alongside these cost pressures, following the Ukraine invasion, the subsequent volatility and substantial inflation in energy costs resulted in material glass cost surcharges in the second half of the year against a backdrop of restricted glass bottle availability across our European suppliers.

As a result of these specific challenges, and broader inflationary cost pressures across categories, gross margin was negatively impacted in the year. Despite these impacts, we continued to invest behind the brand and our people whilst making the operational investments required to deliver the future opportunity. Underlying operating expenditure increased to 23.0% of Group revenue (2021: 21.9%) which alongside the impacts on gross margin resulted in a reduction in adjusted EBITDA margin to 11.6% (2021: 20.2%).

As we progress into 2023, conditions remain challenging, with elevated macroeconomic uncertainty and intensifying inflationary pressures, especially with regards to the impact of energy costs into glass bottles and manufacturing. As we navigate these challenging conditions we will continue to prioritise the long-term health of the brand, passing through some of these impacts through price across our regions, whilst focusing on our own margin improvement initiatives. We remain confident that many of these headwinds will be transitory and we will emerge from this period as a stronger organisation with continued momentum in our key growth markets alongside a more diversified mixer and soft drink opportunity in the UK.

The Group generated an adjusted EBITDA of £39.7m (2021: £63.0m), a reduction of 36.8% on 2021. Working capital increased as a proportion of revenue to 23.6% (2021: 18.3%), which alongside the lower level of adjusted EBITDA achieved, resulted in a reduction of operating cash flow conversion to 36.2% (2021: 91.7%). Reduced operating cash flow, coupled with the payment of the £50m special dividend in May 2022, led to a reduction in cash held to £95.3m (2021: £166.2m).

As a reflection of our confidence in the ongoing financial strength of the Group, the Board is recommending a final dividend of 10.68 pence per share, an increase of 2.0% year-on-year.

Gross margin

Gross margin of 34.5% represents a reduction from the 42.1% gross margin reported in 2021. The main factors impacting gross margin were:

- Inflationary cost increases impacting underlying product costs and logistics costs across regions.
- Further increases in the underlying cost of sea freight in the first half of the year, alongside US port congestion and increased demurrage charges resulting from the disruption. A slower than anticipated ramp-up of local US production resulted in an elevated level of exposure to these costs in the second half of the year as additional UK production was required to supplement US inventory levels.
- European energy cost inflation and volatility following the invasion of Ukraine resulted in glass suppliers passing through significant surcharges in the second half of the year to cover their unhedged exposures, against a backdrop of restricted glass bottle availability as we progressed through the year.
- Whilst pricing actions in our established regions, a strengthening US dollar and changes in channel and regional mix drove margin improvement, this was not sufficient to offset the impact of these significant cost headwinds.

Macro-economic volatility and the risk of further disruption remains elevated in 2023. Inflationary pressures continue to intensify and we expect double digit percentage increases across most product cost categories. We will seek to offset these headwinds through a combination of pricing actions across regions, increased on-boarding of US production and other cost saving initiatives. However, over and above these movements, the impact of elevated energy costs into glass bottle pricing is expected to be material in 2023. As a glass-led business, we are particularly exposed to this significant headwind and we are working with our glass suppliers to mitigate this cost wherever possible as we progress through the year.

Against this backdrop we are focused on the actions we can take and continue to work on a substantial program of activities to mitigate further inflation, and crucially, to also set the business up for longer term profitable growth. These actions can be broadly grouped into four key areas:

1. **Expanding our production footprint:** establishing capacity closer to our key growth markets to minimise transport costs, optimise our inventory holdings and facilitate quicker reactions to market dynamics. Our focus for 2023 is further increasing US bottling capacity and identifying US canning and Australian bottling partners.
2. **Optimising our existing footprint:** working closely with our current partners to drive efficiency and effectiveness as we manage our increasing complexity.
3. **Procurement:** leveraging our global scale, with a focus in 2023 on re-tendering our key glass partnerships, widening and on-shoring our supplier base and ensuring our contracts are calibrated for both the current disruptive environment and our longer term growth as we scale through our regionalised production footprint.
4. **Technology:** underpinning all of the above is a wide-ranging programme to embed technology across our global operations that will give us best in class ways of working, data and insights to manage near term disruption, as well as underpinning our future growth. 2023 is the year in which we will be implementing the majority of this programme of work and we expect to start to drive benefits from this as we progress through the year.

We are confident that the implementation of our profit-driving initiatives this year, reduced exposure to sea freight through on-boarding of local production alongside any recalibration of the currently elevated energy pricing will drive improvements in profitability in FY24 and beyond.

Operating expenditure

Underlying operating expenses increased by 16.3% in 2022 to £79.1m (2021: £67.9m), increasing to 23.0% as a proportion of Group revenue (2021: 21.9%).

Our marketing spend was 9.8% of Fever-Tree brand revenue (2021: 9.3%) as we continue to invest behind the brand, including a radio advertising campaign in the UK, continued investment in digital in the US and a first national television advertising in Italy, where we are seeing strong growth. Staff costs and other overheads increased to 13.5% of Group revenue (2021: 12.5%), with head count increases necessary to drive the wide range of strategic projects we are working on across the business, whilst also strengthening our supply chain and operations team.

The Group generated an adjusted EBITDA of £39.7m, a 36.8% decrease from 2021 (2021: £63.0m). The dilution in gross margin, due mainly to inflationary cost pressures and continued exposure to elevated transatlantic freight charges, coupled with marginally increased levels of underlying operating expenditure as a proportion of revenue, has resulted in a retraction in adjusted EBITDA margin to 11.6% (2021: 20.2%).

Depreciation charges increased marginally to £4.3m (2021: £3.2m) whilst amortisation charges remained flat at £1.5m (2021: £1.5m). Share based payments increased to £3.3m (2021: £2.7m), reflecting increasing levels of long-term incentives issued to key staff members. As a result of these movements, the 36.8% decrease in adjusted EBITDA translates to a 44.9% decrease in operating profit to £30.6m (2021: £55.6m).

Tax

The effective tax rate in 2022 was 19.7% (2021: 19.7%) and was in line with expectations.

Earnings per share

The basic earnings per share for the year are 21.36 pence (2021: 38.29 pence) and the diluted earnings per share for the year are 21.32 pence (2021: 38.19 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 2022 are 22.59 pence per share and for 2021 were 39.70 pence per share, a decrease of 43.1%; for further detail see Note 9 of the Consolidated Financial Statements on page 136.

FINANCIAL REVIEW CONTINUED

Balance sheet and working capital

Trade and other receivables increased behind revenue growth to £72.4m (2021: £70.3m). Whilst we recognise that the current macroeconomic environment continues to contribute to an elevated level of credit risk, our strong relationships and proactive engagement with customers position us well to continue to manage the ongoing credit risk. The movement in trade and other receivables was partially offset by a marginal increase in trade and other payables to £51.3m (2021: £49.4m).

Inventory levels have increased significantly to £60.1m (2021: £36.2m), with the majority of this increase relating to elevated US inventory levels at year end. This was the result of the steps we took in the second half of the year to ensure we begin 2023 in a healthy position with which to service the strong underlying demand in that market following the impact of the inventory challenges we experienced in the US on reported growth in 2022.

As a result of the above movements, most notably the increase in inventory holdings, working capital increased by £24.1m to £81.2m (2021: £57.1m), and 23.6% of revenue (2021: 18.3%). The increase in working capital, alongside the 36.8% reduction in adjusted EBITDA resulted in cash generated from operations decreasing to 36.2% (2021: 91.7%).

Capital expenditure

Due to the structure of the Group's business model, capital expenditure requirements remain low, with additions of owned asset of £7.1m in the year (2021: £5.8m). The additions in the year included continued investment in reusable packaging in Germany, an asset under development relating to the Group's technology programme alongside shelf racking for our new third-party warehouse in the US.

During the year, new leases were entered into with respect to US warehousing, and the UK office lease was renewed for a further five years, resulting in additions of £15.1m in right-of-use assets, offset by their corresponding liabilities.

Cash position

The Group continues to retain a strong cash position, with cash at year end of £95.3m (2021: £166.2m). This platform provides a significant competitive advantage over many of our premium mixer competitors globally and has allowed the Group to remain focused on driving strategic progress whilst navigating the challenges and disruption in the external environment which have been ongoing since early 2020.

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

Whilst not a priority or essential component of the Group's plans, we also remain vigilant with regards to M&A opportunities that would further assist with the delivery of our strategy, as demonstrated by the acquisition of Powell & Mahoney in 2022. Where the Board considers there to be surplus cash held on the balance sheet it will consider additional distribution to shareholders, as demonstrated by the payment of a £50m special dividend in 2022.

Dividend

The Group remains committed to a progressive dividend policy and as such, the Board is recommending a final dividend of 10.68 pence per share in respect of 2022 (2021: 10.47 pence per share) bringing the total dividend for the year to 16.31 pence per share (2021: 15.99 pence per share). If approved by shareholders at the AGM on 25 May 2023 the final dividend will be paid on 2 June 2023 to shareholders on the register on 21 April 2023.

Performance indicators

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

Progress against these key indicators was closely monitored during the year. Due to the ongoing challenges posed by macroeconomic volatility, targeted performance was adjusted accordingly as the year progressed. Group revenue growth was strong but marginally behind expectations, whilst the gross margin and adjusted EBITDA margin were both down year on year and behind the Board's expectations.

Revenue growth %

Group revenue growth was +10.7% in 2022 (2021: +23.4%).

Gross margin %

The Group achieved a gross margin of 34.5% in 2022 (2021: 42.1%).

Adjusted EBITDA margin %

The Group achieved an adjusted EBITDA margin of 11.6% in 2022 (2021: 20.2%).

ANDREW BRANCHFLOWER
Chief Financial Officer

S.172 AND STAKEHOLDER ENGAGEMENT

Under section 172 of the Companies Act 2006 ("Section 172"), a Director is required to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The following pages comprise our Section 172 statement, which describes how the Board have had regard to the matters in Section 172 in carrying out their duties over the course of 2022.

Board papers are prepared with Section 172 duties in mind and the Board's consideration of their Section 172 duties forms a key basis for their decisions. During 2022, we continued to identify six key stakeholders as critical for the success of our future business; the interests of whom the Board considers and balances in making their decisions.

We set out below the key priorities for each stakeholder group and the ways in which we engaged with them during the course of 2022. This list is not intended to be an exhaustive list of all stakeholder priorities and engagement activity, but to provide a summary that illustrates the importance stakeholder groups play in the Board's decision-making.

Workforce

Key priorities	Board engagement	Impact on Group activity
• Providing a safe, diverse and inclusive working environment with opportunities to develop and make an impact, that also allows an open dialogue about how the business can continue to innovate and improve. • A focus on mental, physical and financial wellbeing, including monitoring the impact of recent increases in the cost of living and providing support to our workforce.	• The Board's engagement with our workforce includes formal and informal meetings. Directors were also invited to attend a number of more informal company events where they had the opportunity to engage with the workforce. • The Chief People Officer reported to the Board on employee engagement and wellbeing, including reporting on the Group's performance framework and measurement metrics. • Kevin Havelock, our designated Non-Executive Director for workforce engagement, met with employee groups from multiple markets during the year and provided feedback to the Board on team culture and alignment with Group values.	• During the year and informed by workforce engagement, the Board supported a number of initiatives to further enhance our desired culture and diversity including: – the work of the global DE&I Committee, which included initiatives such as training on 'Managing a diverse and inclusive workforce'; – an upgraded employee benefits package, which included launching an electric vehicle salary sacrifice scheme and a one-off bonus for UK employees to assist with the rising cost of living; – a continued apprenticeship scheme in the UK office; – training 14 employees from cross-departmental areas as Mental Health First Aiders; – enabling global mobility opportunities for employees and cross departmental moves; and – bringing 24 people together for training for those new to management.

Further information: Nomination Committee Report / page 84
Remuneration Committee Report / page 90

S.172 AND STAKEHOLDER ENGAGEMENT CONTINUED

Suppliers

Key priorities	Board engagement	Impact on Group activity
• Close engagement with the business to better understand demand and mitigate supply chain risk. • Prompt and accurate payment for goods and services. • Develop mutually beneficial growth.	• 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 continued to drive the relationships with key suppliers throughout the year. This included a Board visit to our largest bottling partner in the UK, and continued close engagement with our second US bottling plant, which serves the East Coast, allowing the business to better service its growing US consumer base. • The Board also continued to track the impact of recent economic and political events on supply chains. These included the flow-on effects of COVID-19, the war in Ukraine, and rising energy costs and inflation, all of which pose a formidable test for supply chains globally. These created challenges to demand forecasting, material sourcing, production planning and logistics. The Group's continued ability to work with suppliers to react resiliently to changing circumstances and successfully mitigate disruption has been a testament to the strength of its partnerships.	• The Board continued to endorse various measures used to react to recent supply chain challenges and mitigate their effects including: – regular meetings between business teams regarding the supply and management of key materials to anticipate issues as early as possible and mitigate effects accordingly (including weekly meetings in the second half of the year to manage glass supply in various markets); – collaborative working between technical, innovation and supply chain teams to re-engineer raw materials or components as well as trialling new product specifications to address shortages of particular commodities and/or raw materials; and – supporting key suppliers in their internal projects and adjusting ways of working accordingly, in order to preserve our long-term partnerships.

Further information:

Business Model / page 12
Sustainability Review / page 41

International Distributors

Key priorities	Board engagement	Impact on Group activity
• Regular communication and strong partnerships. • Clear marketing plans and tailored branding support. • Joint investment to drive long-term growth.	• Outside of the UK, US and Germany, the Group operates through a network of international distributors. The Board is updated on international performance by the CEO at every Board meeting. Fever-Tree's International Director presented to the Board on strategic plans, performance in key markets and future opportunities for the portfolio.	• 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 Group's international teams during the year, including building regional capabilities in category management and brand management, and also supported a number of key initiatives, including: – continuing to strengthen our route to market with new distribution relationships in multiple markets, including Japan and Canada; – the continued extension of our international portfolio with the successful launch of Sodas across multiple markets, specifically in France (Mexican Lime Soda and Italian Blood Orange Soda) and Italy (Sparkling Pink Grapefruit); – brand partnership successes, including co-promotions with Pernod Ricard (with brands Lillet and Ceder's) and Bacardi Martini (with Bombay Sapphire); – TV media campaigns in Italy and an increased digital media presence in various markets, notably in the Benelux region; and – the continued roll-out of our successful festival and branded bar concepts in various markets, with Cambodia being a recent example.

Further information:

Business Model / page 12
Our Strategy / page 20

Consumers

Key priorities	Board engagement	Impact on Group activity
• 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 Board are regularly informed of consumer needs, preferences and concerns and building further consumer brand awareness and household penetration has been a key theme of Board discussions during the year. • The Group's marketing strategy and product innovation programme formed the basis of multiple sessions with the Board, which included feedback from consumers and tracking studies to evaluate the impact on our end consumer.	• Consumer considerations and feedback directly informed the Board's support for a number of initiatives including: – reacting to changing consumer demands with the launch of new flavours such as Spanish Clementine Tonic Water and Sparkling Pink Grapefruit (UK), Blood Orange Ginger Beer and Sicilian Lemonade (US), as well as Distillers Cola (Australia); – entry into the Adult Premium Soft Drink market in the UK with our 'Sparkling' range in 500ml and 250ml formats: Ginger Beer, Sicilian Lemonade, Italian White Grape & Apricot (500ml only) and Mexican Lime Soda (250ml only); – continuation of spirit partnerships across our major markets; – continuing to create engaging content for our consumers through our social media channels; – launching a new out-of-home (OOH) and radio campaign through the summer in the UK and continuing our national TV campaign in the UK, regionally in Spain, as well as rolling this out in Italy; – overseeing the continuous roll out of our improved packaging graphics, and updating our brand visual identity across our markets; – communicating and championing our carbon neutral credentials in the UK; and – the acquisition of Powell & Mahoney LLC (P&M), a premium non-carbonated mixer brand, to support the launch of the Fever-Tree brand into this category.

Further information:

Our Strategy / page 20

Sustainability Review / page 41

S.172 AND STAKEHOLDER ENGAGEMENT CONTINUED

Environment and Communities

Key priorities	Board engagement	Impact on Group activity
• A commitment to doing business in a way that is beneficial to both the environment and the wider community. • A socially responsible business that sources conscientiously and engages with local communities at every level of the supply chain.	• The Board considers environmental objectives as a strategic priority and is encouraged by a number of exciting sustainability initiatives in development. The Board considers the impact of Fever-Tree's operations on the community and the environment in all of its decision making.	• Our Social, Ethical and Environmental Business Policy is embedded in our partnerships and underpins our business model. • The Board continues to support the many community-led initiatives within the business including: – continuing our long-standing partnership with Malaria No More, including donating funds to launch Malaria No More's Zero Malaria Campaign Coalition and hosting a reception for parliamentarians to encourage further investment in The Global Fund (which aims to fight AIDS, tuberculosis and malaria); – a continued partnership with UK charity Future Frontiers, which connects young people from disadvantaged backgrounds with mentors from our UK business; – building on our relationship with Earthwatch by supporting its portfolio of 150 'Tiny Forests' across the UK; and – partnering with other local charities, including supplying organisations like St. John's Ambulance with Fever-Tree stock to support various events they run. • The Board also supported the Group's efforts to embed a community focus into our supply chain processes, including continuing efforts to update and develop our Ingredients Supplier Due Diligence framework and associated tools to incorporate a focus on environmental and social considerations in our supply chain.

Further information:

Business Model / page 12
Our Strategy / page 20
Sustainability Review / page 42

Investors

Key priorities	Board engagement	Impact on Group activity
• Clear communication of short-term trading and long-term strategy to outline the delivery of sustainable and profitable growth. • Regular engagement and consultation with investors throughout the year. • Consistent engagement with sell-side analysts, including consensus management to ensure expectations are in line with internal estimates.	• The Group maintains communication with institutional investors through individual meetings with Executive Directors, particularly following publication of the Group's Interim and Full Year results. • The Group's Investor Relations Director shares shareholder feedback with the Board regularly, with investor relations activity a standing item on the Board's agenda for each of its meetings. • The Executive Directors are sent monthly Investor Relations summaries of share price movement, share register changes (significant buyers/sellers), sell-side views and consensus management.	• Investor discussions and feedback are taken into consideration when refining externally communicated KPIs and guiding the market, including providing more granularity around cost of goods sold breakdown and their respective inflationary pressures. • During the year, we released three trading updates and delivered two full results presentations (on our Preliminary Results (in March) and Interim Results (in September)). • The Investor Relations team also carried out over 600 investor engagements during 2022, including two roadshows to the US, one to Frankfurt and one to Paris, conducting face-to-face meetings with a substantial number of current and potential shareholders.

Further information:

Our Strategy / page 20
Corporate Governance Statement / page 80
Audit Committee Report / page 86
Remuneration Committee Report / page 90

PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING RISK

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

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

Each functional area of the Group is tasked with monitoring emerging or changing risks in their field with risk and mitigation owners appointed. This includes the formation of sub-Committees for particular areas of risk, which meet through the year to monitor trends and challenge the impact of mitigation efforts relating to that risk. The output of these processes is subject to periodic review with the Executive Directors and reported back to the 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 quantified against set criteria, considering both the likelihood of occurrence and the potential impact on the Group both before and after the application of mitigation measures. We use these results to identify specific actions and further available 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, 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 pages. The Board's assessment of the long-term viability of the Group is also reviewed annually and more detail on this can be found in the Audit Committee Report on pages 86 to 89.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal Risks and Uncertainties

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

Political and consumer economic environment – macroeconomic volatility ↑

The combination of global inflationary pressures, COVID-19, the UK's exit from the EU in 2020 and the current war in Ukraine has heightened the risk of a worsening of economic conditions in the Group's key geographic markets.

Impact of risk

A worsening of economic conditions could lead to further input cost inflation, and reduced consumer confidence and spending which could impact demand for products and limitations on the Group's ability to increase or maintain the prices of its products in its key markets.

Inflationary cost pressures across categories will impact the Group's margins and profitability. The instability in Ukraine is having a direct impact on gas pricing and availability with a number of potential impacts, including: (i) potential disruption to glass manufacturing due to availability of gas for production lines; and (ii) increases in gas costs impacting the availability and cost of CO_2, the cost of glass bottles, the ability of On-Trade outlets to continue trading, and consumer sentiment and discretionary spending.

In the UK, the Group is at a more mature phase and as a market leader may be more exposed to downturns in consumer confidence than it was during phases of accelerated growth and rapid gains in market share.

Actions to mitigate risk

The Group's outsourced business model provides a strong degree of operational flexibility which underpins an ability to adapt our business operations to address and mitigate disruption caused by conflict, Brexit, COVID, gas availability, input price pressure and more. In addition to this, the Group has where possible built contingency stocks of raw materials, packaging and finished goods across its UK, European and US regions and continues to work on a number of strategic initiatives which will help to mitigate the impact of supply chain disruption and ongoing inflationary pressures during 2023.

The Group has increased its focus on procurement with a number of new hires in the Supply Chain team to improve forward planning and business continuity strategy. The Group continues to work on improving both pricing with suppliers and security of supply as we plan ahead for the future. With regards to the cost of glass bottles, a balance will be struck between securing supply and introducing pricing mechanisms which will allow for recalibration as and when underlying gas pricing normalises.

Whilst inflationary pressures will inevitably result in increased cost of goods and logistics costs in the short term, the Group is well placed to absorb margin dilution, starting from a strong profitability position, with no bank debt/covenants to adhere to, a variable cost base and a strong balance sheet.

The positioning 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. There is also an expectation that the Group will be in a position to increase pricing to different degrees across markets whilst maintaining its relative price point to the competition.

Political and consumer economic environment – COVID-19 ↓

The disruption created by COVID-19 continues to impact our workforce, supply chain, suppliers, customers and consumers, with the potential for longer standing macro-economic effects that could continue to impact the global economy in 2023 and beyond. There remains the risk that more virulent/transmissible variants will emerge and force further cycles of restrictions.

Impact of risk

Financial pressures have resulted in some On-Trade outlets not reopening as restrictions were lifted with the possibility of further closures should there be further waves of infection and rounds of restrictions. Any long term reduction in On-Trade outlets as a result of closures could have an ongoing impact on the Group's trading. 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.

Actions to mitigate risk

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 and has already navigated two years of COVID-related disruption. We are debt-free, £95.3m cash in hand at FY22. Our strong underlying cash flow conversion, our low level of capital commitments and low fixed cost base means that we are in a robust position to continue to withstand any ongoing impacts of COVID-19.

Competition ↔

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.

In the UK, the Group's priority is to continue to grow in the face of aggressive pricing policies and marketing strategies from its competitors, who are focused on taking share from the brand. Outside of the UK, the Group's emphasis remains on continuing to capitalise on its first mover advantage in the vast majority of markets, 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.

Impact of risk

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.

Actions to mitigate risk

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 first mover advantage in almost all of its markets, product quality, brand strength and diverse territorial, channel, customer and product mix all combine to mitigate the risk of increased competition affecting overall Group performance. The wider mixer category remains in good health too and growing in the Group's key markets. The Group's available levels of investment aids its ability to defend and react to competitor actions whilst the challenging macroeconomic conditions currently are expected to weigh more heavily on the Group's smaller competitors who may not have the same strength of balance sheet or procurement scale to continue to invest strongly in the opportunity. The Group continues to invest significantly in product innovation, finding and securing the best sales forces and operational personnel and identifying the best supply and distribution partners for each of the Group's markets so that it is best placed to deal with competitive challenges.

Supply chain – business continuity ↑

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. Direct material costs (which include the costs of raw materials such as sugar and packaging materials, including glass) represent the largest component of the Group's cost of sales.

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, or to the wider global supply chain market, as has happened in 2022.

Further, commodity price changes may result in increases in the cost of raw materials and packaging materials for the Group's products due to a variety of factors outside the Group's control. In particular, the war in Ukraine has caused energy prices to increase drastically, which has impacted costs in many areas of the Group's supply chain.

Impact of risk

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.

Actions to mitigate risk

The Group now bottles/cans with eight different partners, across UK, continental Europe and the US. A number of other initiatives have further diversified the Group's supply chain: (i) a second canning line was installed at our primary UK canning partner in January 2021; (ii) two new warehousing sites were identified in the US, coming on line in Q4 2022 and Q1 2023; (iii) a new German warehouse was set up in Q1 2021; (iv) three additional cross-Atlantic forwarders have been identified to minimise shipping delays; (v) a contingency 4x200ml solution was implemented in 2021 at our secondary UK bottler to enable dual supply of format. This increasing footprint of bottlers allows the Group to absorb capacity requirements from long-term future growth and shorter-term unbudgeted growth.

In addition, in the US we hold our stock across three locations on the West Coast, East Coast and in Texas. The Group also works with multiple glass suppliers and wherever possible retains contingency levels of glass to cover unexpected shortages of supply. In addition, the Group maintains a buffer stock of key ingredients and raw materials to allow sufficient time to reformulate in the event of disruption to supply. We have increased buffer stocks of key ingredients such as quinine and ginger to mitigate the current disruption.

Alongside these actions, the Group takes out and maintains business interruption cover insurance to mitigate the financial risk of any potential disruption in supply. We agreed pricing with our main glass supplier for H2 2022 and are looking at wider contingency planning and working with multiple glass suppliers moving forwards. We are working to implement local production in Australia starting in 2023.

The Group has increased its focus on procurement with a number of new hires in the Supply Chain team to improve forward planning and business continuity strategy.

At a macro level there has been an inflation in raw material and logistics costs and indications from early negotiations with suppliers suggest the Group may need to accept a higher than usual increase in its raw material and supply chain costs for 2023. The Group may look to mitigate the impact of such rises by increasing its sales price to distributors and customers where appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Supply chain – inconsistent quality or contamination of the group's products ↔

The quality of the Group's products is a key component of Fever-Tree's brand strength. The Group's products are produced by a network of outsourced production partners based around the world, and the products include key ingredients sourced from multiple partners. The network of different bottling partners and ingredients suppliers must combine to consistently deliver products of the highest quality which are safe for consumption by Fever-Tree's consumers.

The growth of the Group's sales in the USA and other international markets increases our potential exposure to a significant product liability judgement.

Impact of risk

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. Even if a product liability claim is unsuccessful or is not fully pursued, resulting negative publicity could adversely affect the Group's reputation and brand image, which may have a material adverse effect on the Group's prospects, results of operations and financial condition.

Actions to mitigate risk

All of our bottling partners are high quality operators with excellent QA levels and our Chief Supply Chain Officer and Technical Director run a rigorous due diligence process when on-boarding any new bottlers. In addition, the Group has upweighted resource in its technical team to support regional production and supply partners, including a local US Quality team, as well as UK and EU Quality managers. Following disruption due to COVID-19 which meant many site visits could only take place virtually in 2021, we have recommenced in-person site visits during 2022 following disruption caused by COVID-19 and will continue to ramp these up in 2023.

Key management are regularly trained on crisis management and crisis team ways of working. Alongside this, we periodically undertake crisis challenge simulation exercises with external consultants to provide a test of processes and crisis team ways of working.

The Group has also undertaken work on its communication strategy in the event of a product issue arising with the help of external advisers. The Group also takes out and maintains product liability and recall insurance to mitigate the potential financial risk of a product quality issue arising.

Environmental ↑

As the Group grows, we are increasingly mindful of the potential for our operations to have an impact 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 resultingly the brand's public perception. Climate change increasingly represents 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.

Impact of risk

A shortage of ingredients due to a poor annual harvest or further supply constraints resulting from climate changes over time could impact our ability to produce and sell our products. Regulatory or consumer perception shifts could have a marked impact on our sales and marketing operations and packaging in future years and/or require incremental future investment to comply with, and meet them, respectively.

Actions to mitigate risk

The Group has upweighted its in-house resource and focus on sustainability and environmental issues in recent years. Led by our Head of Sustainability we have further developed a Sustainability 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. In addition, the Group is increasingly bottling in locations closer to the end consumer, with progress being made on US local production and further efforts scheduled for 2023, reducing our route to market and carbon footprint. In October 2021 the Group announced that it has partnered with The Carbon Trust to measure its carbon emissions in the UK, from sourcing of ingredients to disposal of packaging after consumption, and based on this assessment the Group has started to offset its emissions by nature-based projects in regions where key ingredients are sourced, such as the Isani RED++ rainforest conservation project in the DRC. Subsequently the Group was able to announce that all of its products sold in the UK are carbon-neutral.

The Group has also conducted a wholesale review of its packaging. Our bottles, cans and cardboard pack sleeves are 100% recyclable and a proportion of each glass bottle and aluminium can is made from recycled materials. The Group is also engaged with the proposed implementation of a deposit return scheme to be introduced in Scotland in 2023 and has established a working group to focus on the implications and impacts of a wider roll-out of a deposit scheme across the UK.

The Group established an internal ESG Committee in 2022, including both the CEO and CFO, to establish targets and KPIs for the wider business on an ongoing basis.

Social and ethical ↑

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.

Impact of risk

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.

Actions to mitigate risk

The Group's Social, Ethical and Environmental Business Policy is embedded into its relationships with all suppliers, distributors and partners, seeking to ensure that the Group's partners operate with respect to human rights and the environment. This includes compliance with the terms of the ETI code, the Bribery Act and the Modern Slavery Act.

The Technical team conducts regular audits, site visits and traceability exercises on our suppliers to monitor compliance with these standards and identify potential issues. We also commenced a series of third party audits on key suppliers in 2022, managed by our Technical team and our Head of Sustainability.

The Group has confidence in its long-standing relationships with trusted suppliers of its key ingredients. Any new supplier identified to source raw materials goes through a robust formal approval and audit process to ensure their standards and certifications match our expectations. In the event that a significant issue arises, the Group has also prepared its strategy and crisis communications to mitigate potentially negative effects on the brand.

Key management ↔

The Group's success is linked to the efforts and abilities of key personnel and its ability to retain such personnel as well as attracting other highly skilled individuals. 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.

Impact of risk

Critically, this is a Founder-led business and the loss of the services of the Founder on the executive management team could have an adverse effect on the Group's operations. Equally, the loss from the Group of a member of the executive management team could have an adverse effect on operations.

Actions to mitigate risk

As the Group grows, further work is being undertaken to preserve the business's culture and ensure its purpose, strategy and values are well understood by the workforce.

The Remuneration Committee sets appropriate remuneration packages for the Executive team to ensure they are incentivised to stay with the business. Whilst investors and other stakeholders continue to attach importance to our remaining Founder and other members of the executive team remaining actively involved in the business, as the Group and its workforce grows dependence on these individuals' contribution should gradually lessen.

The Chief People Officer works to ensure the senior management team is appropriately remunerated against market rates, with additional LTIP performance incentives to encourage retention and high performance. Should any member of the senior management team leave, the ambition would be to identify an internal candidate as a replacement, but where that is not currently possible or appropriate we work to ensure we cultivate a continual view of the current market for external candidates.

IT ↔

The Group uses information technology systems for the processing, transmission and storage of electronic data relating to its operations and financial reporting. A significant portion of communications among the Group's personnel, customers and suppliers relies on the efficient performance of information technology systems. Owing to its outsourced model, the Group is also reliant on the proper functioning of IT systems at its major suppliers. The Group acknowledges that the incidence and sophistication of cyber-attacks across the industry has increased notably in recent times.

Impact of risk

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.

Actions to mitigate risk

The Group employs a Head of Technology, supported by an experienced team and IT Manager to develop, test, maintain, and improve the security of our IT infrastructure. The Group's IT Security Committee meet regularly to monitor potential threats and take mitigating actions.

Following completion of thorough penetration testing and vulnerability assessments in 2021 and 2022, the Group has a good level of protection and controls in place to avoid exposure to known threats. A programme of work is in progress to address key threats through: (i) implementation of clearer governance and management controls; (ii) implementation of an externally managed security services provider; (iii) updates to employee and IT policies; and (iv) implementation of new security training tools to improve employee vigilance to security risk.

The Group has engaged with key suppliers to better understand the robustness of their IT environments and risks associated with any planned maintenance of or changes to those environments. The Group also has Cyber and Crime insurance policies in place which mitigate its financial exposure to these risks.

VIABILITY STATEMENT

As required by the FRC's UK Corporate Governance Code, the Board has assessed the Group's prospects and viability over a three-year period to 31 December 2025. A three-year assessment period was selected as it corresponds with the Board's normal strategic planning horizon as well as the period over which senior management are remunerated via long-term incentive plans. The three-year period balances the long-term nature of investments in the beverages industry with an assessment of the viability of the key drivers of near-term business performance as well as external factors impacting our business.

In making this assessment, the Board took account of the Group's current financial position, the fact there is no debt, annual budget, three-year plan, forecasts, and sensitivity testing on the performance of the business over the Medium-term. The Board also considered several other factors including the Group's operational business model, its risk management and internal control effectiveness and whether the principal risks and uncertainties, alone or combined, would be likely to impact the Group's viability during the three-year period under consideration.

The Board considered the impact of another potential COVID-19 pandemic. Although there is risk that any long term reduction in On-Trade outlets as a result of closures could have an ongoing impact on the Group's trading, the Board believes the Group has a sufficiently diversified customer base across multiple channels and markets and has further diversified its supply chain so as to mitigate against any material risk COVID-19 might have on the Group's viability. As a result, no specific scenario was considered in relation to the ongoing impacts of COVID-19 and instead any such impacts were considered within the business continuity scenario.

The Board also considered the impact of the ongoing conflict in Ukraine on its supply chain operations and ability to maintain business continuity; especially the ability to secure raw materials and the inflationary implications on commodities and energy. The Board believes the Group has demonstrated resilience in order to ensure adequate levels of supply were maintained in 2022 and believes further macro initiatives have been developed across the globe to improve future supply; but recognises the implications of increased costs to its materials and operations, especially energy, over the next 3 years. The Board has included a prudent scenario to consider significant business disruption and believes this does not impact the Group's viability to continue operations.

Therefore, the Board applied two scenarios:

- A significant business interruption issue, which could result from the ongoing conflict in Ukraine; another COVID-19 or similar pandemic; a cyber attack; a fire at a key production partner; or from a disruption in availability of a key ingredient due to an extreme weather event.
- A scenario where inflation will continue at levels significantly above the OECD's forecasted levels for the next three years in key markets in which the Group has significant operations or procures significant materials from.

Against these conservative, prudent scenarios, and before considering the opportunity for mitigating actions such as the utilisation of existing redundancy in our production model, or making reductions in variable operating expenditure, the forecasts for the period to December 2025 indicate that the Group would continue to hold significant cash balances. The Board also believes that the Group does have ability to take on debt to support its cash position should it need to, although this scenario has not been deemed necessary.

Based on this assessment, notwithstanding the remaining level of uncertainty related to the wider macroeconomic environment, especially the implications of the ongoing conflict in Ukraine, 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 2025.

This Strategic Report was approved on behalf of the Board on 21 March 2023.

ANDREW BRANCHFLOWER
Chief Financial Officer

GOVERNANCE


FEVER-TREE
GINGER ALE
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FEVER-TREE
PREMIUM
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BOARD OF DIRECTORS

Kevin Havelock (65)

Independent Non-Executive Director

R A N

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

Jeff Popkin (58)

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, President of Vita Coco and most recently as North American CEO of Mast-Jägermeister.

Coline McConville (58)

Senior Independent Non-Executive Director

R A N

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 Chair 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 and serves on the board of Kings Cross Central. Coline was Remuneration Committee Chair at TUI Travel plc for three years.

Tim Warrillow (48)

Co-founder and Chief Executive Officer

D

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

Domenic De Lorenzo (58)

Independent Non-Executive Director and Chair elect

R A N D

Domenic joined the Group as a Non-Executive Director on 17 May 2018 and is Chair of the Audit Committee. As announced previously, Domenic will take over as Chair of the Board from the end of the 2023 AGM. Domenic is a qualified chartered accountant and brings with him a wealth of management experience in the beverages and consumer goods sector having spent 20 years at SABMiller, the former FTSE 100 beverage company, focusing on strategy and corporate development before reaching the position of Chief Financial Officer and Executive Board Director. Domenic is a Non-Executive Director of Asahi Breweries Europe Group and is a senior consultant to Asahi Group Holdings.

Bill Ronald (67)

Chair

N D

Bill Ronald has been the Chair 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, Seraphine Group and Fox International. As announced previously, Bill will retire from the Board at the end of the 2023 AGM.

Laura Hagan (50)

Independent Non-Executive Director

R A N

Laura joined the Group as a Non-Executive Director on 20 May 2021. Laura is currently the Chief People Officer at Gymshark, the leading fitness apparel and accessories brand, manufacturer and online retailer. With over 25 years of experience, Laura has held senior positions at Tate & Lyle PLC as Chief HR Officer and at Dyson Limited as Group HR Director. Earlier in her career she worked as a management consultant for Arthur Andersen.

Andrew Branchflower (43)

Chief Financial Officer

D

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

R A N D

Committee member

R A N D

Committee chair

CORPORATE GOVERNANCE STATEMENT

AN INTRODUCTION FROM OUR CHAIR

"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."

BILL RONALD
Chair

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

Our Board recognises the important role a robust governance framework plays in the successful delivery of our long-term strategy. Although drafted with larger, main market listed companies in mind, the Group has adopted the 2018 UK Corporate Governance Code (the "Code"). The Group has complied with all of the provisions set out in the Code during the year, subject to the limited exceptions detailed and explained on page 82 (Chairman Independence – Provision 9) and page 94 (Directors' Remuneration Policy – Shareholding Guidelines – Provision 36). A key focus of the Code is the requirement for detailed expositions on stakeholder engagement and how the Directors have had consideration to and applied their duties under s.172 of the Companies Act 2006. Our statements on these topics are detailed on pages 67 to 70.

As already mentioned, I am retiring from the Board at the end of the 2023 AGM, being replaced by my colleague Domenic De Lorenzo. The Board's composition has remained unchanged during the year.

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, risk and the Group's risk appetite
- The approval of unusual and/or significant capital expenditures or disposals
- Effective communication with shareholders
- Any changes to Board membership or structure

The Board understands the importance of the Group's governance framework to ensure it effectively challenges strategy, performance, responsibility and accountability to ensure that every decision we make is of the highest quality. All of its decisions are discussed within the context of the risks involved. Effective risk management is central to achieving our strategic objectives and further details of the Group's internal processes are set out on pages 71 to 75.

Division of Responsibilities

Chair and CEO

The Chair 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 Chair and the CEO to ensure that there is a balance of power and authority between leadership of the Board and executive leadership.

Non-Executive Directors and SID

The Chair 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 Chair and serves as an intermediary for the other Directors when necessary. As the SID, Coline is available to shareholders, as may be appropriate in certain circumstances. Coline meets the other Non-Executive Directors at least annually to appraise the Chair's performance, providing feedback as appropriate.

Role of Committees

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

Audit Committee

The Audit Committee is chaired by Domenic De Lorenzo and its other members during the year were Coline McConville, Kevin Havelock, Laura Hagan and Jeff Popkin. All members are independent.

The Audit Committee has primary responsibility for assisting the Board in the fulfilment of its obligations regarding the monitoring of the effectiveness of the Group's risk management and internal control system; reviewing the integrity of the Group's interim and full year financial statements and reporting; and assessing the scope, resources, performance, effectiveness and independence of the external Auditors. It receives and reviews reports from the Group's management and Auditor relating to the annual accounts and the accounting internal control systems in use throughout the Group. The Audit Committee met three times last year and has unrestricted access to the Group's Auditor. The Chair, Chief Executive Officer and Chief Financial Officer attend the Committee meetings by invitation. In addition to its formal meeting schedule, the Audit Committee also holds separate dedicated Risk sessions, including deep dive presentations on certain key risks from relevant departments in the business, to assess key risks and challenge mitigating actions.

The Group intends to announce Domenic De Lorenzo's successor as Chair of the Audit Committee, following his promotion to Chair of the Board, in due course.

The Audit Committee Report on pages 86 to 89 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, Laura Hagan and Domenic De Lorenzo. Coline, Kevin, Laura and Domenic are independent. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Group is set by the Board. The Chief Executive Officer and Chief Financial Officer are invited to attend for some parts of the Committee meetings where their input is required although they do not take part in any discussion on their own benefits and remuneration.

The Remuneration Committee Report on pages 90 to 104 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

Nomination Committee

The Nomination Committee is chaired by Bill Ronald. Its other members are Coline McConville, Kevin Havelock, Jeff Popkin, Laura Hagan 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, chaired by Coline McConville, led the process to find Bill Ronald's successor as Chair of the Board during the course of 2022.

The Nomination Committee Report on pages 84 to 85 contains more detailed information on the Committee's activity during the year.

Disclosure Committee

The Disclosure Committee is chaired by Bill Ronald and its other members are Tim Warrillow, Andrew Branchflower and Domenic De Lorenzo. The Disclosure Committee supports the Board in overseeing the Group's compliance with its disclosure obligations taking advice from internal and external advisers as appropriate.

The Disclosure Committee is responsible for reviewing and approving the release of announcements by Fever-Tree on an ad hoc basis, where such announcements have not been approved by the Board. Further, the Committee has been established to keep disclosure procedures at the Group under periodic review.

Board and Committee meetings

The Board meets regularly to help ensure it discharges its duties effectively. Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board has a schedule of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Board held six scheduled Board meetings during the year and also met on short notice on two further occasion to consider matters of a time-sensitive nature. Directors are expected to attend all relevant Board and Committee meetings. In addition, the Board held focused, dedicated strategy days in September 2022 for in depth reviews of Group strategy and budgets.

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, on which more detail is provided below. Profiles of the skills and experience of the Directors are included in their biographical details on pages 78 to 79.

Chair's Independence

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

Appointments to the Board

The Nomination Committee leads the process for the appointment of new Directors to the Board. Pages 84 to 85 set 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 Chair and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

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

1 Includes annual two-day strategy session

2 Several additional Nomination Committee calls were held, led by Coline McConville and attended by Kevin Havelock, Jeff Popkin and Laura Hagan, to manage the process of appointing Bill Ronald's successor as Chair of the Board. As a candidate, Domenic De Lorenzo did not take part in any of those calls

3 Jeff Popkin was unavoidably unable to attend one session due to a late change of schedule

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 Chair. Currently, the Executive Directors do not have any external appointments.

Development

When new Directors join the Board a formal, rigorous and transparent induction programme takes place, which is tailored to their existing knowledge and experience.

New members are also introduced to senior employees and, as appropriate, external advisers. The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's other professional advisers where appropriate.

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

Information and Support

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

Directors have access to independent professional advice at the Group's expense.

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

Evaluation

Each year the Board carries out an evaluation process. An external evaluation of the Board took place in 2022, conducted by Lisa Thomas of Independent Board Evaluation (IBE), following up on her evaluation from 2019.

A comprehensive briefing was given to Lisa by the Chair in early 2022. Lisa observed the Board and Remuneration Committee meetings held on 19 May 2022. Detailed interviews were conducted with every Board member during May and June 2022, as well as with a number of Fever-Tree's senior management, the Company Secretary, the Lead Auditor from BDO and remuneration consultants from Deloitte. Thereafter, IBE's draft conclusions were discussed with the Chair and feedback on the Chair was discussed with Coline McConville, Senior Independent Director. Full reports on the Board and recommendations were then shared with the Directors. Lisa also presented to the Board on IBE's findings at the Board meeting on 21 July 2022.

Overall, the feedback collected from the evaluation was positive. The evaluation reflected a clear journey of growth since the previous external evaluation, and of a confident Board with high levels of positivity and collegiality. Key areas based on best practice as described in the Code and identified for focus and development during 2023 and beyond are set out below.

The Company Secretary has created a plan to continue to assess Lisa's recommendations over the course of 2023 and beyond.

In addition, the Senior Independent Director met informally with the other Non-Executive Directors to evaluate the Chair's performance. Feedback, which was positive, was shared by the Senior Independent Director with the Chair.

Annual General Meeting

The Annual General Meeting of the Company will take place on 25 May 2023. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting can be found on pages 155 to 159. In accordance with the Code, all Directors will be submitted for re-election at the Annual General Meeting except for Bill Ronald, who is retiring from the Board.

Focus Area	Key actions to be taken
People	• Refresh Nomination Committee meeting schedule and agenda in line with best practice to focus on key topics (succession planning, DE&I) • Increase focus on available data regarding internal culture
ESG	• Evolve reporting lines in relation to ESG to reflect the new executive ESG sub-committee and updated KPIs
Risk	• Increase number of Audit Committee meetings to four per year • Include entire Board in annual Audit Committee risk sessions covering key individual risks
Challenge within the Boardroom	• Extend time available for Board, Committee and NED-only meetings • Consider more thematic approach to elements of Board agenda • Continue to provide opportunities for senior management to be integrated into Board meetings as appropriate

NOMINATION COMMITTEE REPORT

"2022 saw the evolution of our global DE&I Committee, which has strong plans for 2023 and beyond."

BILL RONALD
Nomination Committee Chair

On behalf of the Board, I am pleased to present the Nomination Committee report of the Group for the year ended 31 December 2022.

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 myself, Coline McConville, Domenic De Lorenzo, Laura Hagan, Kevin Havelock and Jeff Popkin. All but me are independent. Although only members of the Committee have the right to attend meetings, other individuals, such as other Board members and external advisers, may be invited to attend for all or part of any meeting.

The Nomination Committee met formally twice during 2022 with all members present apart from one unavoidable apology, and also on an ad hoc basis when required. Several further sessions were held by a smaller group with regards to the appointment of my successor, as explained below.

Duties

The Committee's principal duties are to:

- Monitor the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;Give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates.

The Committee's full Terms of Reference are available on our website. They are regularly reviewed to ensure they follow best practice.

Appointments and Succession Planning

A key matter which the Committee handled during 2022 was finding my successor to act as Chair of the Board. I delegated responsibility for running this process to Coline McConville, our Senior Independent Director. Coline led a smaller group also featuring Laura Hagan, Kevin Havelock and Jeff Popkin, working with our independent adviser, Spencer Stuart. As we announced previously, following a comprehensive recruitment process, I am delighted to welcome Domenic De Lorenzo as my successor, with effect from the end of the 2023 AGM. Fever-Tree will make an announcement regarding Domenic's successor as Audit Committee Chair, a role which Domenic will relinquish at the time of becoming Chair, in due course.

As explained above, the Committee is also responsible for considering succession planning of Directors and senior executives, recognising that robust succession plans are fundamental to the long-term prospects of the business, as well as important for maintaining Fever-Tree's fantastic culture. This topic was a standing agenda item during 2022, with valuable sessions led by our Chief People Officer. We are confident of our existing plans, as well as our work to grow our next generation of diverse leaders internally.

Board evaluation

During the year we carried out an external evaluation of the Board, its committees and individual Directors. Further details are set out on page 83.

Diversity

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

One clear area of focus is to improve and evolve our Board diversity. With no changes to our Board during 2022, as at the date of this report the Board currently comprises 25% female representation – and gender diversity remains an area on which we are keen to improve. More widely, we recognise the value of increased diversity in multiple areas at Board level in achieving our strategic objectives and in driving innovation and growth. Whilst Board appointments will continue to be based on merit and relevant skill, the Directors appreciate that different backgrounds, experiences and opinions can promote more balanced and nuanced debate and lead to improved decisions. Rest assured the Board will have these front of mind when looking at all future appointments.

At employee level, as part of our ongoing commitment to diversity and inclusion, we are continuously identifying areas for further improvement. 2022 saw the evolution of our global DE&I Committee, which met multiple times and has strong plans for 2023 and beyond. These include appointing internal champions for specific community groups (Fever-Tree Pride, Fever-Tree Women etc.), celebrating and raising awareness of key DE&I dates such as International Women's/Men's Day, Mental Health Awareness Week, providing unconscious bias training to all hiring managers to promote diversity in hiring, along with plans to introduce a voluntary equal opportunities monitoring form to capture insights and suggestions and further build awareness and understanding of under represented groups.

As at 1 January 2023, the gender balance of those in senior management positions and their direct reports was 60% male and 40% female. If we expand that to all managers in the business, the split is 49% male and 51% female. Our business has identified a pipeline of diverse and high-calibre candidates internally who through focused coaching and development we are working to help grow into senior management positions in the future.

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

Nomination Committee in 2023

The Committee is scheduled to meet at least twice in 2023, determined to build on its work in 2022 and to continue our journey of improvement. As this is my final report as Chair, I wish my colleagues well on their continued efforts.

BILL RONALD
Nomination Committee Chair

AUDIT COMMITTEE REPORT

"The Committee has continued to place emphasis on the Group's principal and emerging risks and its approach to risk appetite and mitigations."

DOMENIC DE LORENZO
Audit Committee Chair

On behalf of the Board, I am pleased to present the Audit Committee report for the year ending 31 December 2022.

The role of the Audit Committee is to monitor and review the integrity and adequacy of the Group's financial statements and reporting, the effectiveness of its internal financial control, audit and risk management processes, business viability, whistleblowing, integrity and policy breach allegation investigations, and the appointment and performance of the External Auditor. During the year, the Committee discharged its role with regard to all of the above. In addition, the Committee has continued to place emphasis on the Group's principal and emerging risks and its approach to risk appetite and mitigations. In light of the elevated global business volatility, the Committee has, in this financial year, continued to focus on risks relating to supply chain disruption and business continuity, cyber security and IT system development, environmental risk including climate change, talent retention and development, and the Group's financial control environment.

The Committee met three times during the year. The members of the Audit Committee comprise Domenic De Lorenzo, Coline McConville, Kevin Havelock, Jeff Popkin and Laura Hagan, each of whom is independent. The Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the Group Finance Director, the Head of Internal Audit and the External Auditor, BDO, regularly attend meetings of the Committee. The Audit Committee Chair met with BDO, the Chief Financial Officer and the Head of Internal Audit regularly during the year. There is ongoing engagement with BDO to ensure that their views, opinions, and comments are reflected within the Committee's deliberations and dealings.

The Board has satisfied itself that the membership of the Audit Committee includes at least one Director with recent and relevant financial experience and that the committee as a whole has competence in accounting and/or auditing and in the sector in which the company operates. See pages 78 and 79 for details of relevant experience of Directors.

The performance of the Audit Committee was evaluated this year as part of the broader Board evaluation. Overall, the feedback collected from the evaluation was positive, with further details of the evaluation and its recommendations and actions can be found on page 83. The Audit Committee is committed to continuing to focus on fulfilling our duties effectively and to a high standard, providing the necessary independent oversight with the support of management and the External Auditor.

The Audit Committee, together with management, continues to monitor and evaluate potential future regulatory changes. These include proposed reforms to the UK audit and corporate governance regime, requirements concerning the assurance of non-financial information, increased disclosure requirements in respect of internal controls and provision of consistent and reliable information on ESG, including specifically climate-related information. In anticipation of these reforms, and under the supervision of the Committee, management will in the coming years recommend and implement a number of changes in its approach to external reporting. These will be reported on in due course and when appropriate.

Objectives and duties of the Audit Committee

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

The main responsibilities of the Audit Committee are set out in its Terms of Reference, which are available on the Group's website and are available on request from the Company Secretary. The Committee's Terms of Reference are reviewed regularly. 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.

Key activities of the Audit Committee in this financial year

The key activities of the Audit Committee are summarised in the table below:

Audit Committee role	Principal outputs review	Actions
Financial and corporate reporting	• All external financial reporting, including: – Trading updates – Interim and preliminary results – Annual Report and consolidated financial statements	• Compliance with accounting standards/policies and relevant regulation • Review of material areas of accounting judgement and estimation • Review on the "quality of reported earnings" • Evaluation of the carrying value of material assets and liabilities • "Fair, balanced and understandable" review of the interim results statement and the annual report and related disclosures
Internal control and audit	• Internal Audit plan and reports • Control testing updates • Policy breaches reports including whistleblowing	• Approval of annual Internal Audit plan and reports • Assessment of Internal Audit effectiveness and independence • Review of effectiveness of overall internal control environment • Review of financial system IT controls • Assurance of major change programmes • Cyber security control review
Risk management process	• Risk register • Risk update reviews, including appetite and mitigations	• Approval of risk strategy, matrix and register • Review of effectiveness of risk management process • Deep dive focus on supply chain disruption, IT and talent retention risk mitigation • Focus on framework for managing environmental risks
External Audit	• External Audit plan and report • Auditor's independence policy • Management representation letters • Terms of engagement and fees	• Approval of External Auditor's plan and report • Review of key Audit findings, insights and recommendations • Audit performance and effectiveness review including fee proposal • Approval of independence statement and any non-audit work • Review of recommendations on Annual Report disclosures • Review of recommendations on internal control environment

AUDIT COMMITTEE REPORT CONTINUED

Financial and corporate reporting

During the financial year, the Committee reviewed the interim results announcement, including the interim financial statements, the Annual Report and the associated preliminary results announcement, focusing on key areas of judgement and complexity, critical accounting policies, the nature and size of any one off or abnormal items impacting the quality of earnings or cashflows, the adequacy and accuracy of financial disclosures, the viability and going concern assessments of the Group, adequacy and movements in key provisions including taxation and any changes required in these areas or policies. The Audit Committee worked with management, and considered the work of the External Auditor on the above matters to ensure suitable positions were reached. The Committee did not uncover any material issues or concerns about the above matters.

The Audit Committee has also considered whether the Annual Report is 'fair, balanced and understandable' and provides the necessary information for stakeholders to assess the strategy, business model, risks, performance and position of the Group. In this regard, the Committee has considered guidance from the FRC on the subject and taken recommendations from the External Auditor. The Committee has recommended to the Board that the Annual Report is "fair, balanced and understandable".

Effectiveness of the Group's internal control systems

The Group continues to review its system of financial and operating internal controls to ensure compliance with best practice and Corporate Governance Code guidance, whilst also having regard to its size and the resources available. The Audit Committee receives regular reports from the Chief Financial Officer, the Finance Director, and the Head of Internal Audit on internal audits, control assurance work, policy breaches (if any), actions taken to improve controls design and effectiveness, and the development of automated financial controls.

As noted in last year's report, the Group appointed a Head of Internal Audit in September 2021, who worked alongside KPMG within a co-source model. In this, its inaugural year, the Internal Audit plan focused on integrating and embedding internal audit into the organisation. The primary activities of delivery included:

- Evaluation of the overall control environment;
- Assessment of the governance of key strategic and operational transformation projects; and
- Reviewing inventory management controls in the UK.

The Audit Committee assesses the effectiveness of Internal Audit by reviewing its annual audit plan at the start of the financial year, monitoring its ongoing performance throughout the year, and assessing completion rates and feedback provided following completion of the annual audit plan. Having carried out this assessment, the Audit Committee is of the view that the quality, experience and expertise of the function is appropriate for the business. The Audit Committee agreed with the recommendation to continue with a co-source model for the next financial year.

The Committee notes that BDO obtained an understanding of the Group's internal controls for the purposes of forming their audit opinion as set out on pages 110 to 117. No significant deficiencies in our internal controls were reported by the External Auditor, nor reported to the Audit Committee. The Committee reports no material breaches to policy including Treasury and Tax during this financial year.

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.

On this basis, the Audit Committee is satisfied that it has carried out a robust assessment of Fever-Tree's risk management framework. 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 Audit Committee has recommended the effectiveness of the risk management process to the Board.

Effectiveness of the Group's risk management process

The Audit Committee, under delegated authority from the Board, oversees the Group's 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 includes the formation of sub-committees 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 and/or Audit Committee 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. Each risk is independently quantified against set criterion, considering both the likelihood of occurrence and the potential impact on the Group both before and after the application of controls and mitigations. These assessments are recorded in the Group's 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 periodic basis.

During the year the Audit Committee 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 considering the current highly volatile global political and economic environment, to ensure that they remain relevant resulting in a particular focus this year on supply chain disruption and security of raw material and packaging supply.

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 Audit Committee had met 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 the review of:

- Key systems and internal controls, including an overview of a programme of work beginning in 2022 focusing on strategic and operational transformation, including augmentation of IT systems where appropriate;
- Approach to managing and monitoring product liability risk and risks in relation to the sourcing of key ingredients;
- Talent identification and development within the organisation and succession planning for the senior management team;
- Cyber risks and the defences employed across systems, controls and training to reduce/manage these; and
- Supply chain disruption and related business continuity risks.

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

On this basis, the Audit Committee is satisfied that it has carried out a robust assessment of Fever-Tree's risk management process. 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 Audit Committee has communicated the effectiveness of the risk management process to the Board.

External audit independence and effectiveness

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

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

Following completion of the audit process, feedback on its effectiveness was provided through review meetings with the Group's finance team and management in advance of management and the External Auditor providing assessments of auditor effectiveness and quality to the Audit Committee for consideration. This year, the overall performance of the External Auditor was assessed as satisfactory.

In relation to the provision of non-audit services, the External Auditor is precluded from engaging in services that would compromise its independence or violate any professional requirements or regulations affecting its appointment as auditor. Any non-audit services proposed to be provided by the External Auditor require justification as to why such appointment is in the best interests of the Group and how independence would be safeguarded, and above a certain de minimis fee level, require approval by the Committee. The level of fees for non-audit services for 2022 was de minimis at £4,000. 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. On the basis of the very low figure charged for non-audit services, the Committee is satisfied with the External Auditor's independence, and will keep this under review moving forwards.

As part of their normal cycle of reviews, the Financial Reporting Council (FRC) completed a review of BDO's audit of the 31 December 2020 annual report. We met with the FRC as part of this review. Overall the findings of the review were positive, with limited improvements required. There were no key findings, good practice was identified in the area of the going concern and viability statements, and the verification of the "other information" in the annual report with improvements recommended on limited specific areas of BDO's revenue recognition and stock count audit approach and methodology.

DOMENIC DE LORENZO
Audit Committee Chair

REMUNERATION COMMITTEE REPORT

"Fever-Tree continues to be a fast-growing business with a highly entrepreneurial and performance-oriented culture."

COLINE MCCONVILLE
Remuneration Committee Chair

On behalf of the Board, I am pleased to present the 2022 Directors' Remuneration Report, which sets out the remuneration paid to the Directors in 2022 and the implementation of our remuneration policy for 2023.

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

As discussed in more detail elsewhere, 2022 saw the Fever-Tree brand continue to gain traction and prominence across the globe, resulting in double digit revenue growth and profit in line with expectations. However, it was a year that saw inflationary cost pressures hit our employees personally, as well as our business. We were proud to continue to prioritise the well-being of the Fever-Tree team during the year – we recognise they are integral to our continuing success. The support that we provided included competitive pay increases at the beginning of 2022, supplemented by an additional one-off cash payment to all staff of £1,500 (or equivalent in local currency) in September 2022.

In 2023 we have implemented further mid-single digit pay increases for colleagues, and continue to closely monitor inflation and employee experience.

Annual And Long-Term Incentive Payouts based on Performance

For the year under review, annual bonuses were based 60% on turnover, 20% on adjusted EBITDA (hereafter referred to as EBITDA throughout this Remuneration Committee Report) and 20% on a scorecard of strategic measures, including environmental and sustainability measures, such as those related to the Group's carbon footprint and commitment towards conservation causes. The performance targets were set to be stretching in the context of the external environment, ensuring that the maximum pay out would only be achieved if exceptional performance was delivered.

Revenue for 2022 was £344.3m. Despite this representing 11% growth on 2021, performance was below the threshold target set for the annual bonus. Similarly, although profit performance was in line with expectations, EBITDA performance of £39.7m was below threshold. Overall, therefore, there is no annual bonus pay-out in respect of the financial performance measures for 2022. This demonstrates the stretch of the targets set at the start of the year. The Committee considered performance against the strategic and ESG objectives and noted the strong progress in the year, in particular in relation to strategic initiatives which will provide a continued focus on revenue growth going forward and help to address profitability challenges. The Committee is also proud of Fever-Tree's ongoing journey against its sustainability strategy. Overall, it was determined that the ESG element would pay out at 85% of maximum, resulting in an overall bonus of 17% of maximum.

The 2020 LTIP awards are due to vest in May 2023 following the completion of the three-year performance period to the end of 2022. These awards were based 75% on turnover and 25% on EBITDA, with targets set, taking into account internal and external reference points, to be stretching but achievable with regard to our strategic priorities and the economic environment at the time.

Revenue performance was between threshold and maximum, resulting in a 62% payout for this element. EBITDA performance was below the threshold set, meaning that this portion of the award will lapse in full. The overall vesting outcome is therefore 47% of maximum.

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

Remuneration Arrangements for 2023

Since IPO, Executive remuneration at Fever-Tree has been structured slightly differently from typical UK market practice, with lower base salaries but higher long-term incentive opportunities, ensuring Executive Directors are rewarded for operational performance and aligned with value creation. This reward philosophy aims to support Fever-Tree's growth journey.

In 2021, the Committee approved a number of changes to the executive remuneration framework to further support the Group's strategic ambitions. This included an evolution of the existing long-term incentive arrangement by introducing an additional three-year element focused on the delivery of critical strategic objectives and the introduction of a new strategic measure into the annual bonus framework focused on non-financial priorities, including environmental and sustainability measures. The Committee consulted extensively with shareholders on these arrangements and was pleased with the level of support received from shareholders at the 2021 AGM.

For 2023, it is currently intended that the executive remuneration framework will operate in line with prior year and there will be no changes proposed to incentive opportunities or performance measures. However, in light of the evolution of the business and the volatile macroeconomic environment, the Committee does plan to review remuneration arrangements during 2023 to ensure that they continue to be fit for purpose in supporting the Company's growth journey. If any changes are proposed for the current year, the Committee will look to engage with shareholders in advance.

For 2023, the Executive Directors will be awarded a salary increase of 6%. This is below the 7% increase awarded to the wider UK population.

Closing Remarks

Fever-Tree is committed to good governance practices and has adopted the 2018 UK Corporate Governance Code despite this being drafted with Main Market listed companies in mind. Last year, I outlined in some detail improvements we have made as part of the Company's efforts to continuously improve governance, and I am proud to report that we have continued that journey in 2022. From a remuneration perspective, the Committee spent a significant amount of time last year actively discussing how it can best ensure that Director remuneration remains suitable for Fever-Tree as a business, focusing in particular on alignment to culture and proportionality. The Committee will continue these conversations as it looks to review the remuneration framework in 2023 and, where appropriate, will also look to consult with and maintain an open dialogue with shareholders and advisory bodies on any material executive remuneration decisions.

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 through its approach to remuneration. This is the sixth 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 continued desire to be open and transparent. I very much look forward to your support and I am happy to answer any questions you may have regarding our remuneration philosophy and arrangements.

COLINE MCCONVILLE
Remuneration Committee Chair

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy for Executive Directors and outlines how this policy will be implemented for 2023.

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

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2023
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: • 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 6% with effect from 1 January 2023 to: CEO – £442,603 CFO – £284,555 These increases are below the increase for the wider UK workforce which is 7%.
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.	Pension allowance (introduced for Executive Directors from 1 January 2019) was initially 5% of salary and will increase by 1% of salary per annum up to a maximum of 10% of salary. This approach is in line with the policy for other employees in the Group.	Not performance related.	Maximum pension contribution or cash allowance for 2023 is 9% of salary. This approach for Executive Director pensions is in line with the policy for other employees in the Group, who may receive a pension of up to 10% of salary.

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2023
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.	It is currently intended that the annual bonus will operate in line with prior year. The maximum opportunity is 150% of salary for all Executive Directors, and performance measures will remain as follows: • 60% on turnover • 20% on EBITDA • 20% on scorecard of strategic measures

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2023
LTIP To drive sustained long-term performance that supports the creation of shareholder value.	Annual awards of shares or nil-cost options may be made to participants. Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate. Awards made under the LTIP will have a performance period of at least three years and a minimum vesting period of three years. Dividend equivalents may accrue on LTIP awards and are paid on those shares which vest. Malus (of any unvested LTIP) and clawback (of any vested LTIP) provisions apply (see below).	The "core" LTIP provides for annual awards of up to 300% of salary for Executive Directors. An additional LTIP element provides for annual awards of up to 150% of salary for Executive Directors. It is intended that this additional LTIP element will operate for three years from 2021. The Committee reserves the right to review the maximum opportunity to ensure that the overall remuneration package remains competitive. Under each measure, Threshold performance will result in 25% of maximum vesting for that element, rising on a straight-line basis to full vesting for achieving Stretch performance.	Vesting of LTIP awards is subject to Company performance and continued employment. 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.	It is currently intended that the LTIP will operate in line with prior year. The maximum opportunities will be 300% of salary for the "core" LTIP and 150% of salary for the additional LTIP element. The "core" LTIP will continue to vest subject to the following performance measures: • 75% on turnover • 25% on EBITDA The additional LTIP element will continue to vest subject to international revenue growth targets. Taking into account the current share price, the Committee carefully considered the potential for windfall gains, and determined that awards would be reviewed on vesting to ensure Executive Directors did not benefit from windfall gains. In making this assessment, the Committee will consider performance against the targets set, Fever-Tree's share price performance including relative to the broader market and any other factors considered relevant by the Committee at the time.

Notes to the Policy Table

Malus and clawback

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

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

Performance Measures

For 2023, as in prior years, it is currently intended that 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 and the LTIP; however, for the reasons outlined, the Committee considers that this approach remains appropriate especially given the recent introduction of a scorecard of strategic measures, including environmental and sustainability measures, within the annual bonus.

In 2021, the additional LTIP award was introduced to focus on the delivery of specific objectives, which are critical to achieving Fever-Tree's long-term strategic ambitions. For 2023, it is currently intended that this will continue to be subject to stretching international revenue targets, providing a strong focus on the development and growth of the international business. When considering performance outcomes under the LTIP, the Committee will explicitly consider the spread of revenue generated across the business, including revenue generated in both the UK and the USA, and will determine, looking at performance across both the "core" LTIP and the additional LTIP element, whether outcomes are reflective of the overall shareholder experience.

Targets applying to the annual bonus and LTIP awards are reviewed annually, based on internal and external reference points, and are set to be stretching but achievable with regard to the particular strategic priorities in a given year. 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 now disclose our stretching LTIP targets within one year of grant rather than at vesting.

Shareholding Guidelines

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

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

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

Non-Executive Director Policy Table

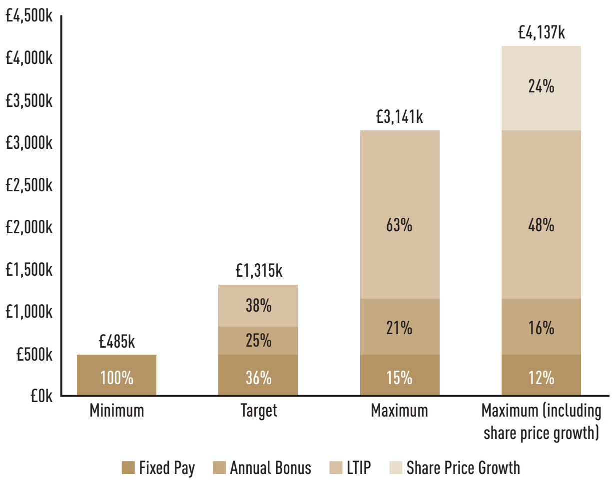
Details of the policy on fees paid to our Non-Executive Directors and how this policy will be implemented for 2023 are set out in the table below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2023
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	The Chair and Non-Executive Directors receive a basic fee for their respective roles. 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. 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. 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.	There is no maximum fee increase. 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.	Not performance related.	With effect from 1 January 2023, the Chair's fee was increased by 5% to £183,750. Fees for Non-Executive Directors were also increased by 5% as follows: • Basic Non-Executive Director fee – £57,750 • Senior Independent Director additional fee – £7,350 • Audit and Remuneration Committee Chair fee – £10,500 This compares to a typical increase of 7% for the wider UK workforce.

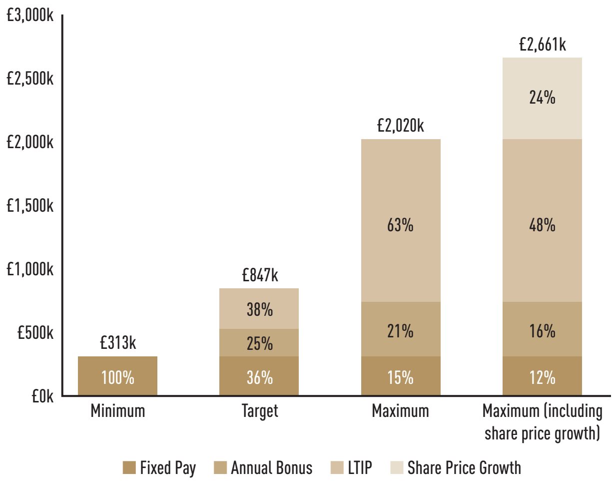
Pay Scenario Charts

The charts below provide estimates of the potential future reward opportunity for the two current Executive Directors based on remuneration arrangements in 2023 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)'.

CEO



CFO



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 2023)	CEO – £442,603 CFO – £284,555			
Pension (from 1 January 2023)	9% of base salary			
Other benefits	£3,000 (based on disclosed single figure for 2022 excluding £1,500 one-off cash payment made to all staff)			
Annual bonus	No bonus payable	Target bonus (50% of maximum)	Maximum bonus	
LTIP*	No LTIP vesting	Threshold vesting (25% of maximum)	Maximum vesting (assumes a "core" LTIP award of 300% of salary and an additional LTIP award of 150% of salary)	Maximum vesting plus 50% share price growth over the performance period

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

Approach To Recruitment Remuneration

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

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

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

Service Contracts

Executive Directors

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

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

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

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[1]
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[2]
Laura Hagan	20 May 2021	20 May 2024

1 Bill Ronald has announced his intention to retire from the Board at the end of the 2023 AGM.

2 Domenic De Lorenzo has signed a replacement letter of appointment as Chair, to take effect from the end of the 2023 AGM.

Exit Payment Policy

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

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

Consideration of Conditions Elsewhere in the Company

Fever-Tree remains in many ways a small group of companies, with around 300 employees globally.

The Committee considers the range of base pay increases across the Company when determining the base salary increases for Executive Directors.

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

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 2022, he attended employee group meetings and engaged with employees on multiple occasions throughout the Group's network. Feedback received through these channels was fed into Board discussions. For further details on workforce engagement activities, please see page 67.

In 2022, inflationary cost pressures hit our employees personally, as well as our business. We were proud to continue to prioritise the well-being of the Fever-Tree team during the year – we recognise they are integral to our continuing success. The support that we provided included competitive pay increases at the beginning of 2022, supplemented by an additional one-off cash payment to all staff of £1,500 (or equivalent in local currency) in September 2022. In 2023 we have implemented further mid-single digit pay increases for our colleagues, and continue to closely monitor inflation and employee experience.

Consideration of Shareholder Views

The Committee is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration.

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 as appropriate.

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 2022.

Remuneration Committee Membership and Activities in 2022

The Remuneration Committee's members at 31 December 2022 were Coline McConville, who is the Chair of the Committee, Kevin Havelock, Domenic De Lorenzo and Laura Hagan. All members of the Committee are independent Non-Executive Directors. Bill Ronald, Chair of the Board, is also invited to attend meetings. Jeff Popkin, Non-Executive Director, also attends meeting by invitation on occasion.

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

The Committee's Terms of Reference are available on the Group's website and on request from the Company Secretary. The Remuneration Committee met formally four times during 2022 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 2021
- Review and approval of Executive Director performance against annual bonus targets for 2021
- Review and approval of Executive Director performance against 2019 LTIP targets
- Determination of performance targets for incentives for 2022
- Review of developments in corporate governance and best practice
- Review of remuneration arrangements and policies for Executive Directors, senior management and the wider Group

Advisers

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

The Committee has appointed Deloitte to provide independent advice on executive remuneration matters. Deloitte is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to Deloitte in relation to advice provided to the Committee for 2022 were £25,955. 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.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

Single Total Figure Of Remuneration For Directors

The table below sets out a single figure for the total remuneration received by each Director for the year ended 31 December 2022 and the prior year:

	Basic salary / fees (£k)		Taxable benefits (£k)		Pension (£k)		Annual bonus (£k)		LTIP (£k)		Total (£k)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022[1]	2021[2]	2022	2021
Executive Director												
Tim Warrillow	418	401	4.5	2	33	28	106	392	330	–	892	823
Andy Branchflower	268	258	4.5	2	21	18	68	252	212	–	574	530
Non-Executive Director												
Bill Ronald	175	160	–	–	–	–	–	–	–	–	175	160
Coline McConville	72	72	–	–	–	–	–	–	–	–	72	72
Kevin Havelock	55	55	–	–	–	–	–	–	–	–	55	55
Jeff Popkin	55	55	–	–	–	–	–	–	–	–	55	55
Domenic De Lorenzo	65	65	–	–	–	–	–	–	–	–	65	65
Laura Hagan	55	34	–	–	–	–	–	–	–	–	55	34

1 LTIP awards granted in 2020 vest on 20 May 2023 based on performance to 2022. These awards are due to vest at 47% of maximum. The share price used to value the award vesting for the purpose of this table is 1,024p (the three-month average share price to 31 December 2022). None of the value is attributable to share price growth in the period.

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

Incentive Outcomes for the year ended 31 December 2022

Annual Bonus in Respect of 2022 Performance

The maximum annual bonus award for 2022 was 150% of salary for Tim Warrillow and Andrew Branchflower.

Performance was measured based 60% on turnover, 20% on EBITDA and 20% on a scorecard of strategic measures, including environmental and sustainability measures. The performance targets were set to be stretching in the context of the external environment, ensuring that the maximum payout would only be achieved if exceptional performance was delivered.

Revenue for 2022 was £344.3m. Despite this representing c.11% growth on 2021, performance was below the threshold target set. Similarly, although profit performance was in line with expectations, EBITDA performance of £39.7m was below threshold. Overall, therefore, there is no annual bonus pay-out in respect of the financial performance measures for 2022. This demonstrates the stretch of the targets set at the start of the year.

The Committee considered performance against the strategic and ESG objectives and noted the strong progress in the year, in particular in relation to strategic initiatives which will provide a continued focus on revenue growth going forward and help to address profitability challenges. The Committee is also proud of Fever-Tree's ongoing journey against its sustainability strategy.

Key externally disclosable achievements include:

Strategic achievements	• Purchase of Powell & Mahoney LLC, setting the business up for the launch of Fever-Tree branded non-carbonated cocktail mixers in early 2023 • Launch of UK Adult Softs – already stocked widely, with further plans for expansion in 2023 • Execution of distributor change in Canada and Japan, in each case to a distributor with materially larger scale and scope for expansion. Employment of a new Country Manager in Japan. • Renewal of key distributor relationship in Switzerland • Successful opening of Airport Bar at Edinburgh Airport • Refresh of internal reporting structures, leading to a direct positive impact on performance in 2022 • Creation of on-site Innovation laboratory at London HQ
ESG achievements	• Creation of ESG Committee • Climate & Circular Economy: – Third Party certification of carbon neutral status for all products sold in the UK – 10% reduction in carbon intensity per litre – Implementation of electric car lease salary sacrifice scheme for UK colleagues • Conservation & Communities: – Extension of Tiny Forest partnership to include major On-Trade customer as part of national roll out – Continued support for Malaria No More in global fight to eradicate the disease – Successful collaboration with Future Frontiers mentoring scheme – New ingredients supply chain due diligence plan developed and presented to Audit Committee • Colleagues – One-off cost of living bonus paid in Summer 2022 – Continued support of flexible working, including monthly cash allowance and interest free travel loans – Increased pay rise implemented and maintenance of competitive bonus pot – Regular lunch and learn sessions, town halls, fortnightly internal staff updates and social events across the network

More detail on these and other achievements is included in our Sustainability Review starting on page 36. Overall, it was determined that the strategic and ESG elements would pay out at 85% of maximum, resulting in an overall bonus of 17% 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 financial targets set for our incentive arrangements could provide market intelligence to our competitors which could be damaging to our business and therefore ultimately to shareholders. Consequently, and in line with previous years, we have not disclosed our annual bonus financial targets for 2022, but we plan to do so next year, provided the Board is comfortable that this information is no longer commercially sensitive.

Annual Bonus Targets for 2021

Last year, we committed to disclose within this report the annual bonus targets for 2021, unless the Board considered that these targets continue to be commercially sensitive. In keeping with this commitment, we have provided these performance targets below. Overall, the Executive Directors received a bonus of 65% of maximum in respect of 2021.

	Weighting	Threshold 25% payout	Target 50% payout	Maximum 100% payout	Actual performance achieved for 2021	Payout (% of maximum)
Turnover	60%	£283.0m	£293.0m	£320.1m	£311.1m	83.4%
EBITDA	20%	£65.3m	£68.0m	£76.8m	£63.0m	0%
ESG	20%		Scorecard approach			75%
Total						65.1%

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

In 2021, when determining the outcome under the ESG element of the annual bonus, the Committee considered progress against ESG objectives to be strong, providing a good foundation to build from in future years, and the Committee judged that overall this element should pay out at 75% of maximum. More detail on our ongoing sustainability efforts are set out in our Sustainability Review starting on page 41 of this Annual Report.

LTIP Vesting in Respect of 2022 Performance

LTIP awards granted in 2020 vest on 20 May 2023 based on performance to 2022. These awards were based 75% on turnover and 25% on EBITDA. The targets were set in 2020, taking into account internal and external reference points, to be stretching but achievable with regard to our strategic priorities and the economic environment at the time. Revenue performance was between threshold and maximum, resulting in a 62% payout for this element. EBITDA performance was below the threshold set, meaning that this portion of the award will lapse in full. The overall vesting outcome is therefore 47% of maximum.

Performance Targets for the 2020 LTIP Award

	Weighting	Target 25% vesting	Maximum 100% payout	Performance achieved	Portion vesting
Turnover	75%	£324.0m	£365.0m	£344.3m	62%
EBITDA	25%	£77.5m	£100.0m	£39.7m	0%
Total					47%

Scheme Interests Awarded in 2022

2022 LTIP

In 2022, a "core" LTIP award was granted at a face value of 300% of salary to both Executive Directors. The awards will vest on 27 April 2025 subject to the achievement of a stretching performance condition based 75% on turnover and 25% on EBITDA.

In addition to the "core" LTIP award, an additional LTIP award was also granted to both Executive Directors with a face value of 150% of salary. This additional award will vest on 27 April 2025 subject to stretching international revenue growth targets.

The three-year performance period began on 1 January 2022 and will end on 31 December 2024.

Executive Director	Date of grant	Face value[1]	End of performance period	Performance measures
Tim Warrillow	27 April 2022	107,330 shares (£1.879m)	31 December 2024	"Core" LTIP award – 75% on turnover and 25% on EBITDA Additional LTIP award – 100% on international revenue growth (25% vests for threshold performance, increasing on a straight line to full vesting for stretch performance)
Andy Branchflower	27 April 2022	69,004 shares (£1.208m)		

1 Face value based on the average ordinary share price in the Company for the two months immediately preceding the date of grant of 1,751p.

Performance Targets for the 2022 LTIP Award

LTIP performance targets for the above awards were set, taking into account internal and external reference points, to be stretching but achievable with regard to our strategic priorities and the economic environment.

Core LTIP award

	Weighting	Target 25% vesting	Maximum 100% payout
Turnover	75%	£398.3m	£441.1m
EBITDA	25%	£45.8m	£57.3m

Additional LTIP award

	Weighting	Target 25% vesting	Maximum 100% payout
International revenue[1]	100%	£281.4m	£305.1m

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

Exit Payments made in the Year

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

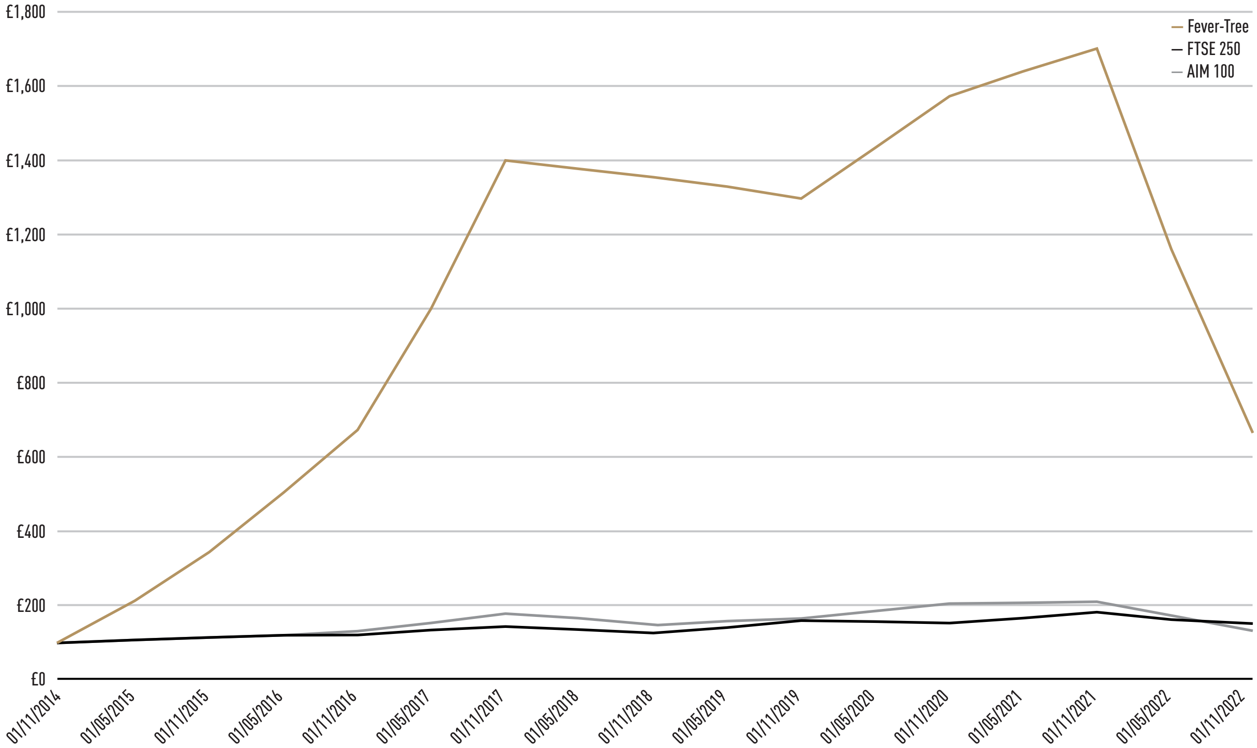
Payments to Past Directors

There were no payments to past Directors in the year.

Pay for Performance

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

Total Shareholder Return Performance



The chart shows the value by 31 December 2022 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.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

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

	2014 £000	2015 £000	2016 £000	2017 £000	2018[1] £000	2019 £000	2020 £000	2021 £000	2022 £000
CEO single figure (£000)	487	460	725	842	4,098	1,373	904	823	**892**
Annual bonus payout (% of maximum)	100%	100%	100%	100%	100%	0%	81%	65%	**17%**
LTIP vesting (% of maximum)	–	–	–	–	100%	100%	0%	0%	**47%**

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 2022:

	Options held (including nil-cost options granted under the LTIP)					
	Ordinary shares at 31 Dec 2022	Vested but not exercised	Unvested and subject to continued employment	Options exercised	Shareholding Requirement (% salary)	Requirement met?
Tim Warrillow	5,575,172	-	251,956	-	200%	Yes
Andy Branchflower	141,488	-	161,986	-	200%	Yes
Bill Ronald	411,416	–	–	–	–	–
Coline McConville	11,406	–	–	–	–	–
Kevin Havelock	164,563	–	–	–	–	–
Jeff Popkin	73,955	–	–	–	–	–
Dom De Lorenzo	4,550	–	–	–	–	–
Laura Hagan	634	–	–	–	–	–

Directors' Interests in Shares and Options

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

	Date of grant	Share price[1]	Exercise price	Number of shares/options Awarded	Face value at grant	Performance period	Release date
Tim Warrillow							
LTIP	27/04/22	1,751.00p	0.25p	107,330	£1,879,348	01/01/2022 – 31/12/2024	27/04/25
LTIP	20/05/21	2,381.23p	0.25p	76,065	£1,811,283	01/01/2021 – 31/12/2023	28/04/24
LTIP	20/05/20	1,435.29p	0.25p	68,561	£984,049	01/01/2020 – 31/12/2022	20/05/23
Andrew Branchflower							
LTIP	27/04/22	1,751.00p	0.25p	69,004	£1,208,260	01/01/2022 – 31/12/2024	27/04/25
LTIP	20/05/21	2,381.23p	0.25p	48,903	£1,164,493	01/01/2021 – 31/12/2023	28/04/24
LTIP	20/05/20	1,435.29p	0.25p	44,079	£632,661	01/01/2020 – 31/12/2022	20/05/23

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 2022. The Corporate Governance Statement on pages 80 to 83 also forms part of this Directors' Report.

Dividends

The Board is pleased to recommend a final dividend of 10.68 pence per share, bringing the total dividend for 2022 to 16.31 pence per share (2021: 58.89 pence per share inclusive of special dividend).

Directors

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

WDG Ronald
(retiring at end of 2023 AGM)
TDG Warrillow
AJ Branchflower
D De Lorenzo
CL McConville
KJ Havelock
J Popkin
LK Hagan

The names of the Directors, along with their brief biographical details are given on pages 78 to 79.

Directors' Interests

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on page 90.

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

Directors' Indemnity Provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.

The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political Donations

The Group made no political donations in the financial period.

Disclosure of Information to Auditor

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their Report) of which the Group's auditor is unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themself 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 129 to 132.

Subsidiaries

The Company has twelve subsidiaries; a complete list is provided at note 15 to the Consolidated Financial Statements on page 141.

Share Capital Structure

At 31 December 2022, the Company's issued share capital was £291,409 divided into 116,563,677 ordinary shares of 0.25p each. Further details of the Company's issued share capital are given in note 22 on page 145.

The Company's ordinary shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Company.

Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Company's Articles of Association and in the explanatory notes that accompany the Notice of the Annual General Meeting, which are available on the Company's website (www.fever-tree.com).

Restriction on Shares

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

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

Authority to Allot and Purchase Own Shares

At the 2022 Annual General Meeting, the Directors were granted the authority to allot ordinary shares in the Company up to an aggregate nominal value of £97,125. The Company was also authorised by shareholder resolution at the 2022 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were allotted or purchased by the Company during the year under these authorities.

DIRECTORS' REPORT CONTINUED

Significant Shareholders

As of 31 December 2022, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Name	Holding (shares, millions)	%
Lindsell Train Investment Mgt	17,600,500	15.10
Capital Group	9,919,433	8.51
Fundsmith	8,909,250	7.64
Mr Charles Rolls	5,685,928	4.87
Mr Timothy Warrillow	5,575,172	4.78
Baillie Gifford & Co	4,594,379	3.94
TIAA Investment Mgt	3,539,338	3.04
Ninety One	3,519,237	3.02

Share Option Schemes

Details of employee share schemes are set out in Note 23 to the Consolidated Financial Statements.

Appointment and Retirement of Directors

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

Articles of Association

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

Going Concern

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

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

Significant Events since the end of the Financial Year

There have been no material events affecting the Group since 1 January 2023.

Strategic Report

This is set out on pages 10 to 76 and includes the Group's Sustainability Review (which includes the group's Streamlined Energy and Carbon Reporting), a description of how the Group engages with its key stakeholders and an indication of potential future developments.

Research and Development

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

Directors' Statement

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

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

Auditor

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

Annual General Meeting

The Annual General Meeting will be held on 25 May 2023 at 11.30am.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2022, approval of the Directors' remuneration report for the year ended 31 December 2022, the re-election of Directors, the re-appointment of BDO LLP as Auditor and authorisation of the Directors to determine the Auditors' remuneration.

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

Approval

This Directors' Report was approved by the Board and was signed on its behalf on 21 March 2023.

ANDREW BRANCHFLOWER
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's Consolidated Financial Statements in accordance with the UK adopted international accounting standards and the Company Financial Statements in accordance with FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with the UK adopted IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Group'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 Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.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FINANCIAL STATEMENTS

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fevertree Drinks PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 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, notes to the Consolidated financial statements, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

- The Directors' assessment of going concern: we obtained an understanding of the process undertaken by the Directors to prepare the going concern assessment and how the impacts of the inflationary environment, the conflict in Ukraine, and the ongoing challenges of the global supply chain have 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 the current macro-economic and geopolitical environment, and we have corroborated the Group assumptions used to external references where possible.
- We tested the numerical accuracy of the model used to prepare the forecasts.
- Cash balances: we agreed a sample 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 a greater than anticipated increase in operating costs.

- Post year end trading performance: comparison of the post year end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.
- Disclosures: evaluation of the adequacy of the disclosures (note 1) in relation to the specific risks posed and scenarios the Group has considered in reaching their going concern assessment.

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

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

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

Overview

Coverage	*102% (2021: 103%) of Group profit before tax** *88% (2021: 90%) of Group revenue* *94% (2021: 98%) of Group total assets* *Our audit covers over 100% of Group profit before tax due to losses within non-significant components of the Group.		
		2022	2021
Key audit matters	Revenue recognition – customer arrangements	✓	✓
Materiality	*Group financial statements as a whole* £2.3m (2021: £2.9m) based on 5% of the average Profit before tax over the previous three year period (2021: 5% of the average Profit before tax over the previous three year period).		

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 systems 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. Three non-significant components were identified, and the Group audit team performed specified audit procedures over certain in-scope balances in relation to two of these.

Our involvement with component auditors

For the third non-significant component the Group audit team controlled and directed the work of the component audit team, a BDO network firm. This included providing detailed audit instructions and setting component materiality. We held video calls with the component audit team to maintain an open dialogue throughout the completion of their specified audit procedures and we performed a review of the component auditors working papers. In addition, certain inventory counts completed by third party managed warehouses were attended by BDO network firms in the United States, Germany, and Spain in accordance with our instructions.

Key audit matters

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

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF FEVERTREE DRINKS PLC

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – customer arrangements (note 1)	The Group agrees promotional sales related discount arrangements with certain distributors and customers and, for some agreements, also contributes towards marketing and campaign expenditure to support and develop the Fever-Tree brand. The accounting for these arrangements is complex and judgemental. This gives rise to scope for error in the measurement, recognition and presentation of these promotional sales discounts and contributions as either a reduction in revenue or as marketing expenditure within administrative expenses. Furthermore, as these amounts are material and revenue is a key performance indicator, we consider there to be a risk of management override. Management could manipulate reported revenue and results through incomplete recording of the discounts and contributions or through presentation as administrative expenses rather than a deduction against revenue. We therefore identified this to be a significant audit risk and a significant area of focus for our audit and hence a key audit matter.	Our audit procedures included the following: • We reviewed a sample of contracts and discussed arrangements in place with management to obtain an understanding of the more significant arrangements with customers and distributors to challenge the accounting treatment for these. We considered the accounting for these customer arrangements in the context of relevant accounting standards. • We tested a sample of revenue and marketing expense entries to agreed arrangements with customers and distributors to check that the Group's accounting policy had been correctly applied and that the amounts had been correctly presented in the income statement. • 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. Key observations: 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.

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	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	2.3	2.9	0.7	2.7
Basis for determining materiality	5% of 3 year average profit before tax.		2% of total assets (capped in 2022 to reduce aggregation risk).	
Rationale for the benchmark applied	We consider the benchmark of profit before tax is the most relevant measure of financial performance and the key metric for users of the Group's financial statements. In the current and prior year, given the fluctuation in profit before tax, we considered a pre-tax profit averaged over the last three years to be appropriate.		We consider an asset based measure to best reflect the nature of the Parent Company which acts as a holding company for the Group's investments in subsidiary undertakings.	
Performance materiality	1.61	2.03	0.49	1.89
Basis for determining performance materiality	70% of materiality based on our experience and knowledge of the Group and Parent Company, Group structure, planned testing approach, and history of errors.			

Component materiality

We set materiality for each significant component of the Group based on a percentage of between 30% (2021: 52%) and 90% (2021:90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.7m (2021: 1.5m) to £2.1m (2021: 2.7m). In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £90,000 (2021: £58,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF FEVERTREE DRINKS PLC

Other information

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

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 106); and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page 76).
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 106; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 106); • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (set out on page 88 and 89); and • The section describing the work of the Audit Committee (set out on page 86 to 89).

Other Companies Act 2006 reporting

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

Strategic Report and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF FEVERTREE DRINKS PLC

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

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group. The most significant of these was considered to be the applicable financial reporting frameworks (UK adopted International Accounting Standards, FRS 101, Companies Act 2006 and the UK Corporate Governance Code), relevant tax compliance regulations, the AIM rules, and food standards legislation in the jurisdictions in which the Group operates.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including understanding where and how fraud might occur. This includes the procedures described in the Key Audit Matters section of this audit report to identify whether price related discounts were being appropriately recorded against revenue. We also considered performance targets and management remuneration incentives and how they could influence management to manipulate 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 and Committee minutes, and correspondence with legal counsel and regulators.
- We tested a sample of journal entries, focusing on journal entries containing characteristics of audit interest, year-end consolidation journals, journals processed by users with privileged IT systems access rights and those relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also reviewed the work performed by the component audit teams in this regard.

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

21 March 2023

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 2022

	Note	2022 £m	2021 £m
Revenue	4	**344.3**	**311.1**
Cost of sales		(225.5)	(180.2)
Gross profit		**118.8**	**130.9**
Administrative expenses		(88.2)	(75.3)
Adjusted EBITDA		**39.7**	**63.0**
Depreciation	11 & 13	(4.3)	(3.2)
Amortisation	12	(1.5)	(1.5)
Share based payment charges	23	(3.3)	(2.7)
Operating profit	5	**30.6**	**55.6**
Finance income	7	0.8	0.3
Finance expense	7	(0.4)	(0.3)
Profit before tax		**31.0**	**55.6**
Tax expense	8	(6.1)	(11.0)
Profit for the year		**24.9**	**44.6**
Items that may be reclassified to profit or loss			
Foreign currency translation difference of foreign operations		(0.1)	–
Effective portion of cash flow hedges		(0.3)	(1.3)
Related tax		–	0.3
Total other comprehensive income		**(0.4)**	**(1.0)**
Total comprehensive income for the year		**24.5**	**43.6**
Earnings per share			
Basic (pence)	9	21.36	38.29
Diluted (pence)	9	21.32	38.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

At 31 December 2022	Note	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	11 & 13	25.6	9.6
Intangible assets	12	53.2	47.7
Deferred tax asset	21	1.9	2.8
Other non-current assets	17	1.8	–
Total non-current assets		**82.5**	**60.1**
Current assets			
Inventories	16	60.1	36.2
Trade and other receivables	17	72.4	70.3
Derivative financial instruments	19	–	0.9
Corporation tax asset		1.3	2.4
Cash and cash equivalents		95.3	166.2
Total current assets		**229.1**	**276.0**
Total assets		**311.6**	**336.1**
Current liabilities			
Trade and other payables	18	(51.3)	(49.4)
Derivative financial instruments	19	(1.8)	–
Loans and borrowings	20	–	(0.1)
Lease liabilities	13	(3.4)	(0.7)
Corporation tax liability		(0.8)	(0.6)
Total current liabilities		**(57.3)**	**(50.8)**
Non-current liabilities			
Lease liabilities	13	(13.5)	(2.1)
Deferred tax liability	21	(1.6)	(1.6)
Total non-current liabilities		**(15.1)**	**(3.7)**
Total liabilities		**(72.4)**	**(54.5)**
Net assets		**239.2**	**281.6**
Equity attributable to equity holders of the company			
Share capital	22	0.3	0.3
Share premium	24	54.8	54.8
Capital redemption reserve	24	0.1	0.1
Cash flow hedge reserve	24	(0.5)	(0.2)
Translation reserve	24	(0.3)	(0.2)
Retained earnings	24	184.8	226.8
Total equity		**239.2**	**281.6**

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2023 and were signed on its behalf by:

Andrew Branchflower
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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 2020	0.3	54.8	0.1	0.8	(0.2)	196.8	252.6
Profit for the year	–	–	–	–	–	44.6	44.6
Foreign currency translation difference of foreign operations	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	(1.0)	–	–	(1.0)
Total comprehensive income for the year	**–**	**–**	**–**	**(1.0)**	**–**	**44.6**	**43.6**
Contributions by and distributions to owners							
Dividends issued	–	–	–	–	–	(18.4)	(18.4)
Share based payments	–	–	–	–	–	2.7	2.7
Tax on share based payments	–	–	–	–	–	1.1	1.1
Shares issued	–	–	–	–	–	–	–
Equity as at 31 December 2021	**0.3**	**54.8**	**0.1**	**(0.2)**	**(0.2)**	**226.8**	**281.6**
Profit for the year	–	–	–	–	–	24.9	24.9
Foreign currency translation difference of foreign operations	–	–	–	–	(0.1)	–	(0.1)
Effective portion of cash flow hedges	–	–	–	(0.3)	–	–	(0.3)
Total comprehensive income for the year	**–**	**–**	**–**	**(0.3)**	**(0.1)**	**24.9**	**24.5**
Contributions by and distributions to owners							
Dividends issued	–	–	–	–	–	(68.8)	(68.8)
Share based payments	–	–	–	–	–	3.3	3.3
Tax on share based payments	–	–	–	–	–	(1.4)	(1.4)
Shares issued	–	–	–	–	–	–	–
Equity as at 31 December 2022	**0.3**	**54.8**	**0.1**	**(0.5)**	**(0.3)**	**184.8**	**239.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £m	2021 £m
Operating activities		
Profit before tax	31.0	55.6
Finance expense	0.4	0.3
Finance income	(0.8)	(0.3)
Depreciation of property, plant & equipment	4.3	3.2
Amortisation of intangible assets	1.5	1.5
Share based payment charges	3.3	2.7
Increase/(decrease) in impairment losses on receivables and inventories	(3.1)	3.8
Gain on disposal of fixed asset	–	0.1
	36.6	**66.9**
(Increase)/Decrease in trade and other receivables	(1.6)	(14.6)
(Increase)/Decrease in inventories	(23.5)	0.5
Increase/(Decrease) in trade and other payables	0.5	7.7
Increase/(Decrease) in derivative liability / (Increase)/Decrease in derivative asset	2.4	(2.8)
	(22.2)	**(9.2)**
Cash generated from operations	**14.4**	**57.7**
Income taxes paid	(5.9)	(10.9)
Net cash flows from operating activities	**8.5**	**46.8**
Investing activities		
Purchase of property, plant and equipment	(4.6)	(3.6)
Interest received	0.8	0.3
Investment in intangible assets	(2.5)	(1.0)
Acquisition of subsidiary, net of cash acquired	(3.7)	–
Net cash used in investing activities	**(10.0)**	**(4.3)**
Financing activities		
Interest paid	(0.1)	(0.2)
Dividends paid	(68.8)	(18.4)
Repayment of loan	–	(0.1)
Payment of lease liabilities	(1.8)	(0.6)
Net cash used in financing activities	**(70.7)**	**(19.3)**
Net (decrease)/increase in cash and cash equivalents	(72.2)	23.2
Cash and cash equivalents at beginning of period	166.2	143.1
Effect of movements in exchange rates on cash held	1.3	(0.1)
Cash and cash equivalents at end of period	**95.3**	**166.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

Basis of preparation

Fevertree Drinks PLC (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public company limited by shares, domiciled in England and Wales, in the United Kingdom. The address of its registered office is 186-188 Shepherds Bush Road London W6 7NL. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

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

There are a number of amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022. The Group has concluded that none of these amendments have a material impact on the consolidated financial statements:

- IAS 16 – Property, Plant and Equipment: Proceeds before intended use
- IAS 37 – Onerous contracts: Costs of fulfilling a contract
- IAS 41 – Agriculture: Annual improvements to IFRSs 2018-2020 cycle
- IFRS 1 – First-time Adoption of IFRS: Annual improvements to IFRSs Standards 2018-2020 cycle
- IFRS 3 – Business Combinations: Updating a reference to the Conceptual Framework

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

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

The impact of the ongoing conflict in Ukraine and the inflationary macro-economic environment has been reflected in the Directors' assessment of the going concern basis of preparation. This has been considered by modelling the impact on the Group's cashflow for the period to the end of June 2024. In completing this exercise, the Directors established there were no plausible scenarios that would result in the Group no longer continuing as a going concern.

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

Basis of consolidation

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

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

Business combinations

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

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

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. There are two types of products which generate revenue – premium carbonated mixers and premium non-carbonated mixers. However, it is noted that revenue recognition policy for both products is the same given their similarity of arrangement.

1. Accounting policies continued

Revenue recognition 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 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 in limited circumstances.

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.

Goodwill is not amortised but tested for impairment annually. Any impairment is recognised immediately in 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 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 CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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
Brands	20 years
Customer relationships	10 years

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 assets/right of use assets – over the life of the lease

Fixtures and fittings – 33% per annum straight-line

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

Plant, equipment, and vehicles – 10%-20% per annum straight-line

Cash and cash equivalents

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

1. Accounting policies continued

Financial assets

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

Fair value through profit or loss (FVTPL)

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

Amortised Cost

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

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

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 liabilities" 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 consolidated statement of comprehensive income. Other than these derivative financial instruments, the Group does not have any assets classified as FVTPL.

Other financial liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies continued

Hedge accounting

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

Share capital

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

Leased assets

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an identified asset under a period of time in exchange for consideration. The Group has elected not to separate non-lease components for the lease of office 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. Any renegotiations of leased assets are accounted for based on the nature of the modification to the lease contract.

During the financial year, the Group has modified the estimated lease term of the UK head-office, extending by five years. The lease has been modified in compliance with the IFRS 16 accounting standard, and therefore there has been an adjustment to the carrying amount of the lease liability and right of use asset recognised. The lease liability associated with the UK head-office has been remeasured with a comparable remeasurement of the right-of-use asset.

The Group recognises right-of-use assets as the amount of the initial lease liability at the lease commencement date, based on the present value of future lease payments. Where applicable, this is adjusted for any lease incentives received, and direct costs and lease payments incurred prior to or at commencement of the lease. 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.

Deferred taxation

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

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

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

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

1. Accounting policies continued

Deferred taxation continued

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

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

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

Inventories

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

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

Operating segments

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

The Board considers that although the Group's activity is generated from global sales across four regions (as shown in the Chairman's statement and Note 4), there is ultimately one overarching reporting and operating segment. This is due to the key decisions and allocation of resources happening in a centralised manner; with the majority of the costs for the Group incurred by operations led from the Group's head office. Management reviews the performance of the Group by reference to total results against budget.

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

Adjusted EBITDA

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

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

Share based payments

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

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

Foreign currency

Functional and presentation currency

The consolidated financial statements of the Group are presented in Pound Sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the Company, being Pound Sterling.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies continued

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. In the absence of clear evidence to the contrary, payments to customers are recognised as reductions to revenue. Management restricts revenue recognised to the amount that is highly unlikely to subsequently be reduced by customer arrangements.

Business combinations

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

Inventory provision

Under IAS 2, inventories are carried at the lower of cost and net realisable value, and as such are subject to estimates around the provision applied to certain inventory items. The level of provision recorded is subject to estimation uncertainty when determining the expected sales price of goods to customers in future, as well as assessing if items are slow-moving or obsolete.

Impairment assessments

As required by IAS 36, all goodwill is tested annually for impairment. This is achieved by comparing the carrying amount of goodwill to the higher of fair value less costs to sell and value in use.

Judgement is required in determining the value in use of the relevant cash generating units. These judgements include a determination of revenue growth, profitability, period of assessment and discount rate used. Management considers a range of potential inputs for each of these to ensure that the conclusion reached is appropriate.

Lease liability and right of use assets

The present value of future lease payments determines the recognition value of lease liability and right of use assets. IFRS 16 requires that the period considered for this calculation to be the period of the contract term, together with any options to extend or terminate if that extension or termination is likely to be exercised. Judgement is therefore required to determine a likely lease length per lease term.

Estimated credit loss provision

The measurement of estimated credit losses for trade receivables requires the use of assumptions about future macroeconomic conditions and credit behaviour and the impact that these have on specific customer behaviour, such as the likelihood of customers defaulting and the resulting losses. For 2022 the Group assessed the default risk on a customer level and assigned a likelihood of default across all outstanding invoices, irrelevant of the age of such invoices. Due to the improvements in individual customer risk profiles, and improvements in the hospitality industry circumstances, there has been a significant decrease in the estimated credit loss provision for the year.

3. Financial instruments and Risk Management

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

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

The Group is exposed to the following financial risks:

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

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

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

To the extent that financial instruments are not carried at fair value in the consolidated statement of financial position, the carrying values approximate fair values at 31 December 2022 and 31 December 2021.

Financial instruments by category

Financial assets

	Financial assets at fair value		Financial assets at amortised cost	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash and cash equivalents	–	–	95.3	166.2
Trade and other receivables	–	–	64.2	62.9
Derivative financial instruments in cash flow hedges	–	–	–	–
Other derivative financial instruments	–	1.2	–	–
Total financial assets	**–**	**1.2**	**159.5**	**229.1**

Financial liabilities

	Financial assets at fair value		Financial assets at amortised cost	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade and other payables	–	–	50.4	48.6
Lease liabilities	–	–	16.9	2.8
Loans and borrowings	–	–	–	0.1
Derivative financial instruments in cash flow hedges	(0.2)	0.3	–	–
Other derivative financial assets	(1.6)	–	–	–
Total financial liabilities	**(1.8)**	**0.3**	**67.3**	**51.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

3. Financial instruments and Risk Management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2022 the Group has net trade receivables of £62.5m (2021: £58.4m).

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

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

The Group performs an expected credit loss assessment for all trade receivables to calculate a provision for expected credit loss, based on historical credit loss information, current conditions and forecasts of future economic conditions. The simplified approach is used, in accordance with IFRS 9. The resulting provision in respect of outstanding balances at 31 December 2022 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, Australian Dollars and Euros. The Group should have access to additional equity funding if it was required. Trade and other payables are monitored as part of normal management routine.

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

31 December 2022

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
Trade and other payables	50.4	–	–	–
Lease liabilities	3.8	12.6	1.6	–
Derivative financial instruments outflow	100.4	–	–	–
Derivative financial instruments (inflow)	(98.6)	–	–	–

31 December 2021

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

3. Financial instruments and Risk Management continued

Liquidity risk 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 Group manages this risk by agreeing long-term prices with suppliers where possible.

Market risk

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

(a) Interest rate risk

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

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

(b) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group is exposed to transaction foreign exchange risk as it operates predominantly within the 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 2022 there were commitments to purchase foreign currency exchange forward contracts with a total Sterling value of approximately £100.4m (2021: £92.8m) mainly in Euros and US Dollars. All contracts mature within 12 months of the reporting date.

Commitments to sell/(purchase) foreign currency exchange forward contracts:

	2022 £m	2021 £m
USD	57.1	49.5
EUR	30.5	34.7
CAD	3.3	2.7
AUD	9.5	5.9
	100.4	**92.8**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

3. Financial instruments and Risk Management continued

Market risk continued

(b) Foreign exchange risk continued

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

	2022 Currency in m		2021 Currency in m	
	Euro	USD	Euro	USD
Receivables	28.2	60.5	22.7	36.9
Payables	(9.6)	(1.3)	(8.3)	(0.9)
Cash	7.3	2.4	16.2	5.6
Total	**25.9**	**61.6**	**30.6**	**41.6**

Effect of cash flow hedges

At 31 December 2022, the Group held derivatives with a notional value of £14.7m (2021: £24.3m) designated as hedging instruments for cash flow hedging purposes. They all have maturities in 2023 and have a range of hedged rates between EUR 1.10 – 1.19 and USD 1.09 – 1.24.

In respect of cash flow hedges the Group has recognised a net loss of £0.3m (2021: £1.0m loss) in other comprehensive income in the year due to changes in fair value, amounts transferred to profit and loss, and deferred tax related to hedging instruments. A loss of £2.0m (2021: £1.7m loss) has been transferred out of other comprehensive income to net revenue to offset the foreign exchange impact on the underlying transactions.

There was no ineffectiveness recognised in the year.

Capital management

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

The Group's objectives when maintaining capital are:

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

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

In line with the Group's capital management objectives, a special dividend was paid to shareholders in the year. This was done after having considered the Group's ability to continue as a going concern, and any needs for the funds for investment opportunity, and was deemed to be the best way to provide return to shareholders, based on surplus cash held.

4. Revenue

Revenue streams

During the period, the Group acquired an additional revenue stream, being the sale of premium non-carbonated mixers. This is in addition to the sale of premium carbonated mixers.

An analysis of turnover by geographical market is given below:

	2022 £m	2021 £m
United Kingdom	116.2	118.3
United States of America	95.6	77.9
Europe	101.0	88.2
Rest of the World	31.5	26.7
	344.3	**311.1**

Analysis of carbonated and non-carbonated sales:

	2022	2021
Carbonated	99.4%	99.9%
Non-carbonated	0.6%	0.1%
	100.0%	**100.0%**

Analysis of concentration of customers top three and other:

	2022	2021
Customer 1	8.3%	9.4%
Customer 2	5.6%	6.1%
Customer 3	4.5%	5.8%
Other	81.6%	78.7%
	100.0%	**100.0%**

In the year ended 31 December 2022 the Group had one customer representing £28.6m of sales, accounting for 8.3% of Group revenue (2021: one customer represented £30.2m of sales, accounting for 9.4% of revenue).

Contract balances

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

	Note	31 December 2022 £m	31 December 2021 £m
Receivables, which are included in "trade and other receivables"	17	64.4	61.5

No information is provided about remaining performance obligations at 31 December 2022 that have an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

5. Profit from operations

Operating profit is stated after charging:

	2022 £m	2021 £m
Foreign exchange loss/(gain)	(1.0)	0.3
Depreciation	4.3	3.2
Amortisation of intangible assets	1.5	1.5
Lease payments directly through profit or loss (short-term leases)	0.2	0.1
Logistics and warehousing	48.6	35.2
Discretionary marketing	34.0	29.2
Share-based payment charges	3.3	2.7
Net remeasurement of expected credit loss allowance	(1.1)	1.9

Auditors' remuneration:

	2022 £m	2021 £m
Fees payable to Company's Auditor and its associates for the audit of the Company and its subsidiaries	0.6	0.3
Non audit services*	–	–

* Total audit fees in 2022 are £560,000 (2021: £330,000). Non audit services of £3,938 (2021: £nil). Fees of €65,000 (2021: €72,000) are payable to an associate of the group's auditor for the local statutory audit of the German subsidiary.

6. Staff costs

	2022 £m	2021 £m
Wages and salaries	27.6	22.2
Employers national insurance	2.2	2.3
Pensions	1.1	1.1
	30.9	**25.6**

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

	2022	2021
Sales and Marketing	133	132
Production and Administration	169	139
	302	**271**

Directors' remuneration included in staff costs	2022 £m	2021 £m
Salaries	1.2	1.2
Bonuses	0.2	0.6
	1.4	**1.8**

6. Staff costs continued

Total remuneration regarding the highest paid Director was £0.6m (2021: £0.8m). The total remuneration regarding the highest paid Director includes the gain on exercise of share options (where applicable), which is not included in staff costs. There were no director exercises of share options in 2022.

The Directors' gain on exercise of share options was £nil (2021: £nil). All of the share options that vested in 2022 had performance criteria attached and as is disclosed in the single figure table, performance targets were not met for the 2020 grants that vested in 2022.

7. Finance income and expenses

	2022 £m	2021 £m
Finance income		
Interest income	0.8	0.3
	0.8	**0.3**
Finance expense		
Interest on lease liabilities	0.2	0.1
Bank loan interest and other charges	0.2	0.2
	0.4	**0.3**

8. Income tax

	2022 £m	2021 £m
Current tax expense		
Current tax on profits for the period	6.8	10.6
Adjustment in respect of prior period	(0.1)	(0.2)
	6.7	**10.4**
Deferred tax expense		
Origination and reversal of temporary differences	–	0.4
Adjustment in respect of prior period	(0.6)	(0.2)
Effect of tax rate change on opening balance	–	0.4
Total tax expense	**6.1**	**11.0**

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:

	2022 £m	2021 £m
Profit for the year	31.0	55.6
Expected tax charge based on corporation tax rate of 19% in 2022 (19% in 2021)	5.9	10.6
Expenses not deductible for tax purposes	0.6	0.1
Effect of tax rate change on opening balance	–	0.4
Adjustment in respect of prior period	(0.6)	(0.4)
Differences in tax rates	0.2	0.3
Total tax expense	**6.1**	**11.0**

During the year corporation tax relief of £nil (2021: £nil) was recognised within equity in relation to share options exercised in the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

9. Earnings per share

	2022 £m	2021 £m
Profit		
Profit used in calculating basic and diluted EPS	24.9	44.6
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	116,556,818	116,536,876
Weighted average number of dilutive employee share options outstanding	222,486	302,357
Weighted average number of shares for the purpose of diluted earnings per share	116,779,304	116,839,233
Basic earnings per share (pence)	**21.36**	**38.29**
Diluted earnings per share (pence)	**21.32**	**38.19**

Normalised EPS

	2022 £m	2021 £m
Profit		
Reported profit before tax	31.0	55.6
Add back:		
Amortisation	1.5	1.5
Adjusted profit before tax	32.5	57.1
Tax – assume standard rate (19%)	(6.2)	(10.8)
Normalised earnings	26.3	46.3
Number of shares	116,556,818	116,536,876
Normalised basic earnings per share (pence)	**22.59**	**39.70**
Number of diluted shares	116,779,304	116,839,233
Normalised diluted earnings per share (pence)	**22.54**	**39.63**

Normalised EPS is an APM in which earnings have been adjusted to exclude amortisation and the UK statutory tax rates have been applied (disregarding other tax adjusting items for comparability).

10. Non-current assets

Non-current assets by geographic location are as follows:

	2022 £m	2021 £m
UK	46.1	42.8
US	19.6	0.4
Europe	13.1	14.1
Balance as at 31 December	**78.8**	**57.3**

Non-current assets exclude deferred tax and financial instruments. Non-current assets in Europe are substantially all situated in Germany.

11. Property, plant and equipment

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

	2022 £m	2021 £m
Owned property, plant and equipment	9.1	6.9
Leased property, plant and equipment (right-of-use assets, see Note 13)	16.5	2.7
Total property, plant and equipment	**25.6**	**9.6**

Owned property, plant and equipment is detailed as follows:

	Leasehold property improvements £m	Re-usable packaging £m	Plant, equipment and vehicles £m	Fixtures and fittings £m	Totals £m
Cost					
At 31 December 2020	0.9	8.5	0.5	1.1	11.0
Additions	–	3.5	0.1	–	3.6
Disposals	–	(0.4)	–	–	(0.4)
At 31 December 2021	0.9	11.6	0.6	1.1	14.2
Additions	–	1.0	2.9	0.7	4.6
Disposals	–	–	–	(0.1)	(0.1)
At 31 December 2022	**0.9**	**12.6**	**3.5**	**1.7**	**18.7**
Depreciation					
At 31 December 2020	0.5	3.8	0.3	0.6	5.2
Charge for the year	0.2	1.9	0.1	0.3	2.5
Disposals	–	(0.4)	–	–	(0.4)
At 31 December 2021	0.7	5.3	0.4	0.9	7.3
Charge for the year	0.1	2.1	0.1	0.3	2.6
Disposals	–	–	–	(0.1)	(0.1)
Exchange differences	(0.1)	(0.1)	–	–	(0.2)
At 31 December 2022	**0.7**	**7.3**	**0.5**	**1.1**	**9.6**
Net book value					
At 31 December 2022	**0.2**	**5.3**	**3.0**	**0.6**	**9.1**
At 31 December 2021	0.2	6.3	0.2	0.2	6.9
At 31 December 2020	0.4	4.7	0.2	0.5	5.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

12. Intangible assets

	Goodwill £m	Brands £m	Customer relationships £m	Assets under development £m	Software £m	Totals £m
Cost						
At 31 December 2020	32.2	14.4	7.9	–	0.3	54.8
Additions	–	–	–	0.9	–	0.9
Exchange differences	–	–	(0.5)	–	–	(0.5)
At 31 December 2021	32.2	14.4	7.4	0.9	0.3	55.2
Acquisition of P&M	4.2	–	–	–	–	4.2
Additions	–	–	–	2.4	0.1	2.5
Exchange differences	–	–	0.4	–	–	0.4
At 31 December 2022	**36.4**	**14.4**	**7.8**	**3.3**	**0.4**	**62.3**
Amortisation						
At 31 December 2020	–	5.6	0.4	–	–	6.0
Charge for the year	–	0.7	0.7	–	0.1	1.5
At 31 December 2021	–	6.3	1.1	–	0.1	7.5
Charge for the year	–	0.7	0.8	–	–	1.5
Exchange Differences	–	–	0.1	–	–	0.1
At 31 December 2022	**–**	**7.0**	**2.0**	**–**	**0.1**	**9.1**
Net book value						
At 31 December 2022	**36.4**	**7.4**	**5.8**	**3.3**	**0.3**	**53.2**
At 31 December 2021	32.2	8.1	6.3	0.9	0.2	47.7
At 31 December 2020	32.2	8.8	7.5	–	0.3	48.8

Brands represent the fair value at the 12 March 2013 acquisition date of the "Fever-Tree" brand. The fair value was determined by applying the "relief from royalty" method to the estimated cash flows to be earned from the brand. The key management assumptions are around growth forecasts (over 20 years and at an ongoing growth rate of 3%), discount factors (a discount factor of 20% was used) and royalty percentage utilised. A brand useful life of 20 years is considered appropriate and projected cash flows have been discounted over this period.

Customer relationships represent the fair value on acquisition of the customer base of Global Drinks Partnership GmbH (GDP) on 1 July 2020. They were valued using the multi-period excess earnings method using a 5-year forecast followed by long-term growth at 1% reflecting local industry and inflation assumptions. A 10-year useful economic life is considered appropriate considering historic customer retention. Management did not identify any indicators of impairment in relation to individual intangible assets.

Assets under development represents the implementation of a new end-to-end operational processes programme, and an innovative business product. The programme will embed technology across the Group's global operations, which will improve working efficiencies, data quality, and provide insights to aid in making business decisions. The programme commenced in 2021 and majority is expected to be implemented in 2023 where future benefits will begin to flow to the company.

Goodwill has been recognised from the acquisition of Fevertree Limited on 12 March 2013, the acquisition of Global Drinks Partnership GmbH (GDP) on 1 July 2020 and the acquisition of Powell & Mahoney LLC (P&M) on 1 August 2022. The Goodwill recognised from all acquisitions represents the difference between the consideration paid and the fair value of assets acquired, and liabilities assumed on each occasion.

In line with IAS 36, the cash-generating unit(s) to which goodwill has been allocated is tested for impairment at least annually by comparing the carrying amount of the unit(s), including the goodwill, with the recoverable amount of the unit(s).

12. Intangible assets continued

Goodwill has been allocated to the following CGUs:

CGU	2022 £m	2021 £m
Global CGU[1]	32.2	32.2
P&M CGU[2]	4.2	–
	36.4	**32.2**

1 The impairment model for this group of CGUs is based on fair value less costs to sell using the quoted price of the Company's shares as an estimate of the fair value less costs of disposal. This exercise showed significant headroom in the year. There is no reasonably possible change in key assumptions that would cause the recoverable amount of this group of CGUs to exceed their carrying amount. Goodwill allocated to the German CGU for the prior year has been allocated to the Global CGU in the current year. This represents the realisation of synergies identified on the acquisition of Global Drinks Partnership GmbH (GDP).

2 The impairment model for this CGU is based on fair value less costs to sell using market data available on the fair value of the underlying CGU based on the price paid to acquire this on 1 August 2022. This exercise showed sufficient headroom in the year, and no reasonable possible change in assumptions that would lead to an impairment being recognised if inputs were to change.

13. Leases

The Group leases its office premises in London, New York and Germany, warehouses in the US and a small fleet of motor vehicles used by its UK-based sales team and German-based team. During the year, the London office lease was modified, extending the lease term by five years resulting in an increase in right-of-use asset value of £1.5m and lease liability of £1.4m. Included in additions for the period is an amount of £13.1m relating to leased warehouses in the US. This represents a five year lease for warehouses used for storage and delivery of product.

Right-of-use assets:

	Leasehold property £m	Motor vehicles £m	Total £m
Balance at 31 December 2020	1.5	0.2	1.7
Additions/Modifications	2.0	0.1	2.1
Disposals	(0.3)	–	(0.3)
Depreciation charge for the year	(0.6)	(0.1)	(0.7)
Exchange differences	(0.1)	–	(0.1)
Balance at 31 December 2021	2.5	0.2	2.7
Additions/Modifications	15.1	–	**15.1**
Disposals	–	–	–
Depreciation charge for the year	(1.6)	**(0.1)**	**(1.7)**
Exchange differences	0.4	–	**0.4**
Balance at 31 December 2022	**16.4**	**0.1**	**16.5**

Lease liabilities:

Lease liabilities at 31 December	2022 £m	2021 £m
Current lease liabilities	3.4	0.7
Non-current lease liabilities	13.5	2.1
	16.9	**2.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

13. Leases continued

Undiscounted future cash flows	2022 £m	2021 £m
Not later than one year	3.8	0.7
Later than one year and not later than five years	12.6	2.0
Later than five years	1.6	0.2
	18.0	**2.9**

Amounts recognised in the profit or loss	2022 £m	2021 £m
Interest on lease liabilities	0.2	0.1
Depreciation charge for right-of-use assets	1.7	0.8
Charge relating to short-term leases	0.2	0.1

Amounts recognised in consolidated statement of cash flows	2022 £m	2021 £m
Lease payments	1.8	0.6

14. Acquisition of Powell & Mahoney

On 1 August 2022, the Group completed the acquisition of the entire share capital 100% of Powell & Mahoney LLC (P&M), a premium cocktail mixer company in the US.

P&M's range of products includes uniquely formulated handcrafted ready-to-mix cocktail blends and provides the Group an opportunity to access the non-carbonated mixer market quicker than it would otherwise be able to through an organic approach. P&M has contracts with producers that have been time-tested to be operational and successful which will allow the Group to leverage and sell its own formulated brands in the US.

The results of P&M were consolidated from 1 August 2022 onwards, contributing £0.7m to Group revenue, and a net loss of £0.2m. If the acquisition had been made on 1 January 2022, management estimate it would have contributed £1.3m to Group revenue and a £0.3m net loss. Transaction costs of £0.2m were incurred to complete this acquisition.

The Group has determined that the only assets and liabilities recognised on the acquisition date are those within P&M's take-on balance sheet. No additional identifiable assets have been identified, and therefore the full difference between the consideration transferred and net identifiable assets acquired has been allocated to goodwill. Goodwill recognised is expected to be realised through the leveraging of the Group's existing marketing, sales and distribution strengths, as well as streamlined access to market for the Group's own formulated brands in the US.

The consideration disclosed above of £3.7m is lower than the total consideration paid of $5.9m (£4.9m), as reported in the sale purchase agreement and previous market announcement of interim results, due to certain specific liabilities which are recognised within the net assets acquired.

Summary of acquisition of P&M

	2022 £m
Accounts receivable	0.4
Inventory	0.5
Accounts payable	(1.4)
Fair value of net assets acquired	(0.5)
Goodwill	4.2
Consideration	**3.7**

14. Acquisition of Powell & Mahoney continued

Consideration satisfied by:

	2022 £m
Cash consideration	0.2
Deferred consideration	0.4
Settlement of existing relationships	3.1
	3.7

Included within consideration is deferred consideration with amount of £0.4m which is held in escrow until 1 August 2023.

Net cash flow – business combination

	2022 £m
Cash consideration	3.7
Net cash acquired	–
Net cash outflow in respect of business combinations	**3.7**

15. Subsidiaries

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

Name	Principal activity	Incorporated	Registered address	2022 Ownership %	2021 Ownership %
Fevertree Limited	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree UK Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree Europe Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree ROW Limited*	Development and sale of premium mixer drinks	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree Germany Limited*	The activities of a holding company	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree US Limited*	The activities of a holding company	UK	186-188 Shepherds Bush Road, London W6 7NL UK	100%	100%
Fevertree USA Inc.*	Development and sale of premium mixer drinks	US	251 Little Falls Drive, Wilmington, Delaware, 19808 USA	100%	100%
Fevertree USA Production Co. Inc.*	Development and sale of premium mixer drinks	US	251 Little Falls Drive, Wilmington, Delaware, 19808 USA	100%	100%
GDP Global Drinks Partnership GmbH*	Distribution of premium mixers and other drinks	Germany	Marienstr. 17 80331 München DE	100%	100%
Powell & Mahoney LLC*	Development and sale of premium mixer drinks	USA	39 Norman St, Salem, Massachusetts, 01970 USA	100%	NA
Fevertree Australia Pty Ltd*	Distribution of premium mixers and other drinks	Australia	35 Oxford Cl West Leederville, WA 6007 Australia	100%	NA

* Denotes indirectly held subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

16. Inventories

	2022 £m	2021 £m
Raw materials	17.8	9.8
Finished goods	42.3	26.4
	60.1	**36.2**

The cost of inventories recognised as an expense and included in the cost of sales amounted to £164.0m (2021: £134.2m). The amount charged to the consolidated statement of profit or loss and other comprehensive income in respect of impairment and write-off of inventories to net realisable values was £6.0m (2021: £4.4m). Reasons for impairment included expired stock, wastage and damages. The comparative 2021 impairment provision includes £1.1m relating to damaged stock at our German warehouse which is offset by an insurance receivable disclosed in other receivables.

17. Trade and other receivables

	2022 £m	2021 £m
Trade receivables	64.4	61.5
Expected credit loss provision	(1.9)	(3.1)
Net trade receivables	62.5	58.4
Other receivables	1.7	4.5
Total financial assets other than cash and cash equivalents held at amortised cost	**64.2**	**62.9**
Prepayments	6.8	6.4
Recoverable VAT	1.4	1.0
Total trade and other receivables	**72.4**	**70.3**

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 moderate level of concentration of credit risk to the Group's trade receivables as the Group has a limited number of distributors for its export markets.

Within other non-current assets are long-term prepayments £1.8m made to suppliers for long-term contracts for supply chain activities. These are amortised on a systematic basis, consistent with the specific supplier contracts.

Expected credit loss assessment for customers as at 31 December 2022

The following table provides information about the exposure to credit risk and ECLs (expected credit losses) for trade receivables as at 31 December 2022. The simplified approach has been used, as required by IFRS 9.

31 December 2022	Weighted average loss rate rounded	Gross carrying amount £m	Impairment loss allowance £m
Current (not past due)	3%	53.1	1.4
1-30 days past due	3%	6.8	0.2
31-60 days past due	6%	1.6	0.1
Over 60 days past due	7%	2.9	0.2

31 December 2021	Weighted average loss rate rounded	Gross carrying amount £m	Impairment loss allowance £m
Current (not past due)	5%	52.0	2.4
1-30 days past due	7%	4.4	0.3
31-60 days past due	9%	2.7	0.2
Over 60 days past due	8%	2.4	0.2

17. Trade and other receivables continued

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions, credit insurance and the Group's view of economic conditions over the expected lives of the receivables.

Impaired receivables are only written off following the conclusion of administration proceedings.

Movements in the allowance for impairment in respect of trade receivables during the year was as follows.

	2022 £m	2021 £m
Balance at 1 January	3.1	1.2
Amounts written off	(0.1)	–
Net remeasurement of loss allowance	(1.1)	1.9
Balance at 31 December	**1.9**	**3.1**

18. Trade and other payables

	2022 £m	2021 £m
Trade payables	24.7	19.6
Other payables	4.5	4.2
Accruals	21.2	24.8
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**50.4**	**48.6**
Social security and other taxes	0.9	0.8
Total trade and other payables	**51.3**	**49.4**

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

19. Derivative financial instruments

	2022 £m	2021 £m
Foreign currency exchange contracts: cash flow hedges	(0.2)	(0.3)
Foreign currency exchange contracts: other	(1.6)	1.2
Total derivative financial assets/(liabilities)	**(1.8)**	**0.9**

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 decrease in fair value on forward contracts not used for hedging purposes of £2.8m (2021: increase of £1.0m) has been included within the total of commitments to buy/sell foreign currency exchange forward contracts of £100.4m within Note 3, with the unrealised profits offsetting the foreign exchange movements in monetary assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

20. Loans and borrowings

	2022 £m	2021 £m
Bank loans	–	0.1
Total bank loans	**–**	**0.1**

21. Deferred Tax

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

	2022 £m	2021 £m
Opening asset	2.8	1.9
Opening liability	(1.6)	(1.5)
	1.2	0.4
Acquisition of P&M	–	–
Recognised in comprehensive income	–	(0.8)
Prior year adjustments	0.5	0.2
Recognised in equity	(1.4)	1.4
Closing asset/(liability)	**0.3**	**1.2**

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 2021	(3.9)	2.3	2.8	1.2
Comprehensive income debit/(credit)	0.3	0.3	(0.6)	–
Prior year adjustments	(0.2)	0.2	0.5	0.5
Recognised in equity	–	(1.4)	–	(1.4)
At 31 December 2022	**(3.8)**	**1.4**	**2.7**	**0.3**

After offsetting deferred tax assets and liabilities where appropriate within territories, the net deferred tax asset comprises deferred tax assets of £1.9m (2021: £2.8m) and deferred tax liabilities of £1.6m (2021: £1.6m). Other deferred tax assets include £1.8m related to GDP previous years' tax losses, £1.7m on temporary differences related to unrealised intragroup profit in stock and £0.8m on other miscellaneous net deferred tax liabilities.

The March 2021 Budget announced an increase in the UK main rate of corporation tax from 19% to 25%, from 1 April 2023. This rate was substantively enacted in May 2021; accordingly, deferred tax balances as at 31 December 2022 have been recognised at 25% for all timing differences reversing after 1 April 2023. The Spring Finance Bill 2023 introduced a corporation tax main rate of 25% from 1 April 2024. This does not materially impact the deferred tax balances as at 31 December 2022.

22. Share capital

	2022 Number	2022 £m	2021 Number	2021 £m
Ordinary shares of £0.0025 each				
At beginning of the period	116,550,000	0.3	116,518,420	0.3
Issued during the year	13,677	–	31,580	–
At the end of the period	**116,563,677**	**0.3**	**116,550,000**	**0.3**

23. Share based payments

Long Term Incentive Plan ("LTIP")

All employees and full-time Directors of the Group are eligible to participate at the discretion of the Remuneration Committee. Share awards may be granted subject to objective performance conditions and vest over a vesting period determined by the Remuneration Committee at the time of the grant.

Awards will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement or ill-health, and, in other circumstances, at the discretion of the Remuneration Committee. In the event of an amalgamation, takeover or winding up of the Company, unvested awards may vest over such number of shares as is specified by the Remuneration Committee. There are also provisions for the exchange of awards in specified circumstances. The awards immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy.

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

	2022 Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	679,201	0.0025
Exercised	(13,677)	0.0025
Forfeited	(117,896)	0.0025
Granted	481,558	0.0025
Outstanding at end of the year	**1,029,186**	**0.0025**
Of which vested and exercisable	51,840	0.0025

	2021 Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	564,455	0.0025
Exercised	(31,580)	0.0025
Forfeited	(73,299)	0.0025
Granted	219,625	0.0025
Outstanding at end of the year	**679,201**	**0.0025**
Of which vested and exercisable	24,059	0.0025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Share based payments continued
Employee Sharesave Scheme ("SAYE")

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. This is managed in line with local government regulations.

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

	2022 Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	74,682	19.89
Forfeited	(50,565)	20.98
Granted	91,905	6.96
Outstanding at end of the year	**116,022**	**9.18**
Of which vested and exercisable	–	–

	2021 Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	68,620	19.89
Granted	6,062	19.64
Outstanding at end of the year	**74,682**	**19.87**
Of which vested and exercisable	–	–

The weighted average grant date fair value of options granted during the period was determined at £16.29 (2021: £23.97) per option. The weighted average price of options exercised in the year was £31.58 (2021: £23.41). The outstanding options have a weighted average remaining contractual life of eight years and exercise prices between £0.0025 and £19.64.

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:

	2022	2021
Risk-free interest rate	1.56% – 3.31%	0.15%
Expected life	5 years	5 years
Expected volatility	27.55% – 49.58%	25.36% – 30.78%
Expected dividend yield	0.72% – 1.38%	0.66% – 0.67%
Share price at grant date	£9.56 – £18.07	£24.56 – £25.66

23. Share based payments continued

For option grants the volatility range reflects the historical volatility based on share transactions since listing. The maximum vesting period was used as a basis to determine the expected life of the option. The expected life used in the valuation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The risk-free rate was based on the Bank of England spot yields in effect at the time of grant. The expected dividend yield reflects management's and market expectations based on budget projections.

24. Reserves

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings are the cumulative net profits in the profit or loss. Movements on these reserves are set out in the consolidated statement of changes in equity.

Capital redemption reserve was created as a result of the share buy-back during 2014.

The translation reserve captures exchange differences arising on the translation of non-GBP functional subsidiaries' accounts on consolidation.

The cash flow hedging reserve was created as a result of the implementation of hedge accounting. It captures the change in fair value for hedge accounted derivatives before the hedged item is reclassified to profit and loss.

25. Dividends

Dividends paid

	2022	2021
In respect of the prior financial year		
Pence per share	53.57	10.27
Total	£62,202,735	£11,966,441
In respect of the period ended 30 June		
Pence per share	5.63	5.52
Total	£6,562,527	£6,433,462
Total paid in the year	**£68,765,262**	**£18,399,903**

The Directors are proposing a final dividend of 10.68 pence per share, totalling £12,449,001 for 2022. This dividend has not been accrued in the consolidated statement of financial position.

26. Events after the reporting period

There were no events after the reporting period to disclose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2022

27. Related parties transactions

Compensation of key management personnel:

	2022	2021
Short-term employee benefits	1.2	1.2
Bonus	0.2	0.6
Share based payments	1.1	1.0
Employer's national insurance	0.0	0.5
	2.5	**3.3**

The key management personnel are judged to be Directors. For full details of Directors' remuneration, see the Remuneration Committee Report on pages 90 to 104.

28. Ultimate controlling party

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

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

Company number 08415302	Note	2022 £m	2021 £m
Fixed assets			
Fixed asset investments	4	64.6	62.3
Current assets			
Debtors	5	0.6	5.2
Cash at bank and in hand		41.4	77.1
		42.0	**82.3**
Creditors: amounts falling due within one year	6	**(30.6)**	**(2.0)**
Net current assets		**11.4**	**80.3**
Total assets less current liabilities		**76.0**	**142.6**
Net assets		**76.0**	**142.6**
Capital and reserves			
Called up share capital	8	0.3	0.3
Share premium	9	54.8	54.8
Capital redemption reserve	9	0.1	0.1
Retained earnings	9	20.8	87.4
Shareholders' funds		**76.0**	**142.6**

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 loss for the year was £0.9m (2021: £1.0m loss).

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2023 and were signed on its behalf by:

Andrew Branchflower
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Equity as at 31 December 2020	0.3	54.8	0.1	103.8	159.0
Loss and total comprehensive income for the year	–	–	–	(1.0)	(1.0)
Dividends paid	–	–	–	(18.4)	(18.4)
Share based payments	–	–	–	2.7	2.7
Tax on share based payments	–	–	–	0.3	0.3
Shares issued	–	–	–	–	–
Equity as at 31 December 2021	0.3	54.8	0.1	87.4	142.6
Loss and total comprehensive income for the year	–	–	–	(0.9)	(0.9)
Dividends paid	–	–	–	(68.8)	(68.8)
Share based payments	–	–	–	3.5	3.5
Tax on share based payments	–	–	–	(0.4)	(0.4)
Shares issued	–	–	–	–	–
Equity as at 31 December 2022	**0.3**	**54.8**	**0.1**	**20.8**	**76.0**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

Basis of preparation

Fevertree Drinks PLC (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public company limited by shares, domiciled in England and Wales, in the United Kingdom. The address of its registered office is 186-188 Shepherds Bush Road, London, England, W6 7NL. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and the Companies Act 2006.

The Company's financial statements are presented in Sterling. Amounts are rounded to the nearest million, unless otherwise stated. Percentages presented are rounded to the nearest whole number.

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; 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 in subsidiaries

Fixed asset investments are stated at cost less provisions for impairment.

Creditors

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Share Capital

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies continued
Share based payments
The Company operates equity-settled share-based option plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit or loss account, to the extent that the recipients are employees of the Company, and recognised as an investment in subsidiary where the recipients are employees of a subsidiary. The corresponding credit has been recognised in the profit or loss account reserve. The fair value of the employee service is based on the fair value of the equity instrument granted. Where the expense is charged to the profit or loss account, it is spread over the vesting period of the instrument.

Taxation
Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in line with those items.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the 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 which 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 Company 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 is recognised as income or an expense and included in profit or loss for the year 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.

2. Result from operations

	2022 £m	2021 £m
Share-based payments	1.3	0.9

Fees for the audit of this Company were borne by another Group company. The auditor remuneration for the audit of this Company was £30,000 (2021: £20,000).

3. Staff costs

	2022 £m	2021 £m
Short term employee benefits	1.2	1.2
Accrued bonus	0.2	0.6
Employers national insurance	(0.4)	0.3
	1.0	**2.1**

The average monthly number of employees (including Directors) during the period was 2 (2021: 2).

4. Fixed asset investment

	2022 £m	2021 £m
Investment in subsidiary undertakings		
Balance as at 1 January	62.3	60.5
Additions	2.3	1.8
Balance as at 31 December	**64.6**	**62.3**

Additions relate to share based payments of the Company's shares offered to employees of subsidiary entities, which are treated as a capital contribution by the Company.

Refer to Note 15 of the consolidated financial statements of the Group for the list of the Company's subsidiaries.

5. Debtors

	2022 £m	2021 £m
Amounts owed by group undertakings	–	4.1
Other receivables	0.1	0.1
Deferred tax asset	0.5	1.0
Total	**0.6**	**5.2**

6. Creditors: Amounts falling due within one year

	2022 £m	2021 £m
Amounts owed to group undertakings	29.2	0.4
Other payables	0.4	0.9
Accruals	0.1	0.3
Corporation tax liability	0.9	0.4
Total	**30.6**	**2.0**

7. Share based payments

Share based payment arrangements for Directors are set out in the Remuneration Committee Report, see pages 90 to 104.

Details of the share options in existence are shown in Note 23 of the consolidated financial statements.

8. Share capital

Refer to Note 22 of the consolidated financial statements for information on share capital.

9. Reserves

Refer to Note 24 of the consolidated financial statements for a description of the reserves.

10. Related party transactions

The Company has taken advantage of the exemption not to disclose related party transactions with wholly owned fellow Group companies. Related party transactions with key management personnel (including Directors) are shown in Note 27 of the consolidated financial statements.

11. Events after the reporting period

There were no events after the reporting period to disclose.

COMPANY INFORMATION

Registered and Head Office
186–188 Shepherds Bush Road
London
W6 7NL

Company Website
www.fever-tree.com

Company Secretary
Alex O'Connell

Advisers
Nominated Adviser and Broker
Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Corporate Broker
Morgan Stanley & Co. International plc
25 Cabot Square,
Canary Wharf,
London, E14 4QA

Legal advisers
Osborne Clarke
One London Wall
London
EC2Y 5EB

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the "AGM") of Fevertree Drinks PLC (the "Company") will be held at the office of Fever Tree at 186-188 Shepherds Bush Road, W6 7NL, on 25 May 2023 at 11:30 a.m.

If you plan to attend the AGM in person, please notify the Company in advance by email to agm@fever-tree.com to assist us in planning and implementing arrangements for this year's meeting. Please include your name as shown on the Company's Register of Members.

In the event that any changes to the arrangements for the AGM are required prior to the date of the meeting, we will announce these through a regulatory news service and on the Company's website.

Shareholders are invited to submit any questions for the Board by sending an email to agm@fever-tree.com. The AGM will be for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. **Report and accounts**
   To receive the audited annual accounts of the Company for the year ended 31 December 2022 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 2022.
3. **Declaration of dividend**
   To declare a final dividend of 10.68p per ordinary share for the year ended 31 December 2022 payable on 2 June 2023 to shareholders who are on the register of members of the Company on 21 April 2023.
4. **Re-election of Timothy Warrillow**
   To re-elect Timothy Warrillow as a Director.
5. **Re-election of Andrew Branchflower**
   To re-elect Andrew Branchflower as a Director.
6. **Re-election of Domenic De Lorenzo**
   To re-elect Domenic De Lorenzo 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 Laura Hagan**
    To re-elect Laura Hagan 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Special business

To consider and, if thought fit, pass the following resolutions of which resolution 13 will be proposed as an ordinary resolution and resolutions 14 and 16 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 amount of £97,136.40provided 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 for pre-emptive issues and general purposes**
That, if resolution 13 is passed, the Directors be authorised to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited:

(i) to 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 amount of £29,140.92;

such authority to 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 but, in each case prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shared) under any such offer or agreement as if the authority had not expired.

15. **Directors' power to issue shares for cash for acquisitions and other capital investments**
That if resolution 13 is passed, the Board be authorised in addition to any authority granted under resolution 14 to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £29,140.92; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to 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 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. **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 11,656,367;

(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.

By order of the Board

ALEX O'CONNELL
Company Secretary

Dated: 3 April 2023
Registered Office:
186–188 Shepherds Bush Road
London
EC47 8EN

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 23 May 2023 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

2. Although this year's AGM is an open meeting, we encourage all shareholders to vote by proxy, further details of which are contained in this notice in Note 7 below. All shareholders are encouraged to appoint the Chair of the meeting as their proxy rather than a named person.

3. Each of the resolutions to be put to the meeting will be voted on by a poll reflecting the number of voting rights exercisable by each member. The results of the 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 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 shareholderenquiries@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, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 11:00 a.m. on 23 May 2023.

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 & International 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 11.00 a.m. on 23 May 2023. 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) 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).

Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

Explanatory notes

Resolution 1 – Receiving the account and reports

The Company must lay its 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 2022.

Resolution 2 – Directors' remuneration

Shareholders have an opportunity to cast an advisory vote to approve the Directors' remuneration report for the year ended 31 December 2022. The report is set out in full in the Annual Report.

Resolution 3 – Declaration of dividend

This resolution concerns the Company's final dividend payment. The Directors are recommending a final dividend of 10.68p per ordinary share in respect of the year ended 31 December 2022 which, if approved, will be payable on 2 June 2023 to the shareholders on the register of members on 21 April 2023. The last day for DRIP elections will be 11 May 2023.

Resolutions 4-10 – Re-election of Directors

Resolutions 4 – 10 concern the re-election of the Directors of the Company who, in accordance with best practice in corporate governance, are offering themselves for re-election.

The biographies for each of the Directors is provided in the Annual Report. As a reminder, Bill Ronald will retire from the Board at the end of the Meeting and so is not standing for re-election.

Resolution 11 – Re-appointment of Auditors

This resolution concerns the re-appointment of BDO LLP as Auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next AGM.

Resolution 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 £97,136.40 representing approximately one third of the nominal value of the issued ordinary share capital of the Company as at 3 April 2023 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolution 14 and 15 – Directors' power to issue shares for cash for pre-emptive issues and general purposes

These resolutions authorise 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). In relation to resolution 14, the authority will grant Directors the power to issue shares for cash where either the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £29,140.92 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 3 April 2023 being the latest practicable date before publication of this notice. In relation to resolution 15, the powers will be limited to allotments and sales (i) up to an aggregate nominal amount of £29,140.92 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 3 April 2023 being the latest practicable date before publication of this notice and (ii) used only for the purposes of financing (or refinancing, if such refinancing occurs within 12 months of the original transaction) a transaction which the Directors determine to be an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice.

The Directors do not have any present intention of exercising the authorities conferred by these resolutions, but they consider it desirable that Directors' have the authority to issue shares for cash in the above-mentioned circumstances so that they can more readily take advantage of possible opportunities.

Unless revoked, varied or extended, these authorities 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 16 – Authority to purchase shares (market purchase)

This resolution authorises the Board to make market purchases of up to 11,656,367 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 3 April 2023 being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next AGM of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent AGMs.

The minimum price that can be paid for an ordinary share is 0.25p being the nominal value of an ordinary share. The maximum price that can be paid is the higher of (i) 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased and (ii) the higher of the price of the last independent trade, and the highest current independent bid on the trading venue where the purchase is carried out.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the authorities are in place so that they can more readily take advantage of possible opportunities.

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FEVER-TREE

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Company Website

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