



FEVER-TREE
PREMIUM INDIAN
TONIC
WATER

FRIDAY



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#366

COMPANIES HOUSE

Fevertree Drinks plc ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Company number 08415302

WELCOME TO FEVER-TREE 2019 ANNUAL REPORT AND ACCOUNTS

OUR PURPOSE

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

This belief remains central to everything Fever-Tree does. Whether it's going to the ends of the earth for the highest quality ingredients, continuing to innovate in terms of our products and packaging or how we build direct, sustainable relationships throughout our supply chain, we want our approach to inspire and engage our colleagues, our partners and our consumers in the pursuit of the best.


WHAT WE DO

Fever-Tree pioneered the concept of the premium mixer to partner both the well-established and ongoing premiumisation of the global spirits category and the increasing focus from both consumers and the trade on simple long mixed drinks.

Fever-Tree has created a range of premium carbonated mixers, including Tonics, Ginger Ales, Ginger Beer, Cola, Sodas and Lemonades, offering both regular and *Refreshingly Light* (low-calorie) variants. The Group currently sells the following range of products, all under the Fever-Tree brand:

Indian Tonic Water | Mediterranean Tonic Water | Elderflower Tonic Water | Aromatic Tonic Water | Cucumber Tonic Water | Clementine Tonic Water | Citrus Tonic Water | Lemon Tonic Water | Ginger Beer | Ginger Ale | Smoky Ginger Ale | Spiced Orange Ginger Ale | Madagascan Cola | Sicilian Lemonade | Lemonade | Mediterranean Orange | Premium Soda Water

In addition, the Group has a range of three ready-to-drink bottled Gin & Tonics.

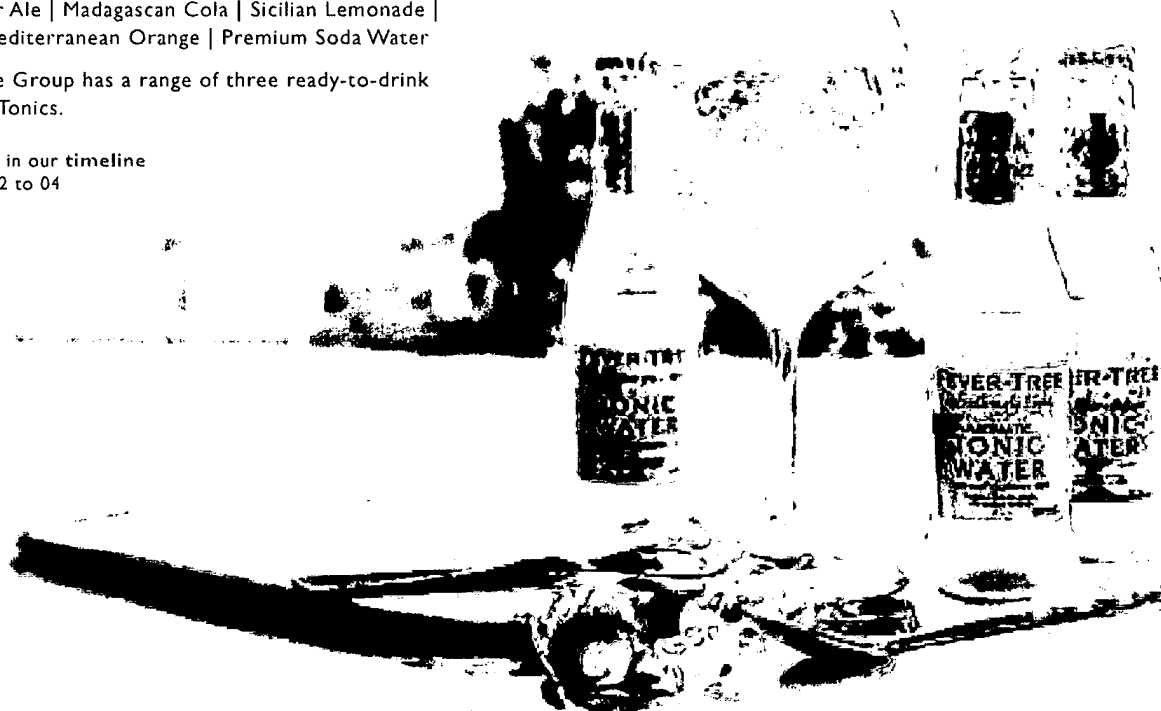
 Read more in our timeline on pages 02 to 04

WHAT MAKES US DIFFERENT?

We put quality at the heart of everything we do, nowhere more so than in the selection of our ingredients, going to the ends of the earth to discover and source the highest quality ingredients for our range of mixers. After all, life is too short to compromise.

CULTURE

Our culture was established by our co-founders who were not afraid to challenge the status quo in the pursuit of the best. Fever-Tree is, by its nature, an entrepreneurial company, giving its employees the opportunities to make a difference in and outside of the workplace, enabling them to grow to their full potential within the Group and be part of its ongoing success.

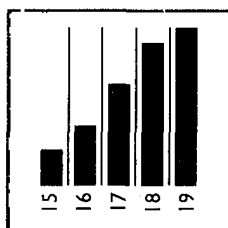


2019 HIGHLIGHTS

REVENUE (£M)

£260.5M

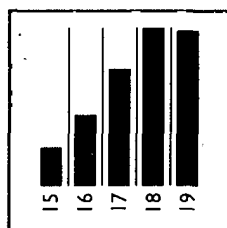
2018: £237.4m



ADJUSTED EBITDA (£M)

£77.0M

2018: £78.6m



127M
CANS SOLD

441M
BOTTLES SOLD

#1
MIXER BRAND
BY VALUE IN
THE UK ON AND
OFF-TRADE
CHANNEL

→ Read more in our **Financial Review** on pages 24 and 25



Footnote: Analysis on pages 1 to 61 of this front end of the Annual Report refers to adjusted EBITDA. The Group believes adjusted EBITDA to be a key indicator of underlying operational performance, adjusting operating profit for certain accounting estimates and non-cash items and is an important metric for the Group's various stakeholders. Adjusted EBITDA for the year ended 31 December 2019 is operating profit of £72.2m before depreciation of £2.2m, amortisation of £0.7m and share based payment charges of £1.9m. Adjusted EBITDA is an appropriate measure since it represents a normalised, comparable profit, excluding the effect of certain accounting estimates and non-cash items.

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FEVERTREE AT A GLANCE

OUR KEY STRENGTHS

1

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

- The Group* uses only the highest quality ingredients in its products, sourced from around the world.
- The founders, Charles and Tim, as well as the wider team, continue to travel the globe to discover the very highest quality ingredients for our products, forging long-standing relationships with our key suppliers.
- This premium provenance and direct method of sourcing is a clear differentiator from Fever-Tree's mass-market competition and is key to our product quality and brand image.
- Fever-Tree's premium packaging supports this positioning and in order to protect product quality and being mindful of sustainable packaging our drinks are not sold in PET bottles.

2

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

- Fever-Tree is the no.1 premium mixer brand globally and now sells in over 75 countries.
- As the pioneer and first mover, Fever-Tree has the brand equity, expertise, global footprint and track record that no other premium brand, whether local or the premium variant of mainstream brands, is able to match.
- The brand has been voted the no.1 best-selling and no.1 trending tonic water for the sixth year running by the world's best bars in Drinks International's Annual Brand Report.

3

EXPERIENCED FOUNDER-LED MANAGEMENT TEAM

- The Group's executive management team and Board includes the co-founders of the business who have considerable experience in the mixers and premium spirits sectors and continue to foster the entrepreneurial culture within the business.
- The Executive Directors are also supported by an experienced operational team as well as outsourced partners with many years' experience in the beverage industry.

*Footnote: Fevertree Drinks Plc and each of the subsidiaries within its group of companies are separate and distinct entities. In this publication, the collective expressions "Fever-Tree" and "Group" may be used for convenience where reference is made in general to those companies. Likewise, the words "we", "us", "our" and "ourselves" are used in some places to refer to the companies of the Fever-Tree Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

OUR JOURNEY SO FAR

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

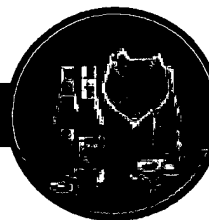
2003

Fever-Tree is launched with one simple premise.



2005

First bottle of Indian Tonic Water is produced and shortly after, Fever-Tree gets its first ever retail listing, in Waitrose



2007

Fever-Tree enters the Spanish market having been endorsed by chef, Ferran Adrià, of world's no.1 restaurant, El Bulli.

4

SCALABLE BUSINESS MODEL

- The Group's largely outsourced business model, underpinned by strong, well-established relationships, allows for scalability and operational flexibility while maintaining the highest quality control, without the requirement for major capital commitment from the Group.
- The Group continues to increase its footprint of outsourced production and manufactures in both the UK and Europe across seven different partners, with a new US bottling partner scheduled to begin production on the West Coast in 2020.

5

STRONG AND DIVERSE RELATIONSHIPS BUILT OVER MANY YEARS

- Led by its founders and built over 15 years, the Group has established productive, long-standing relationships with its importers, customers, ingredients suppliers, bottlers, spirits partners and employees. These relationships continue to evolve and remain at the heart of the Group's business.
- The Group's current revenue, and global opportunity ahead, is well diversified across geographies, channels, customers and products.

OUR GLOBAL MARKETS**UK****£132.7M****REVENUE**

2018: £134.1m

USA**£47.6M****REVENUE**

2018: £35.8m

CONTINENTAL EUROPE**£64.4M****REVENUE**

2018: £55.5m

REST OF WORLD**£15.8M****REVENUE**

2018: £12.0m

**2011**

Fever-Tree joins the Sunday Times Fast Track 100 as fastest growing UK Drinks company

**2013**

Fever-Tree wins the Queen's Award for Enterprise in the International Trade category

**2014**

Fever-Tree successfully lists on the AIM market of the London Stock Exchange



CHAIRMAN'S STATEMENT



BILL RONALD
Chairman

“

THE OTHER BOARD
MEMBERS AND
I CONTINUE TO BE
DEEPLY IMPRESSED
BY THE PASSION
AND EXCITEMENT
OF THE
WHOLE TEAM

”

Before commenting on the year's performance and the Company's strategy, it is important to acknowledge the impact being seen across global markets due to the outbreak of COVID-19. Fever-Tree's top priority is the health and safety of our employees and we have been taking precautions, in line with guidance across our markets, to protect them. While a great deal of uncertainty remains about the overall impact of the virus, the whole Fever-Tree team will continue to work closely with our customers, suppliers and our partners to navigate through this period.

2019 PERFORMANCE

The financial and operational progress seen in 2019 is testament to the Group's growing global footprint with revenue growth of 9.7% to £260.5m. The opportunity ahead remains significant and the Group has multiple long-term growth drivers both within its more mature markets, where Fever-Tree has established a market leadership position, as well in a number of regions around the world where the consumer and trade tailwinds for long mixed drinks are gathering pace. While it is disappointing that adjusted EBITDA declined year on year to £77.0m (2018: £78.6m), this reflects not only the weaker second half in the UK, but also the fact that we continued to invest in the opportunity ahead.

The challenging macroeconomic environment in the UK, coupled with the poor weather seen over the summer, meant that the Group and the wider category had a more testing year, especially when taken against the exceptional performance delivered in 2018. However, Fever-Tree remains in a strong position in its most mature market. The Group is the market leader across both the On-Trade and Off-Trade channels, reflecting the ongoing strength of the brand, with particularly encouraging underlying trading across our national accounts as well as growing regional footprint in the On-Trade in 2019.

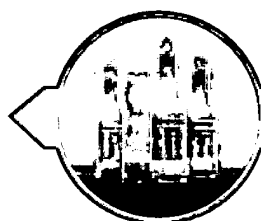
Fever-Tree USA now has over 40 employees and 2019 was a year of real progress across the business with the Group reporting revenue growth of 33.0% in the year and seeing a widening and deepening of its penetration across both channels while strengthening our relationships with key customers and spirits companies. There are encouraging signs that the mixer category is gaining greater attention from customers and consumers alike and the strategic steps we are taking, such as repositioning our pricing and format architecture, will ensure we are best placed to drive the continued growth of the category.

2019 was another year of strong growth in Europe with revenue up 16.0%. The Group continued to build its distribution across the region with key markets including Germany and Spain seeing significant new listings. Premium gin remains in good growth but the Group has also seen a strong performance from its ginger range in a number of markets reflecting the popularity of the "Mule" and "Highball" serves and the ability of the Group's broader range to drive further growth. Finally, Fever-Tree remains very much a global brand with opportunities across the Rest of the World illustrated by the performance in territories such as Australia and Canada, both of which delivered very positive results and are becoming ever more notable markets for the Group.

STRATEGY

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

While the performance in the UK in the second half was behind expectations, it should be put into context of not only the wider macroeconomic conditions and our category leadership position but also the positive performance delivered across our other regions, demonstrating the truly global platform the Group continues to build.



2017

Fever-Tree broadens its ginger range with the introduction of Spiced Orange and Smoky ginger ales designed to pair with dark spirits



2018

Fever-Tree USA opens for business in New York



2020

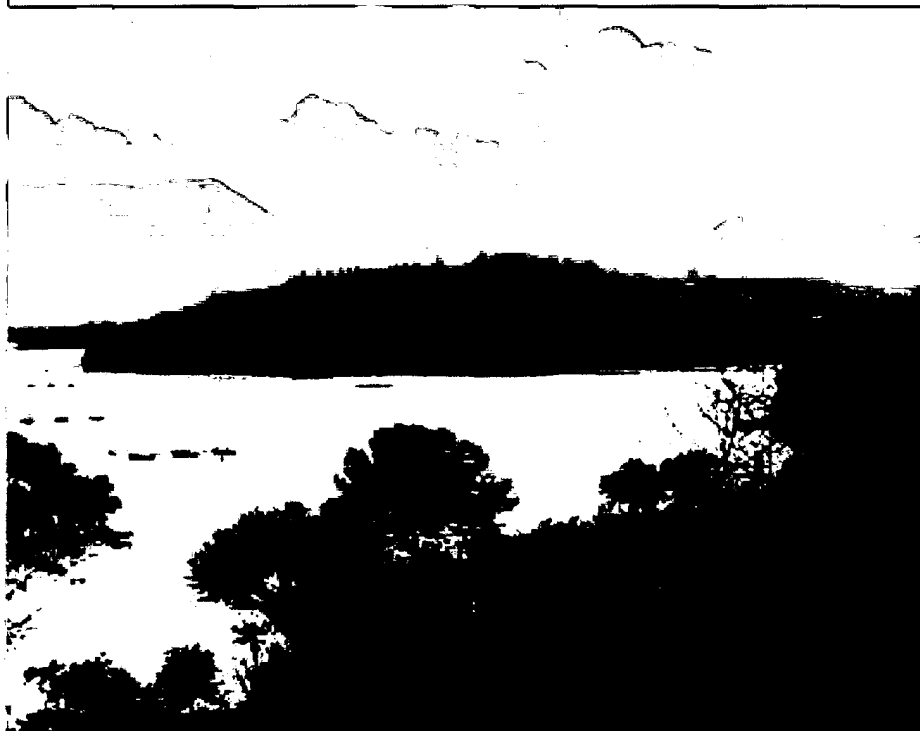
Voted as bestselling and top trending tonic water brand in the Drinks International Annual Brands Report 2020 for the 6th year running

THE DISCOVERY AT THE HEART OF FEVER-TREE

On deciding to launch a tonic water worthy of premium gin, Charles and Tim spent many days in the British Library researching the history of quinine, the key ingredient in tonic water. It was here that they learnt that one of the last remaining plantations of fever trees, descended from the botanist Charles Ledger's *cinchona ledgeriana* variety, was still in existence in the Rwanda/DRC border region. Given its renowned quality and provenance, Charles and Tim knew there and then that they had found the quinine for their tonic. All that was left to do was to go out and track it down...



Read more about our relationship with our suppliers in our case study on pages 8 to 9



The Board held a three-day session in the US in 2019 dedicated to US strategy with site visits and presentations from our regional leadership team. In addition, we have received presentations from other regional and departmental heads through the year, updating us on strategy and execution across the Group. The other Board members and I continue to be deeply impressed not only by the passion and professionalism of the whole team but also the operational execution and foundations that have been established as we build a global beverage business.

THE BOARD

An external evaluation of the Board was carried out for the first time this year. The report reflected that the Board is functioning well. The Board is characterised as transparent and collaborative with a good mix of industry knowledge which has helped add value to the executive.

CULTURE

The refusal of our co-founders, Charles and Tim, to compromise in pursuit of the best remains integral to Fever-Tree's purpose to this day. This is evident in how we build long-term relationships throughout our supply chain, source the highest quality ingredients directly from our key suppliers, ensure we build meaningful relationships within the communities in which we operate and most importantly, through our culture which

fosters and encourages our employees to challenge and push the boundaries.

The Board recognises its role in helping to promote our desired culture throughout the Group. 2019 saw a number of new initiatives successfully launched, reflecting the growing focus on employee engagement and development and it remains a key area of focus for the Board as we move into 2020.

CASH POSITION

The Group continues to enjoy strong on-going underlying cash generation and retains a very robust balance sheet, with year-end cash position of £128.3m, an increase of 53.5% (2018: net cash of £83.6m).

The Group intends to retain sufficient cash to allow for investment against the global opportunity ahead and see our strong cash position as a competitive advantage over many of our premium mixer competitors globally. However, where the Board then considers there to be surplus cash held on the Balance Sheet it will consider additional distribution to shareholders.

DIVIDEND

The Group remains committed to a progressive dividend policy and reflecting the confidence in the financial strength of the business, the Board is pleased to recommend a final dividend of 9.88 pence per share in respect of 2019 (2018: 10.28 pence per share) bringing the total dividend

for the year to 15.08 pence per share (2018: 14.50 pence per share). If approved by shareholders at the AGM on 4 June 2020 the final dividend will be paid on 12 June 2020 to shareholders on the register on 15 May 2020.

AGM

The AGM is due to take place on Thursday 4 June 2020. In light of the issues caused by COVID-19, unfortunately shareholders shall not be permitted to attend the AGM in person this year and shall be refused entry. However, shareholders shall be able to vote on resolutions by proxy. The AGM notice provides further information on voting by proxy and we encourage all shareholders to take advantage of this functionality. Shareholders are invited to submit any questions for the Board by sending an email to agm@fever-tree.com.

BILL RONALD
Chairman

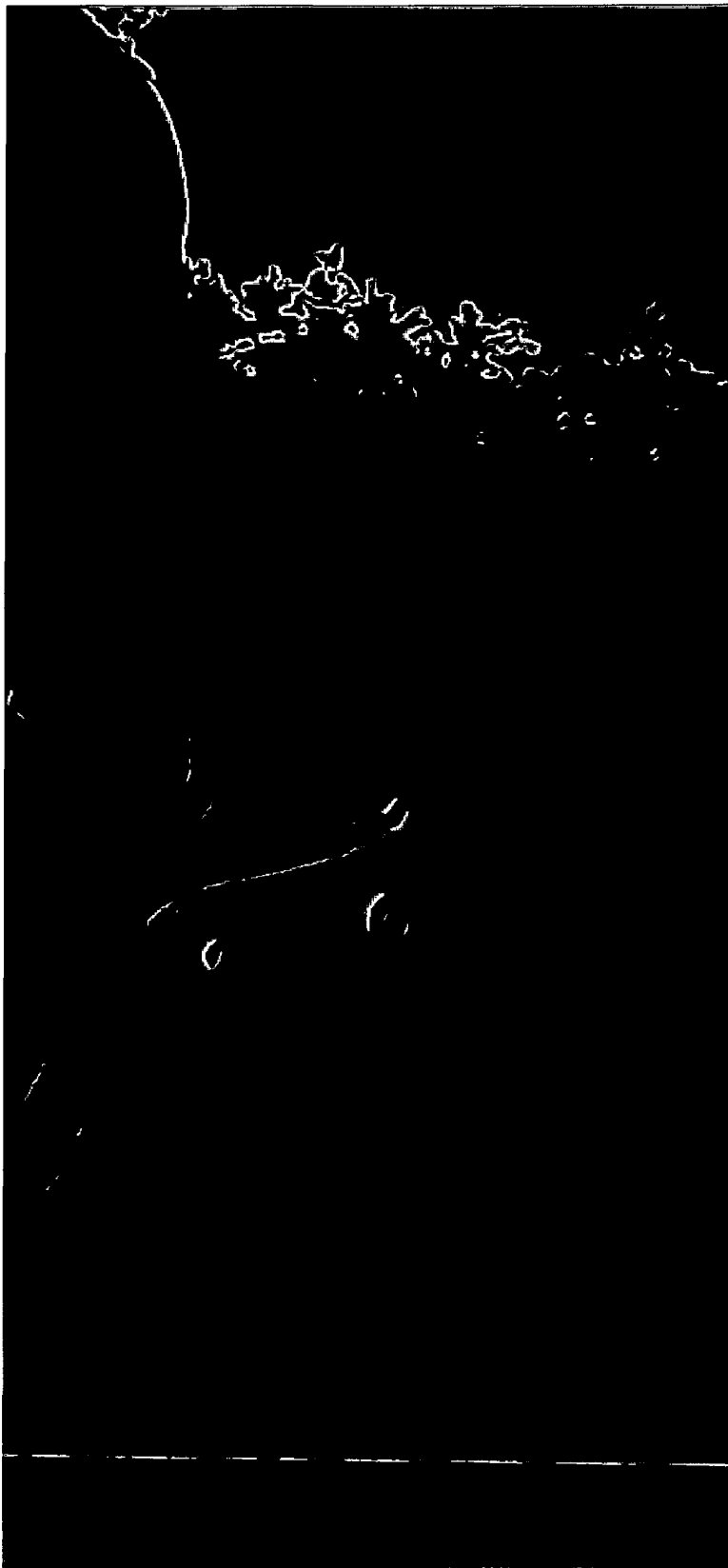
31 December 2019



STRATEGIC



REPORT



“

FEVER-TREE
USES ONLY THE
HIGHEST QUALITY
INGREDIENTS AND
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TRAVEL THE GLOBE
TO TRACK DOWN
AND SOURCE THESE
INGREDIENTS

”

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CASE STUDY

BUILDING LONG TERM RELATIONSHIPS WITH OUR SUPPLIERS



A LONG HISTORY

Building and maintaining long-term supplier partnerships is crucial to our sourcing of high quality, sustainable ingredients.

In November 2019 our CEO Tim and Marketing Director Saskia travelled to Rwanda to revisit Pharmakina, our long-standing quinine supplier.

Building on a relationship that began in 2004, and was founded on a principle of long-term commitment on pricing and sourcing that continues to this day, the visit gave the Fever-Tree team the opportunity to see how our partnership has evolved on the ground and to discuss future plans.

A GROWING AND SUSTAINABLE COMMUNITY

Not only do we believe that the quinine is the best in the world, we are also proud of the community that has built up around its growing and processing. With more than 1,000 hectares of cinchona plantations, Pharmakina is the largest private employer in this region, offering employment to up to 2,000 local people. The company offers on-site medical care for all personnel and their families.

Pharmakina also has a fully integrated supply chain whereby the cinchona bark is transformed and processed into the finished quinine powder we use in our tonic water, all in the same location. This reduces the distance it has to travel and provides further employment for local people.

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BUILDING AND MAINTAINING LONG-TERM SUPPLIER PARTNERSHIPS IS CRUCIAL TO OUR SOURCING OF HIGH QUALITY, SUSTAINABLE INGREDIENTS.

99

FROM SEED TO INGREDIENT

**1 PLANTING THE SEEDS**

On each plantation owned by Pharmakina, there is a plant nursery where cinchona saplings are carefully nurtured for the first two years of their life. The saplings are fed, watered, trimmed and aerated by hand.

They are trimmed every couple of weeks to strengthen them and get rid of any dead leaves before being taken out to the fields to be planted.

**2 GROWING THE TREES**

After two years, the saplings are taken out to be planted in the field. The saplings are hand ploughed during the rainy season and carefully planted 90cm apart from each other using a wooden measurement device to enable them to grow sufficiently.

Space is also left between each row of saplings to allow other vegetation to grow, helping to prevent diseases and increase biodiversity.

**3 HARVESTING**

The trees are left to grow until they are eight years old. They are then harvested, and the bark is removed and laid out in the sun to dry before being transported to Pharmakina for processing. The quinine is then ready to be delivered to Fever-Tree for use in tonic water. There is no waste as the remaining wood is used to fire the extraction process or for building as it is very strong.

Instead of removing the roots, the stump is left to regrow, and the trees are then re-harvested every six years. The mature fever trees are grown in mixed woodland to prevent disease from spreading.



OUR STRATEGY

Fever-Tree pioneered the concept of the premium mixer to partner the ongoing premiumisation of the global spirits category and the increasing focus on simple long mixed drinks. The Group's strategy remains unchanged to this day and the year under review has seen the Group continue to build an excellent platform for capturing the global opportunity ahead.

STRATEGIC PRIORITY	PROGRESS IN 2019	FUTURE OPPORTUNITIES
A CAPITALISING ON MARKET TRENDS The twin drivers of spirits premiumisation and the move towards simple long drink mixability continue to gather pace across the globe.	<p>2019 saw the Group both benefit from and continue to drive the continued popularity of premium gin and tonic not just across the UK and Western Europe but also in territories such as Australia and Canada. Alongside this, Fever-Tree has performed strongly in the US where the Group is at the forefront of growth in the US mixer category.</p> <p>The trend towards spirits premiumisation continues, with all the major spirits categories seeing positive growth at the premium end of their portfolios.</p>	<p>The continued popularity of a premium gin and tonic across the UK and Western Europe, the emergence of the Spritz serve, the resurgence of the Moscow Mule in the USA and the global opportunity within the wider dark spirits category all reflect the growing prominence of long-mixed drinks.</p> <p>We will continue to tell our unique brand story far and wide, using the most compelling messaging to differentiate Fever-Tree and reinforce our position as pioneers of the Premium Mixer category.</p>
B STRENGTHENING DISTRIBUTION IN EXISTING MARKETS AND IDENTIFYING NEW MARKETS The Group intends to drive increased penetration in all of the markets in which it has established a presence, increasing the number of customers in both the On-Trade and Off-Trade.	<p>During the period under review the Group extended its position as the leading global premium mixer brand.</p> <p>In the UK, we extended our On-Trade footprint and consolidated our market leadership position in the Off-Trade.</p> <p>The US has seen excellent momentum across both the On-Trade, where the partnership with Southern Glaziers Wines & Spirits ("SGWS") has developed well in 2019, and in the Off-Trade, which has seen significant broadening of our footprint across major national accounts.</p> <p>We have continued to make significant distribution strides in Europe in 2019 and are encouraged by our growing market share across multiple markets in the region.</p> <p>In addition, the Group appointed a Director for Asia who is focused on exploring opportunities across the region both within markets where the Group already has a presence but also potential new markets, reflecting the longer-term opportunity that the region presents.</p>	<p>There remain significant opportunities for further growth in the Group's existing territories by expanding the Group's distribution footprint, its customer penetration, and the volume of sales to each customer, particularly as awareness of Fever-Tree increases with end consumers in each territory.</p> <p>The Group expects growth to continue to be driven mainly within its existing markets, while also generating growth in the medium to long term by entering certain new markets.</p>

STRATEGIC PRIORITY

PROGRESS IN 2019

FUTURE OPPORTUNITIES

C**EXTENSION OF CO-PROMOTION STRATEGY WITH DRINKS PARTNERS**

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

The Fever-Tree team has continued to broaden our relationships with spirits companies both large and small across all our regions, demonstrating the value to both parties of co-promoting.

As well as establishing global frameworks, we have undertaken well over 300 co-promotion activities across the globe, be it through value added packs, events, partnerships, menus, display racks with clear evidence of the uplift in sales that such activities delivers for both Fever-Tree and the spirits brand.

There is growing awareness of the role that the premium mixer plays in enabling the spirit to be consumed at different occasions during the day, many of which were previously the preserve of beer and wine. Spirits companies are increasingly tailoring their serve strategies to reflect this.

Fever-Tree intends to drive growth from further involvement in co-branded promotional activities with both craft and global spirits brands across the wider spirits category reflecting the continued focus the category will receive.

D**INNOVATION**

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

Reflecting Fever-Tree's pioneering position in the premium mixer category, innovation remains at the heart of the Group's strategy. Our commitment to sourcing the highest quality ingredients is integral to this approach and during the year the Fever-Tree team continued to travel across the globe, meeting with key suppliers and identifying new potential partners.

2019 also saw further focus on our extended range of gingers with our spiced orange and smoky ginger ales both gaining increased distribution across the On-Trade and the 500ml Spiced Orange being listed in the UK Off-Trade in the second half of the year as well as being introduced successfully into the US market.

Our gifting has once again proved extremely popular with increased level of activations in the UK for our Christmas crackers which were also made available in certain European markets for the first time.

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

The year ahead will see the Group launch a new range of Sodas for the UK market. While the On-Trade launch has been delayed due to the current shut-down, the range will be rolled out across our Off-Trade partners through the year.

As the Group's global footprint continues to grow, the opportunity remains to extend our flavours and formats to ensure our products reflect the drinking habits and taste profiles for the region. To this end, we will be launching a Sparkling Pink Grapefruit Soda in the US market. Positioned to be mixed with Tequila or Vodka, two of the largest spirits categories in that market, the new product will be available across both the On and Off-Trade.



CHIEF EXECUTIVE'S REVIEW



TIM WARRILLOW
Chief Executive

66

THE LAST 12 MONTHS HAVE SEEN FEVER-TREE STRENGTHEN ITS GLOBAL LEADERSHIP POSITION & ESTABLISH A STRONG PLATFORM TO DELIVER FURTHER GROWTH.

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2019 REVIEW

Fever-Tree has made good progress during the year and the Group began 2020 well placed across our key regions. Notwithstanding the current challenges related to the impact of COVID-19, we have the team, relationships, leadership position, portfolio and brand strength to approach the global opportunity ahead with real ambition and excitement.

The Group delivered revenue of £260.5m, representing growth of 9.7% on 2018. This revenue growth was underpinned by strong margins, with a gross profit margin of 50.5% and adjusted EBITDA margin of 29.6%, which translated to profit after tax for the year of £58.5m.

We ended the year with a strong balance sheet and net cash of £128.3m, an increase of 53.5% on last year.

REGIONAL REVIEW

We consider our global sales across four regions, being the UK, USA, Continental Europe, and Rest of the World ("RoW").

REVENUE BY REGION

	2019 £m	2018 £m	% change
United Kingdom	132.7	134.1	-1%
United States of America	47.6	35.8	+33%
Europe	64.4	55.5	+16%
Rest of the World	15.8	12.0	+32%
Total	260.5	237.4	+10%

UK

After several years of exceptional growth which has seen Fever-Tree establish itself as the UK's no.1 mixer brand, 2019 was a more challenging year for the Group in the UK, reflecting a number of headwinds faced by the wider mixer category.

The category lapped some exceptional comparators from 2018, driven by the summer heatwave, major sporting events and royal weddings. On top of this the UK experienced unseasonably poor weather over the summer months in 2019 which was followed by weaker than expected consumer confidence towards the end of the year. This all had a notable impact not only on the mixer category but the wider

grocery channel, with our major retail customers seeing a deceleration in growth in the second half.

As a result, mixer category volumes declined at UK retail in 2019, with our volumes declining in line with the category. Additionally, and as expected, we saw a de-stock from our retail customers, which further reduced our sales into them, resulting in a 7% decline in Off-Trade revenue over the year.

While this performance was behind our expectations, we retained our category leadership position within mixers, holding our volume share and ending the year with 40% value share (IRI - Total UK Retail Mixer Market value share - 13 weeks to 29/12/19), testament to the brand's ongoing strength at retail. None of the competitors in the premium segment have had discernible impact on the category despite the significant incremental shelf space and the high levels of promotional activity they undertook during 2019, with their total category share remaining flat.

In the On-Trade, despite the channel seeing a slower end to the year versus 2018, we delivered an encouraging performance with growth of 5% in 2019. We performed well across our national pub groups and continued to gain distribution, particularly regionally, strengthening our position as the clear mixer of choice across the channel. There remains white space to broaden and deepen our footprint as we continue to focus on delivering value for our customers alongside driving awareness with consumers.

Turning to innovation, our Spiced Orange and Smoky Ginger Ales both gained increased distribution across the On-Trade, reflecting a growing interest amongst our customers for our broader range of mixers. Alongside this, our 500ml Spiced Orange Ginger Ale was listed in the Off-Trade during the second half of 2019 and was one of our best performing products over the Christmas period.

Looking ahead, we have recently launched a new range of premium flavoured sodas. Using the same expertise applied to craft our tonic waters and gingers, the four flavours have been developed to perfectly pair with a variety of different premium spirits from vodkas and gins through to vermouths and



Italian bitters. With the desire for longer, lighter yet simple drinks becoming ever more pronounced amongst health-conscious consumers, the new range had an extremely positive reception from our key customers. While the roll out across the On-Trade has been understandably delayed due to the current shut down, the range has gained Off-Trade listings and is an exciting addition to our broader range of mixers.

The Group continued to work closely with a broad range of spirits companies both large and small throughout the year. We undertook a number of successful co-promotional activities in the Off-Trade, notably at Easter and Christmas, across our range of tonics and broader ginger range. In addition, our pioneering approach to marketing and brand awareness continued with our G&T Gardens, long mixed drink menus and event activations, including the second year of the Fever-Tree Championships, all designed to support our On and Off-Trade partners in stimulating consumer awareness and trialling. Finally, our gifting has once again proved extremely popular with increased level of activations in the UK for our Christmas crackers which were also made available in certain European markets for the first time.

Our long-term relationships with our retail partners remain very positive and these relationships, alongside our category leadership position, remains a key strength in the current challenging times. While a lot of focus is currently on the short-term category management, we are also working closely with our partners on revenue growth management plans for 2020 and are confident in our ability to continue to outperform the premium competition. Our On-Trade business is robust and notwithstanding the challenging months ahead for the whole sector, we will continue to invest in the category and support our partners. We continued to win new accounts in 2019 and have identified clear opportunities to gain further distribution across the UK in the year ahead.

While the UK gin category saw a year of more moderate growth when compared to 2018, it is important to remember that it is a now a £2.5bn category, firmly established as the second biggest spirits category in the UK. It remains a key focus for spirits companies and continues to be invested in and supported by both the On and Off-Trade.

The gin & tonic will of course remain a fundamental part of our UK strategy; however, there is a growing focus across both channels and amongst our spirits

TOTAL REVENUE

£260.5M
+10%

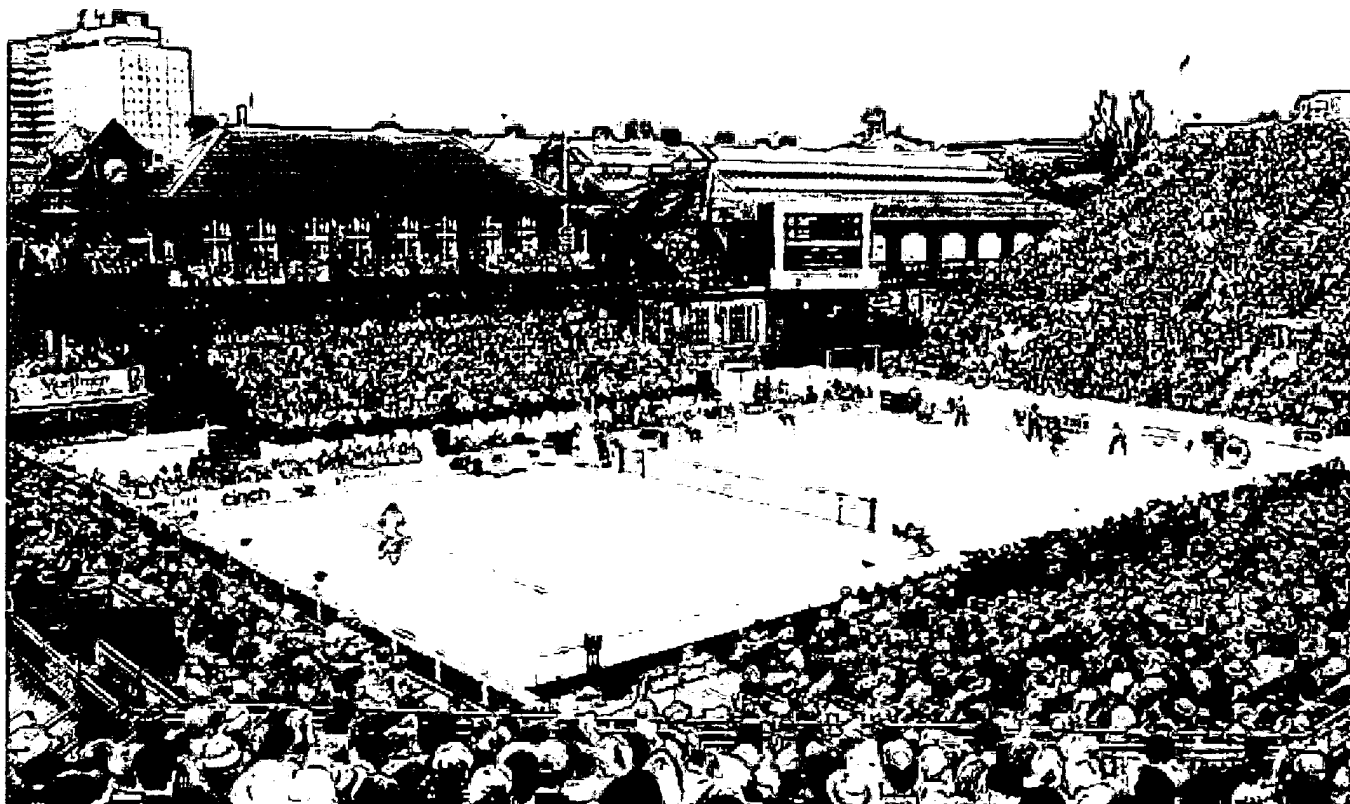
partners on the wider long mixed drink occasion. As well as building on the relationships already established, our strategy remains focused on our best in class innovation, such as our recently launched soda range, and marketing expertise to ensure we have not only the right flavours and formats but are driving awareness to support this broader move.

US

Our US business performed strongly in 2019 with sales accelerating in the second half across all channels. Fever-Tree is now the 4th largest mixer brand overall in the US, driving two thirds of the premium category growth. Fever Tree remains the clear premium market leader, over two and half times the size of our nearest competitor. Although the mixer category still remains relatively underdeveloped in the US, it is one of the fastest growing categories in soft drinks.



CHIEF EXECUTIVE'S REVIEW CONTINUED



In the On-Trade we have built on our partnership with Southern Glaziers Wines and Spirits ("SGWS"), with our distribution growth accelerating in 2019. We have enjoyed success with our national accounts and secured a number of new mandates across hotels, casinos, bars and restaurant groups. In addition, the integration of Union Beer as our distributor in New York has gone well, enabling us to tackle this complex market, whilst accelerating distribution and increasing activation.

In the Off-Trade, we continued to perform strongly across our total account base, embedding the strong distribution gains across the likes of Kroger, Safeway, Target and Publix. In addition, regional chains and liquor stores also saw strong growth driven by new distribution and increased brand activation, with expanded point of sale materials and spirits partnerships securing accelerated rate of sale.

Within the portfolio, we have seen growth across our full range of mixers, targeting multiple drinks occasions, from the mule

(Ginger beer), to highballs (Ginger Ale) and spritzes (Club Soda), alongside the emergence of the premium gin & tonic, albeit at an early stage. We remain excited about the longer-term opportunity for our gingers range in the US, with innovation playing a key role. In addition, we are currently launching our Sparkling Pink Grapefruit, a low-calorie soda ideally suited for the Paloma occasion. The early signs are very encouraging, reflecting the continued focus and growth of tequila across the trade.

2019 saw a further step up in investment in the brand in the US with multiple activations across the country, focused on building brand advocacy amongst the trade through key trade shows and targeted PR and sponsorships as well as driving trial and awareness with consumers.

When we took over our US operations in June 2018, we made it clear that our priorities were building the right team, ensuring we secured the ideal route to market, developing the relationships with

key On and Off-Trade partners, widening and deepening our distribution footprint and then driving sales and awareness. I have been very encouraged with how the US team has delivered to this strategy thus far and we are establishing strong foundations from which to capitalise on the opportunity ahead. Given this progress, and as announced in January 2020, we firmly believe it is the right time to execute on the next stage of our strategy through a repositioning of our pricing and format architecture in the US.

Whilst we have performed strongly in 2019, our detailed analysis and successful trials have shown that there is a clear opportunity to unlock a greater opportunity in the US, opening up the brand to a broader audience, more consumption occasions and further distribution. This move will ensure we are positioned at an affordable premium price as well as broadening range on shelf through a range of diverse formats.

While the initiative will take time to be fully rolled out, the early results have been encouraging. Implementation of the new pricing with a number of Off-Trade customers has resulted in a significant uplift in the rate of sale, in line, or in some cases ahead of, the pricing elasticity studies we carried out. Our On-Trade distribution partners such as SGWS are very supportive of the steps we are taking, and we have already seen promising new account wins resulting from the initiative.

This approach is aligned with how we successfully built the brand in the UK and as such is a natural next step in the development of our US business. Alongside the strong network and relationships we are building with our On-Trade and Off-Trade partners, this is positioning us to deliver long-term volume and profit growth.

EUROPE

Sales in Europe accelerated in the second half of 2019 with a good performance across our key territories. The premiumisation trend is gaining momentum in many countries across the region and Fever-Tree is outperforming its premium competitors and driving the growth of the category.

The region continues to offer multiple opportunities for the Group across a number of different countries. In our more established markets such as Benelux, Ireland and Denmark, the last 12 months have seen the Group maintain its no. 1 premium position and reinforce its relationships across the On and Off-Trade. While we remain focused on the gin & tonic movement, these markets also offer opportunities to drive further distribution across our wider range of mixers, most notably our gingers, as we leverage our brand strength and category leadership position.

There are also a number of markets that offer significant growth opportunities and where the Group has made very good progress in the last 12 months. Our relationship with Grupo Damm in Spain has continued to strengthen, resulting in an encouraging uplift in listings across the On-Trade as well as significant brand activation through events in gastronomy, culture, and sport and through major trade partners. Notable success included our Vermouth &

Tonic campaign in Madrid in Summer 2019 as major vermouth players begin to signal their interest in the long mixed drink.

Germany is another market that saw good growth in 2019, with national and regional listings with major retailers ReWe, Edeka, and Kaufland secured, providing good momentum in the second half.

In Italy, 2019 provided a great opportunity to further the growth of our tonics, especially our Mediterranean tonic, as gin & tonic trial begins to build momentum. Closer partnership with major national wholesalers has allowed us to develop our routes to market and build upon our notable ginger success now evident across all of Italy.

Our dedicated European team has been supplemented during the year and we have regional expertise and focus across Northern and Southern Europe as well as the Nordics and Ireland. This is complemented by in-market Fever-Tree marketing personnel, ensuring best in class marketing execution and co-promotional activities with both global and local spirits brands.

We entered our first European market 15 years ago and I look at the markets where we have established a market leading position as a great blueprint for what can be achieved across the region. Fever-Tree is the only premium brand with the scale, distribution footprint and track record across Europe and this gives us a clear advantage over our premium competitors who are in decline in many of these countries. Clearly the impact of COVID-19 will be felt widely across the region in the year ahead but there remains a significant group of markets that offer real potential as we look to the medium to longer term. This is underpinned by the size of the premium spirits market in Europe that remains in strong growth. We have built an excellent platform in Europe and plan to continue to invest in the opportunity.

REST OF THE WORLD

The premium mixed drinks trend continues to spread around the world with Fever-Tree's global market leadership position growing alongside it and we have made excellent progress during 2019 in a number of key markets.

AUSTRALASIA

The region delivered a very strong performance in 2019. Growth was driven through increased rate of sale as well as further distribution wins. We ended the year with good momentum reflecting excellent trading over the Christmas period, most notably in Australia. Fever-Tree launched and hosted the inaugural G&T festival in Sydney in November which saw over 5,000 tickets sold and the brand work alongside over 80 local and global spirits brands. As well as providing numerous sampling opportunities, it provided an ideal platform to showcase the strength and quality of the brand to customers and consumers alike.

We are the clear premium category leader, responsible for the majority of the growth of the wider category. The growth of the spirits category is being driven by premium and craft brands, especially within gin which has doubled in size in the last two years. The supportive trends, growing brand awareness and distribution whitespace mean we are well positioned as we move into 2020. This market is growing in size and has real potential for the brand in the years ahead.

CANADA

Alongside Australia and New Zealand, Canada continues to be an exciting market, being typically one tenth of the size of the US market across the broader drinks category. We have already established a strong position within the premium mixer category and 2019 was a year of further operational progress. We are adding further resource to this market and are working closely with our distributors to optimise our route to market.

Our Off-Trade business performed especially strongly with further distribution gains within national retailers. Notwithstanding near term COVID-19 related challenges, there remains significant potential to increase our presence within the On-Trade and liquor channels, both of which will be a key focus in 2020.

OTHER

Our outsourced business model and first mover advantage have enabled the brand to establish a very promising position across the globe. Asia remains a region with long term potential and scale for Fever-Tree and 2019 saw the appointment of our first Regional Director for Asia. We are already established in the premium On-Trade in a number of



CHIEF EXECUTIVE'S REVIEW CONTINUED

markets across the region and have a clear strategy focused on key cities and countries as we look to build and enhance our distribution network while working closely with spirits companies on the long-mixed drink opportunity.

OPERATIONAL REVIEW

Reflecting the Group's growing global footprint, we have continued to expand our outsourced production capabilities during the period with the appointment of a new bottling partner in Belgium to service our Northern European markets.

In November we announced the signing of a US bottling partner. Based on the West Coast, it is expected to come online in 2020 and is a further step in building out our operational capability in the region.

PEOPLE

We have continued to build on the fantastic team that are already in place with further hires including a Chief Marketing Officer and Strategy and Planning Director as well as key regional hires including a Regional Director for Asia.

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

SUMMARY

While the UK has had a more challenging year in 2019, the last 12 months have seen Fever-Tree strengthen its global leadership position and in doing so establish a strong platform to deliver further growth.

While certain, longer established markets are becoming more mature, we have built a very strong position within them. We have long-standing relationships across the On and Off-Trade as well as with spirits partners and continue to work in tandem to drive further growth in the category. While our tonic range will continue to remain at the centre of our offering, reflecting the ongoing and evolving popularity of gin, our wider range of gingers and new products such as our sodas provide exciting secondary growth drivers, enabling the Group to sit across a number of spirits categories, such as whisky, rum, vodka and tequila, all of which are seeing good growth at the premium end.

It is the long-standing success in these markets that provide us with the case studies and platform to increasingly turn towards the global opportunity ahead with real confidence. There are many markets where the opportunity for the Group, while potentially even more significant, is at an earlier stage. It is these markets where we are able and willing to invest ahead in terms of people, route to market, portfolio and marketing to ensure we are ideally positioned to realise the opportunity.

OUTLOOK

Notwithstanding tough comparators in the UK, we made a solid start to the new financial year, with trading in the first two months in line with expectations. The US in particular performed ahead of expectations as the momentum in the second half of 2019 continued.

Given the level of uncertainty and the dynamic nature of the situation, it is too early to quantify Covid-19's full impact on the remainder of the financial year. While we will not be unaffected by the current situation, especially in the On-Trade, we are a global business with revenue diversified across regions, channels and customers.

Financially the Group is well placed. We are debt free, with a cash position of £128m underpinned by very strong cash flows. The Group's unique asset light, outsourced business model means we have a low fixed cost base, a small, dedicated team and the flexibility to manage the current challenges. The wider long-term trend towards premium spirits and premium long mixed drinks continues and we are confident the Group will be well placed once the current period of disruption and uncertainty ends.

TIM WARRILLOW
Chief Executive





SUSTAINABILITY

66

AT FEVER-TREE WE TAKE GREAT PRIDE IN BOTH OUR BRAND AND PRODUCTS.

WE ARE COMMITTED TO DOING BUSINESS IN A WAY THAT IS BENEFICIAL TO ALL STAKEHOLDERS, OUR ENVIRONMENT AND THE WIDER COMMUNITY, WITH OUR BUSINESS OPERATING FAIRLY, RESPONSIBLY AND SUSTAINABLY.

FROM THE SELECTION OF OUR INGREDIENTS, TO THE BOTTLING OF OUR DRINKS, TO THE FULFILMENT OF OUR EMPLOYEES, TO OUR SERVICE TO OUR CUSTOMERS, WE WORK WITH PEOPLE WHO SHARE AND SUPPORT OUR APPROACH.

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REVIEW





SUSTAINABILITY REVIEW CONTINUED

COMMITMENT TO OUR COMMUNITIES



2019 has seen Fever-Tree continue to work closely with our long-standing partner, Malaria No More ("MNM"). We have worked together since 2013, sharing in our ambition to end malaria, one of the world's oldest diseases, which threatens over half the world's population.

2019 saw the return of our "Raise Your Glass. Erase Malaria" digital campaign to raise awareness and funds for the fight against malaria. The campaign was launched in January as part of Fever-Tree's £1m commitment to MNM over the next three years. The funds will be raised through a number of different initiatives aimed at building awareness and support for MNM as it drives the historic commitment made by Commonwealth Leaders in 2018 to try to halve the number of deaths from Malaria by 2023.

In October 2019, our CEO and Co-Founder Tim travelled with colleagues and a team from MNM to visit a number of community projects in eastern Rwanda to see the impressive impact that the charity's advocacy work is having in the ongoing fight against malaria.

During the year we were honoured to receive the MNM Business Fighting Malaria Commonwealth Honour, in recognition of the continued effort and contribution being made by Fever-Tree and its consumers towards helping end malaria.

Our colleagues undertook a broad range of fundraising activities throughout 2019 to show their support including participating in Tough Mudder challenges, raising money through the Fever-Tree choir as well as our US team running a consumer event featuring masterclasses taught by top bartenders in New York, all of which contributed funds to MNM.

We are excited about a new partnership with Future Frontiers, a charity aiming to provide sixth form students in the UK with guidance, networks and opportunities they need to help fulfil their potential – both at school and beyond. The partnership means that Fever-Tree employees from a variety of departments and levels will be trained to coach a student from a local school. As coaches, we will then help the pupils discover and explore careers that inspire them, and work with them to build a plan to get there.

“

IN PARTNERSHIP WITH FEVER-TREE, WE ARE PUTTING THE SPOTLIGHT ON MALARIA. WE'VE PERSUADED 53 PRESIDENTS AND NATIONAL LEADERS TO COMMIT TO HALVING MALARIA BY 2023. TOGETHER WE ARE DETERMINED TO SEE THIS COMMITMENT MET AND PUT THE WORLD BACK ON TRACK TOWARDS COMPLETE ERADICATION OF MALARIA.

”

JAMES WHITING
CEO, Malaria No More



ENVIRONMENTAL PROTECTION

We recognise our responsibility to mitigate against climate change and to ensure we are sourcing responsibly, wherever our quest for the highest quality ingredients takes us. We take time to visit suppliers to ensure that we understand the full end-to-end journey of our ingredients from growing to processing, and that outputs are maximised, reducing waste. In the processing of limes used in some parts of our range, for example, the leftover lime carcass is left to dry in the sun and then used for animal feed, thereby creating a secondary use for an element of our ingredients which would otherwise be wasted. In addition, many of the ingredients we use are processed close to source to preserve maximum freshness.

Understanding our impact on the environment is very important to us, whether that is via our offices or throughout the supply chain. We buy 100% renewable electricity to power our headquarters and in 2019, we undertook a project to gain an in-depth understanding of the carbon footprint of our own operations, as well as our products. We are finalising the results of this study, following which we will be devising clear targets in relation to our carbon emissions as well as working alongside our suppliers and production partners across the globe; we look forward to providing further details in due course.

Packaging is a critical component of our products with the key function of guaranteeing product quality, reducing waste and informing our consumers of important information as well as marketing the brand. We are committed to ensuring that environmental impacts are minimised throughout the lifecycle of our packaging and seek to use materials which create as little waste as possible while still being functional, robust, and attractive. By using a proportion of recycled material in our packaging solutions, we directly contribute to the reduction in the energy and water required when compared to making virgin (0% recycled material) bottles and cans.

Fever-Tree manufactures at a returnable bottling facility in Germany as well as working with a number of local bottling partners across our regions, thereby reducing the transportation of raw materials and finished goods in our end markets. In line with this, a bottling partner will come on stream in the second half of the year in the US, further reducing the transportation of our products.

We continue to build on our sustainability strategy and increase our focus on the environmental impact of our operations. This includes identifying key partners who share our vision and ambition such as the Woodland Trust, with whom we began working in 2019. We are excited about the potential of this partnership and will be announcing details of further initiatives during this year.

WE SERVED OVER
100K
DRINKS IN OUR
RE-USEABLE CUPS



Cinchona plantation in the DRC/Rwandan border, grown by Pharmakina, our quinine supplier



SUSTAINABILITY REVIEW CONTINUED

VALUING OUR PEOPLE



Fever-Tree's employees are the key ingredient to our success, and we value each and every person who works for us. We have grown our talented team from 70 in 2018 to 176 employees, serving almost 80 countries.

We have a dedicated People team, led by a Global Head of Talent who is supported by a Group HR Manager, the roles of whom encompass all aspects of recruiting, retaining and incentivising our most important asset, the Fever-Tree team. Over the last year, this team has further strengthened our competitive employee benefits, including private healthcare, enhanced family friendly policies and pension contributions from the company, Perkbox, a SAYE share scheme and tickets to events that we run throughout the year. We have also introduced an HR platform connecting our teams around the world.

We actively promote diversity within our workforce and wholly support equal opportunities in employment. We know that differing backgrounds and perspectives create a more dynamic and inclusive environment, and this reflects our approach throughout our recruitment, training and promotion processes. Our workforce is now made up of 44% male and 56% female employees, with a broad range of nationalities and an average age of 34 years old, demonstrating our commitment to diversity and inclusion and fostering young talent.

We are committed to investing in and supporting our employees in developing their careers. We nurture personal development and continuous improvement, rewarding and recognising the contribution of our people. We have enhanced our review process to involve more input from colleagues and increase regular contact with line managers dedicated to career development and progression opportunities.

Our focus moving forward is to ensure that as we expand, we uphold an open and collaborative culture that we are proud of. We actively encourage colleagues to pursue personal interests as part of their working life and there is already an array of Fever-Tree groups and clubs, including tennis, football, climbing and a Fever-Tree choir, using a performance at our Winter pop up bar in the City of London to raise funds for Malaria No More. December 2019 saw the inaugural Fever-Tree Day of Action; working with a new charity partner, the Woodland Trust, almost 70 colleagues planted a total of 1,500 trees over two days.

In 2019 we developed our internal communications strategy to encourage information and knowledge sharing, ensuring our colleagues feel involved, inspired by what others are doing, and empowered to make decisions for the benefit of the business.

70 COLLEAGUES PLANTED
1,500
TREES IN 2 DAYS



TEAM GREW BY
160%
IN 2019 VS 2018



SUSTAINABLE SOURCING

This year has seen the team continue to visit our suppliers around the world, reflecting the close relationships we have with our sourcing partners. These audits and visits allow us to build and maintain close partnerships with our suppliers, from our bottlers, to our packaging suppliers, ingredients processors and growers. This programme of work will now allow us to build on the relationships our suppliers have throughout their supply chains to understand and implement opportunities for sustainability across the entire network and share examples of best practice between growers.

Finally, this year we renamed and updated our Social and Ethical Business Policy to become our Social, Ethical and Environmental Business policy in order to further highlight our commitment throughout our supply chains to environmental protection and enhancement. All our suppliers have implemented and maintain environmental management systems to manage areas including pollution, water, emissions, energy and sourcing.



FUTURE FOCUS

We are excited and passionate about the immediate opportunities we have identified and the work we will be doing to continue to improve the way we operate. We are delighted to have recently welcomed a new Corporate Responsibility & Sustainability Manager to our team, who will be exploring a number of consumer and customer-facing partnerships this year, as well as creating a clear strategy with key pillars and workstreams to build on the positive work being done already.



FINANCIAL REVIEW



ANDREW BRANCHFLOWER
Chief Financial Officer

GB

**THE GROUP
RETAINS A VERY
ROBUST BALANCE
SHEET ENDING
THE YEAR WITH
£128.3M OF CASH.**

SS

REVENUE

As described in the Chief Executive's report, although the Group saw a 1.1% retraction in UK revenue, the Group performed well across its international markets, with good growth delivered across the US, Europe and RoW regions. As a result, despite the retraction in the UK, overall Group revenue grew by 9.7% from £237.4m in 2018 to £260.5m.

GROSS MARGIN AND OPERATING EXPENSES

Gross margins decreased in the year to 50.5% (2018: 51.8%). The strengthening USD and the move to the agency model in Germany provided some upside; however, a number of other factors combined to reduce the overall gross margin. This included another year of significant underlying increases in the market price for glass bottles. Alongside this, the deceleration in UK growth through the year, coupled with uncertainty over the timing and nature of the UK's exit from the EU, resulted in elevated levels of inventory being held for much of the year, with a resultant increase in storage costs relative to revenue. We expect a further decrease in the gross margin in 2020 as we project changes to the pricing architecture in the US.

Underlying operating expenses are defined as all operating expenditure exclusive of depreciation, amortisation and share based payment charges and the proportion of this expenditure relative to revenue is seen as an effective indicator of changes in underlying operating activity year on year.

On an absolute basis, underlying operating expenses increased by £10.2m, up 23.0%, reflecting a commitment to continue to invest against the longer-term opportunity despite the headwinds encountered in the UK in 2019.

The majority of this incremental investment was in marketing spend, which increased by £7.7m, up 36.7%, reflecting upweighted investment in the US and European regions. As a result, Group marketing spend increased to 11.0% of revenue in 2019 (2018: 8.8% of revenue).

We remain a lean organisation but have continued to invest in our team to support our growth. Total salary costs increased by

£1.0m, up 7.5%, reflecting a full year's cost of the Fever-Tree US team, alongside new senior hires made during the year, as noted in the Chief Executive's report. This was also complemented by a strengthening of our operational teams, notably our supply chain resource which has increased alongside the broadening of our international bottling footprint. Offsetting these investments was a reduction year on year in the level of pay-out of performance-related bonuses.

Other overheads increased by £1.5m to £11.5m; due to this, as well as the incremental marketing and staff spends, and lower than expected revenue in the latter stages of the year, underlying operating expenses as a proportion of revenue increased to 20.9% (2018: 18.7%).

With gross margin decreasing and increased levels of investment within our key growth regions of the US and Europe, the Group's adjusted EBITDA margin decreased to 29.6% (2018: 33.1%) with adjusted EBITDA declining by 2.0% to £77.0m (2018: £78.6m). Whilst a decline in adjusted EBITDA is a disappointing result for the year, it reflects the decision to remain committed to investing behind our growth regions despite the deceleration seen in UK growth as the year progressed and reflects our outlook and belief in the significant global opportunity ahead for the Group.

Amortisation costs were flat year on year at £0.7m, and Share Based Payment expenses increased marginally, by 5.6% to £1.9m. There was a more marked increase in depreciation to £22.2m (2018: £0.7m). The increase of £1.5m is a reflection of IFRS 16 adjustments related to our office leases (which impact 2019 but not the 2018 comparatives) as well as the depreciation of reusable packaging in Germany, reflecting the strong growth in that market and the capitalisation of glass bottles this year, alongside the re-usable crates that hold them. As a result of these increases in depreciation charges, the 2.0% decline in adjusted EBITDA translates to a 4.2% decrease in operating profit to £72.2m (2018: £75.4m). Net finance income of £0.3m resulted in profit before tax of £72.5m, a decrease of 4.1% (2018: £75.6m).

TAX

The effective tax rate in 2019 was 19.3% (2018: 18.3%), which was in line with expectations. The 2018 effective tax rate was reduced by a combination of both a current tax adjustment relating to the prior year and a deferred tax adjustment following the exercise of a significant value of staff share options, which combined to reduce the 2018 effective tax rate.

EARNINGS PER SHARE

The basic earnings per share for the year are 50.46 pence (2018: 53.38 pence) and the diluted earnings per share for the year are 50.26 pence (2018: 53.19 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 2019 are 51.08 pence per share and for 2018 were 53.40 pence per share, a decrease of 4.5%.

WORKING CAPITAL

Working capital decreased by £3.7m during 2019 to £54.2m. This was due to a £7.5m reduction in inventory levels at year end compared to 2018, which was a reflection of both improved operational efficiencies and lower volume pre-year end production runs in 2019 lapsing an elevated level of inventory at the 2018 year end, which was being held as a contingency against a potential no-deal exit from the EU in January 2019. There was a further £2.1m reduction in trade and other receivables, the result of continued improvement in the recovery of trade debtors in 2019 as well as the settlement of £2.2m of trade debtors following the move to the agency model in Germany. Against these improvements in working capital, trade and other payables reduced by £5.5m, which was largely a reflection of lower levels of December production year on year. Working capital management will remain an area of focus in 2020.

Due to the improvement in working capital, cash generated from operations has improved to 103.9% of adjusted EBITDA (2018: 74.3%)

CAPITAL EXPENDITURE

Due to the Group's outsourced business model, capital expenditure requirements remain low. Despite this, 2019 saw an increase in capital expenditure, with additions of £6.4m (2018: £1.3m). The additions in the year included the capitalisation of the leases of the head office in London and the US offices in New York in accordance with IFRS 16, alongside continued investment in reusable packaging within Germany, reflecting the on-going strong growth in that territory and the capitalisation this year of glass bottles, alongside the reusable crates that hold them.

CASH POSITION

The Group delivers strong margins, with efficient operating cash flow conversion and, due to the outsourced business model, has modest capital expenditure requirements. As such, the Group retains a very robust balance sheet, and having repaid £6.1m of bank loans during 2019, ended the year with £128.3m of cash, an increase of 53.5% (2018: net cash of £83.6m).

CAPITAL ALLOCATION FRAMEWORK

The Group intends to retain sufficient cash to allow for investment against the Global opportunity ahead and see our strong cash position as a competitive advantage over many of our premium mixer competitors globally. We primarily foresee this investment taking the form of operational expenditure, including upweighted marketing spend across our growth regions at the appropriate stage, and we intend to retain sufficient cash reserves to allow us to take advantage of opportunities to upweight and accelerate investment as they arise. Whilst not a priority or essential component of the Group's plans, we also remain vigilant with regards to M&A opportunities that would further assist with the delivery of our strategy. Where the Board then considers there to be surplus cash held on the Balance Sheet it will consider additional distribution to shareholders.

DIVIDEND

The Group remains committed to a progressive dividend policy and as such, the Board is recommending a final dividend of 9.88 pence per share in respect of 2019 (2018: 10.28 pence per share) bringing the total dividend for the year to 15.08 pence per share (2018: 14.50 pence per share). If

approved by shareholders at the AGM on 4 June 2020 the final dividend will be paid on 12 June 2020 to shareholders on the register on 15 May 2020.

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. Following weaker than expected trading in the final period of the year, the final result for 2019 reflected performance against these indicators which was behind Board expectations

ANDREW BRANCHFLOWER
Chief Financial Officer

REVENUE GROWTH

9.7%

2018: 39.5%

GROSS MARGIN

50.5%

2018: 51.8%

ADJUSTED EBITDA MARGIN

29.6%

2018: 33.1%



PRINCIPAL RISKS AND UNCERTAINTIES

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.

MANAGING RISK

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

The Audit Committee, under delegated authority from the Board, oversees our risk management framework and assumes ultimate 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. This may include 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 receives presentations from different departments within the Group on an ongoing basis to keep the Board informed on strategic and operational performance and the controls in place to mitigate risks faced by the Group. We aim to hold at least one such presentation at each Board meeting with contributions from Regional Heads and Strategy, Supply Chain, Technical, HR, Marketing, Sustainability, Legal and Finance teams during the year.

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

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

An overview of the principal risks facing Fever-Tree is summarised on the following page. The Board's assessment of the long-term viability of the Company is also reviewed annually and more detail on this can be found in the Audit Committee Report on page 44.

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.



1

COMPETITION

DESCRIPTION OF RISK

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 maintain its market leading status and to continue growing in the face of increasingly aggressive pricing policies and marketing strategies from its competitors, who are focused on taking share from the brand. Outside of the UK, the Group's emphasis remains on continuing to build market share by challenging competitors in these regions, creating brand awareness and taking advantage of consumer trends towards premiumisation.

IMPACT OF RISK

Increased competition and unanticipated actions by competitors could lead to a decline in the Group's market share or downward pressure on prices, which may have a materially adverse effect on the Group's operations 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 key strengths, including first mover advantage, product quality, brand strength and diverse territorial, channel and customer mix all combine to mitigate the risk that increased competition will affect overall Group performance. The Group's entrepreneurial culture and exceptional track record of innovation and category leadership, alongside the strength of its team and increasing levels of investment available to deploy, also continue to strengthen its ability to defend and react to competitor actions.

This year we have seen further evidence of the Group's ability to defend and grow market share against its premium mixer competition, with preference in the premium segment remaining with Fever-Tree and other players lacking consumer penetration.

2

DISRUPTION TO OUTSOURCED PRODUCTION AND LOGISTICS

DESCRIPTION OF RISK

The Group relies on outsourced production and bottling partners, and although bottling volume is increasingly being spread across these partners, around half of its volume is still bottled by one main bottling partner in the UK. The Group also relies on third party warehousing facilities in the UK and the US. 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.

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 operations.

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 continues to increase its footprint of outsourced production and in 2019 entered into two new international production arrangements, and now manufactures with seven different partners across the UK and Europe, with a US bottling partner scheduled to begin production on the West Coast later this year. In addition, the Group's principal UK bottling partner manufactures the Group's products across four bottling lines located in four distinct buildings across two separate sites.

In respect of key ingredients, the Group requests, where appropriate, that its suppliers hold contingency stock, and alongside this the Group maintains elevated levels of stock of these key ingredients to allow sufficient buffer for continued production should there be a period of disruption in supply.

To further mitigate risk, alongside holding appropriate insurance cover, the Group maintains, tests and updates a thorough business continuity plan which monitors and seeks to continually improve the redundancy of supply and reduce lead times in the event of disruption in all aspects of the outsourced business model. This includes an evaluation of key suppliers' own business continuity plans.

3

INCONSISTENT QUALITY OR CONTAMINATION OF THE GROUP'S PRODUCTS

DESCRIPTION OF RISK

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

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 and adversely affect sales. 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.

ACTIONS TO MITIGATE RISK

The Group employs an experienced Technical and Quality Director who is supported by a Technical team that has continued to grow significantly during 2019. Together, they work closely with key suppliers and our bottlers and canners to ensure appropriate systems and controls are in place to minimise the risk of quality or contamination issues.

This begins with a rigorous due diligence process to evaluate the quality controls of any new manufacturers and suppliers that are onboarded, alongside scheduled ongoing periodic audits with established partners and bottlers.



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

4

KEY MANAGEMENT

DESCRIPTION OF RISK

The Group's success is linked to the efforts and abilities of key personnel and its ability to retain such personnel. The executive management team has significant experience in the industry and has made an important contribution to the Group's growth and success.

IMPACT OF RISK

The loss from the Group of a member of the executive management team could have an adverse effect on operations.

ACTIONS TO MITIGATE RISK

The Group's Remuneration Policy is designed to attract, retain and motivate key management and includes a long-term incentive scheme and performance-related pay.

5

POLITICAL AND ECONOMIC ENVIRONMENT

DESCRIPTION OF RISK

A worsening of the economic conditions in the Group's key geographic markets could lead to reduced consumer confidence and spending. The Group also continues to monitor the potential impact and risks of the UK's exit from the European Union's Single Market and Customs Union in January 2021.

IMPACT OF RISK

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

ACTIONS TO MITIGATE RISK

The position of the Group's products as an affordable luxury and 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. During the financial crisis in 2008, the Group's trend of strong growth continued, giving the Group confidence in its ability to grow even in periods of economic downturn. However, we are also mindful of the impact during the latter stages of 2019 that the downturn in consumer confidence in the UK had on our trading and hence we remain vigilant as to the potential impact that worsening economic conditions could have on trading within certain markets, particularly those in which the Group has already achieved strong market share.

The Group has a designated Committee who meet regularly to monitor, model and assess preparedness against the different potential scenarios related to the UK's exit from the European Union from January 2021. The Group's outsourced business model, manufacturing across three different sites in the UK and four in Europe, provides a strong degree of operational flexibility which underpins an ability to adapt our business operations to address and mitigate perceived Brexit risks.

6

FOREIGN EXCHANGE RISK

DESCRIPTION OF RISK

Due to the global nature of the Group's activities, the Group transacts in multiple foreign currencies, both with respect to revenue generated across its international markets and with respect to local production, logistics, marketing, staff and other local overheads. Such transactions also result in assets and liabilities held on the Group's balance sheet which originate in foreign currencies.

IMPACT OF RISK

Movements in the exchange rate will impact the Group's results, which are presented in sterling. The main foreign currency risk relates to transactions in euro for our European region and US dollar for our US region.

ACTIONS TO MITIGATE RISK

As the Group's activities become increasingly international, and as it continues to build out its production and operational footprint, there is an increasing level of local currency spend, which acts as a natural hedge against the impact of foreign exchange movements on the Group's reported revenue and margins. Alongside this, in 2019 the Group introduced a revised Treasury Policy, which set out a dynamic 12 month hedging strategy against future euro and US dollar cash flows, a monthly hedge against euro and US dollar balance sheet assets and liabilities and introduced Hedge Accounting under IFRS 9, which will provide a more accurate reflection of the performance of this hedging approach on the Group's results.

7

COVID - 19**DESCRIPTION OF RISK**

The Group is very mindful of the effects that the spread of COVID-19 is having on our workforce, supply chain, events, distribution and customers during its current phase. We are also mindful of the wider macro-economic effects that COVID-19 could have on the global economy in 2020 and beyond.

IMPACT OF RISK

In the short-term, government policies of social distancing and lock-down are having a pronounced effect on the Group's trading in its key geographic markets. Whilst sales in the Off-Trade channel have been less affected to date, the impact has been felt most keenly in the On-Trade channel, where lock-downs and forced closures of outlets have led to an immediate and severe slowdown in trading. There is heightened credit risk as customers and importers will increasingly be put under financial pressure. Furthermore, there is the possibility that the Group's supply chain could be disrupted as our suppliers come under increasing financial and operational pressure, particularly if the situation continues for a prolonged period.

In the medium term, it is possible that financial pressures will result in some On-Trade outlets not reopening once restrictions are lifted. Any reduction in On-Trade outlets as a result of closures could have an on-going impact on Group trading. It is also possible that COVID-19 will trigger a prolonged worsening of economic conditions in the Group's key geographic markets, which could impact consumer confidence and spending. Reduced consumer confidence and spending could lead to reduced demand for products and limitations on the Group's ability to increase or maintain the prices of its products.

ACTIONS TO MITIGATE RISK

It is clear that the level of uncertainty in relation to the potential impacts of COVID-19 is very high and that we are likely to see further shocks over the coming months; however, we believe that the Group is well positioned to manage its way through this situation over the medium term.

More specifically, the Group has established a dedicated cross-departmental committee to actively monitor and take action to prepare contingencies for the high level of uncertainty arising from the global spread of COVID-19, to take mitigating actions when situations arise and to consider and effect opportunities to grow if such exist.

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. The position of the Group's products as an affordable luxury would also be expected to mitigate the impact of worsening economic conditions on consumer demand.

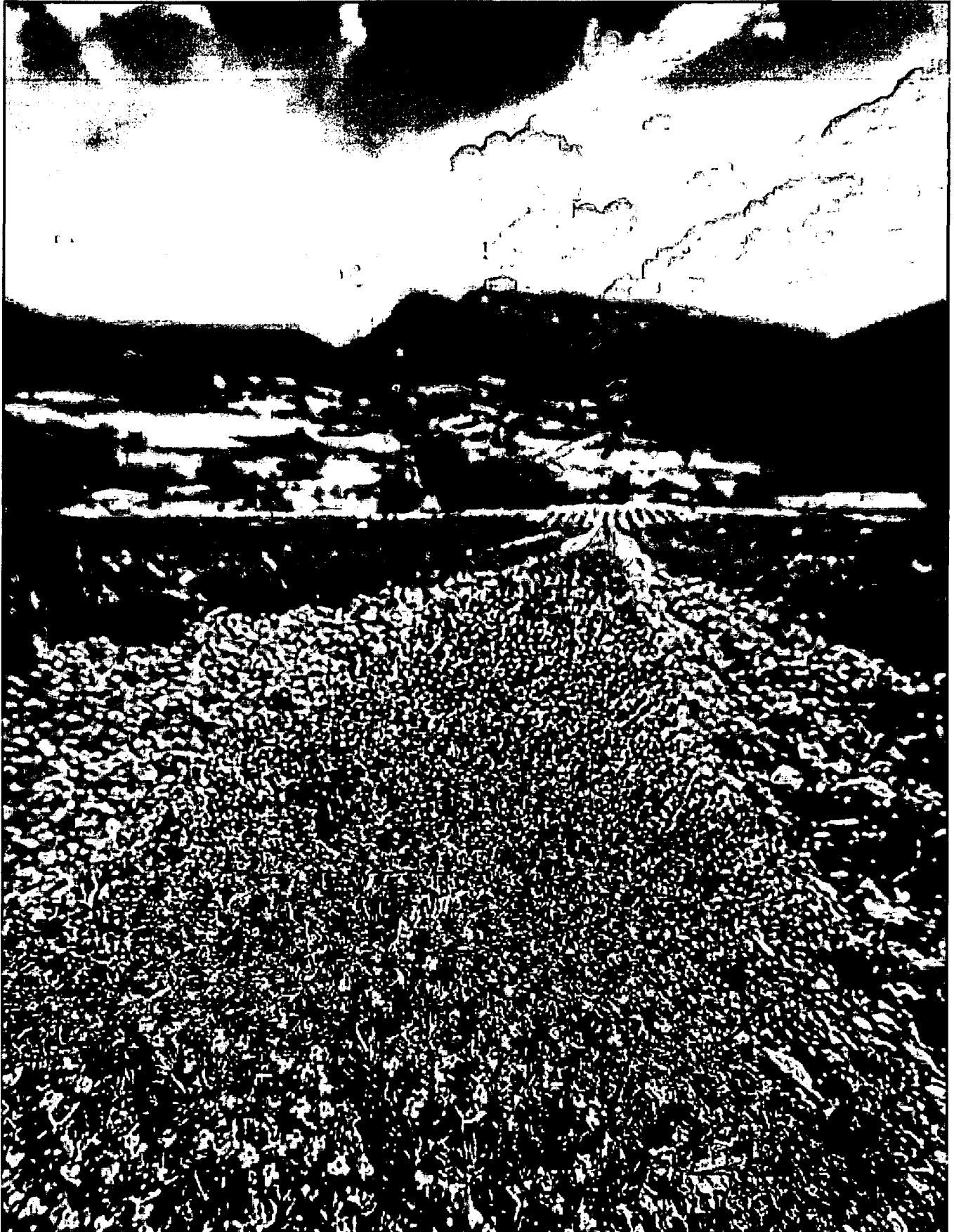
The On-Trade channel, which makes up 45% of Group sales, has been severely challenged across many of our regions. We are remaining in close contact with our On-Trade customers, many of whom have been severely impacted by the crisis. Our focus has been on offering support as and when it is needed most. This can be through extending payment terms to help ease near term cashflow pressure and more recently looking at ways we can support them as and when the on trade begins to reopen.

Within the Off-Trade channel, the initial weeks of lockdown were characterised by periods of very strong sales and overall sales have remained strong since that initial period. We continue to work very closely with our key Off-Trade customers to ensure we are able to react to the different buying patterns that have been emerging.

The Group's unique asset-light, outsourced business model means it has the flexibility to navigate through these unprecedented times. We are working very closely with our bottling and canning partners across the UK and Europe as they have enacted their own business contingency plans. To date, our key bottlers and canners have continued to operate through the crisis with segregated shift patterns and we have not suffered any notable disruption to supply. In addition, we have taken action to ensure our finished goods stock in the UK is held across separate locations within our logistics partner's estate, and in the US we hold our stock across three locations on the West Coast, East Coast and in Texas.

Whilst certain ingredients cannot be held on-site for long periods ahead of production, as a matter of course we hold healthy contingency stock levels of all other key raw materials and took steps early on in the crisis to increase these further. Additionally, our operating model means we have a relatively well contained supply chain process with a limited number of well-established suppliers which provides comfort as to the security of our major sources of ingredients, raw materials and packaging.

The Group is in a very strong financial position. We are debt-free, with year-end cash of £128m. Alongside this, our strong underlying cash flow conversion, our low level of capital commitments and low fixed cost base means that we are in robust position to withstand the potential impacts of COVID-19.



SECTION 172

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this s.172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

The Board receives regular training on their obligations as Directors from advisers and on an ongoing basis from the Company Secretary. Board papers are prepared with section 172 duties in mind, to ensure Directors have all the relevant information required to enable them to properly reflect and consider the factors set out above in their decision making. The Board recognises that each decision made will not always result in a positive outcome for each of the Company's stakeholders. However, by having good governance procedures in place for decision-making, the Board does aim to make sure that its decisions maintain a high standard of business conduct.

For details on how our Board operates and the way in which it reaches decisions, including matters discussed and debated during the year please see pages 26, 42 to 44, 46 and 47 to 57. Our Corporate Responsibility and Sustainability report on pages 18 to 23 provides examples of the sorts of issues considered by the Board when assessing the impact of the Group's operations on the environment and community and also the interests of employees. As a business we take pride in building strong and long-term business relationships with customers, suppliers and other stakeholders. The Stakeholder Engagement statement on pages 32 to 33 explains how the Board has regard to fostering such business relationships. In addition, set out below are some further

specific examples of how the Directors have had regard to the matters set out in s.172.

1. STRATEGY REVIEW

The Board carries out a review of the Company's strategy on an annual basis. This includes approving the business plan for the period 2020 – 2022, budgeting and investment proposals and considering the impact of decisions in the longer term. As a key growth market, in 2019 the Directors' strategic review included a three-day Board session in Miami dedicated to US strategy with On and Off-Trade site visits, presentations from the US team and a review of format and pricing architecture. The Board has also received presentations from Regional Heads, Group Human Resources, Supply Chain, Sustainability and Compliance functions with key stakeholder considerations and the way we foster the Company's business relationships with customers, suppliers and our workforce being a central theme in those discussions. In addition to covering our business and financial performance, the Board has also considered papers relating to the Company's regulatory obligations and how we comply with them, how we can help promote our desired culture throughout the Group and how to promote diversity in our workforce.

2. NEW US BOTTLING PARTNER

In 2019 the Company signed a new contract with a US bottler for production in 2020 to service the West Coast. Following involvement of the Chief Supply Chain Officer and wider senior executive team, the transaction was referred to the Board for review and approval. In reaching its final decision, the Board had regard to a number of factors including: the business case and financial returns; the effect on the Group's workforce and existing suppliers; the ability to better service US customers; the impact on the environment including discussions of other potential locations close to the US market; risk management, and the long-term interests and reputation of the Company.

3. WORKFORCE ENGAGEMENT AND SAYE SCHEME

In 2019 the Board considered how to embed a culture that will help deliver long-term success to the Company and foster strong relations with its workforce. To assist with this work, during the year the Board commissioned senior management to undertake engagement exercises with the Company's workforce about

whether the behaviours and conduct of our business and workforce reflects our desired culture. Kevin Havelock, who is the Board's appointed workforce NED, also participated in the engagement exercises. The results of the engagement exercise and the Directors' own observations in this area were then *documented and considered by the Board*. One output of this process saw the Board approve a decision to implement an employee save as you earn ("SAYE") scheme in 2019. The scheme enables all UK employees to invest in the Company's shares in a tax-advantaged way to align their interest with shareholders and to allow them to share in the success of the business. Balancing the financial costs of implementing the scheme with the material benefits for the employees, the Board reached the conclusion that it was in the best interests of the Company to proceed with the SAYE scheme. The SAYE scheme has been very well received by employees with high take up and engagement.

4. CAPITAL ALLOCATION

Each year the Board makes an assessment of the strength of the Group's balance sheet and future prospects relative to uncertainties in the external environment. This year the Board engaged with advisors to assess and debate the need for, and form of, a revised capital allocation framework. Details of the Capital Allocation framework are set out on page 25.

In 2019 the Board recommended a final ordinary dividend of 9.88p per share, bringing the total ordinary dividend for 2019 to 15.08p per share, an increase of 4% on 2018. In making this decision the Board considered a range of factors. These included the long-term viability of the Company, its expected cash flow and financing requirements, and the ongoing need for strategic investment in our business and our workforce as well as the expectations of and need to act fairly between our members. Founders Charles Rolls and Tim Warrillow, who continue to hold substantial shareholdings in the Company, did not vote on the Company's capital allocation framework in recognition of the need to act fairly between members and to avoid any potential conflict of interest.



SECTION 172 CONTINUED

STAKEHOLDER ENGAGEMENT

The table below sets out how we engage with our key stakeholders. Not all information is reported directly to the Board and not all engagement takes place directly with the Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the Board.

1

CUSTOMERS (ON AND OFF-TRADE PARTNERS)

FORM OF ENGAGEMENT

We have dedicated sales teams for On-trade and Off-trade channels, who are in continual and regular contact with our customers to monitor feedback, create marketing plans and implement promotions. Our "G&T" Garden campaign was inspired by discussions with customers looking for ways to reinvigorate outdoor spaces. We provided assets such as parasols, deck chairs and signage and a website helping consumers find the best pub gardens near to them. The campaign has been enormously successful, culminating in awards from customers such as Punch, and is being rolled out internationally. Our Christmas gifting packs, created after consultations with John Lewis, including G&T crackers and advent calendars, have proved immensely popular and a great way to engage with new consumers. In 2019 our commitment to being a reliable and trusted supplier was recognised by Tesco, one of our largest customers, who ranked us as its highest performing supplier by inbound service levels.

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

The Board receives regular updates and presentations on customer feedback and sales throughout the year, which informs its strategic decisions. In 2019 this included, for example, a three-day strategy session in Miami where the Board received presentations from our sales teams and visited multiple On-Trade and Off-Trade locations to better understand the needs and concerns of customers and to assist decision making on matters related to the Group's strategic approach in the USA.

2

INTERNATIONAL DISTRIBUTORS

FORM OF ENGAGEMENT

In addition to formal regular check-ins, we have dedicated regional support that engages with our distribution partners on an ongoing basis to ensure we properly tailor our approach to each market with the right formats of our product range and marketing plans. Our brand guidelines and induction processes also ensure that the Group's cultural values and brand messaging are properly understood and transmitted in market. Our international team also runs a regular "Fever-Tree Academy" for international distributors, to educate them on product innovations and key brand messages.

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

In addition to regular updates on performance in the Group's international markets from the CEO, the Board has received presentations at Board meetings from Regional Heads to better understand our working relationships with distributors and also to discuss, and in view of their international experience, provide guidance on the particular challenges and opportunities presented in different markets.

3

END CONSUMERS

FORM OF ENGAGEMENT

We monitor consumer feedback to help us understand our consumers' views on our products as well as inform our strategy. Our engagement with consumers through marketing initiatives takes many forms, including sponsorship of events, co-promotional activity with spirits partners, creation of bespoke menus at bars and restaurants, and an online pairing wheel that helps our consumers mix the best cocktails using our products.

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

The Board has first-hand experience of some of our in-market activations, and Directors have brought valuable regional and industry expertise to discussions and recommendations on the Group's consumer engagement strategy at Board meetings.

4

WORKFORCE

FORM OF ENGAGEMENT

Engagement with our workforce includes formal and informal meetings. Directors are encouraged, and expected, to visit our offices and to engage with the workforce on these trips. Directors are also invited to attend Company events and gatherings where they can engage with the workforce. Our Chief People Officer presented to the Board on the Company's culture and how we look to engage with the workforce through various initiatives and activities to protect and further enhance our desired culture. For more information on workforce engagement activities please see the Valuing Our People section on page 22. In addition, Kevin Havelock, our designated Non-Executive Director for workforce engagement, meets with employee groups and provides feedback to the Board on workforce culture and alignment with Company values.

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

The Board regularly receives presentations from the workforce at Board meetings, with time set aside to ask questions and engage in active discussion on the topics at hand. Following on from feedback from workforce engagement activities the Board approved the implementation of an SAYE scheme. For further details please see page 31.

5

SUPPLIERS

FORM OF ENGAGEMENT

We recognise the importance of good relationships with our suppliers to support the Group's largely outsourced business model. We have strong, long-term relationships with most of our suppliers, built over a number of years. We engage regularly with our supply network throughout the year in one-to-one meetings, site-visits and quality audits. This commitment was recognised by the British Bottlers Institute in 2019, who awarded Fever-Tree the BBI Achievement Award in recognition of the Group's outstanding contribution towards the industry. All our suppliers are required to sign up to our Social, Ethical and Environmental Policy to ensure they share our commitment to high standards and quality (for further details please see Sustainable Sourcing on page 23).

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

Key strategic supplier partnerships are discussed at the Board and in certain circumstances, such as the onboarding of our new US bottler, brought to the board for approval (see page 31 for more detail). For more details of our long-standing relationship with our quinine supplier and recent site visit by our CEO please see pages 8 to 9.

6

INVESTORS

FORM OF ENGAGEMENT

The Group maintains communication with institutional shareholders through individual meetings with executive Directors, particularly following publication of the Group's interim and full year results. 2019 saw the executive Directors undertake a US roadshow incorporating three cities, providing our US investors with the opportunity to meet with senior management. Feedback following such roadshows and investor meetings is communicated to the Board as a whole.

In addition, the year under review saw the Investor Relations Director attend a number of investor conferences both in the UK and Europe, undertaking in excess of 100 investor meetings at these events as well as hosting meetings at our office in London throughout the year.

Furthermore, the Group communicates to all shareholders through our interim and full year results, as well as our trading updates, all of which are available on our website alongside our analyst results presentation slides.

HOW THIS ENGAGEMENT INFLUENCED BOARD DISCUSSIONS AND DECISION-MAKING

Investor relations activity and a review of the share register are standing items on the Board's agenda.

In addition, the non-executive Directors are available to discuss any matter stakeholders might wish to raise and the Chairman and Senior independent Director will attend meetings with investors and analysts as required.

This Strategic Report was approved on behalf of the Board on 21 April 2020.

ANDREW BRANCHFLOWER

Chief Financial Officer



GOVERNANCE





“

FROM THE
SELECTION OF
OUR INGREDIENTS,
THROUGH TO THE
BOTTLING OF OUR
DRINKS, WE WORK
WITH PEOPLE WHO
SHARE AND SUPPORT
OUR APPROACH

”

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BOARD OF DIRECTORS



BILL RONALD (64)
Chairman

N

Bill Ronald has been the Chairman of the Group since June 2013. 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 and the Compleat Food Group.



CHARLES ROLLS (62)
Co-founder and Non-executive Deputy Chairman

Charles has an engineering degree from Imperial College and an MBA from INSEAD. After leaving strategy consultants Bain & Company, he has been a serial entrepreneur, best known for his success in turning around the gin maker, Plymouth Gin. He acquired an equity stake in Plymouth Gin in 1997, becoming Managing Director, and after growing sales 14 times, it was sold to Absolut Vodka in 2001. This experience led Charles to identify an opportunity for a quality tonic water, and after meeting Tim Warrillow in 2003, he set to work with Tim on a premium mixers business, which resulted in the formation of Fever-Tree.







TIM WARRILLOW (45)
Co-founder and Chief Executive Officer

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



ANDREW BRANCHFLOWER (40)
Chief Financial Officer

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

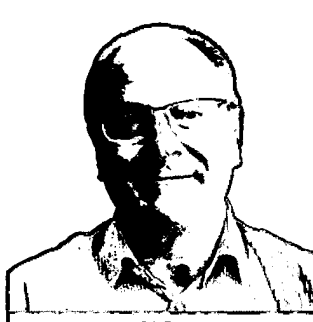
KEY  Member of the Remuneration Committee  Member of the Nomination Committee
 Member of the Audit Committee  Chair of Committee



COLINE MCCONVILLE (55)
 Senior Independent
 Non-executive Director

Coline joined the Group as a non-executive Director on 7 November 2014 and is Chair of the Remuneration Committee. Coline studied law at the University of New South Wales and holds an MBA from Harvard (Baker Scholar). She has previously worked for McKinsey and for Clear Channel as CEO of the International division and was Chairman of the Remuneration Committee at Inchcape plc for 5 years. Coline is currently a non-executive director on the Boards of 3i Group plc and Travis Perkins plc. She is also on the German Supervisory Board of TUI AG, since its merger with TUI Travel plc. Coline was Remuneration Committee Chair at TUI Travel plc for three years and is Remuneration Committee Chair at Travis Perkins, as well as holding various Committee responsibilities on other Boards.



DOMENIC DE LORENZO (55)
 Independent
 Non-executive Director

Domenic joined the Group as a non-executive Director on 17 May 2018 and is Chair of the Audit Committee. Domenic is a qualified chartered accountant and brings with him a wealth of financial management experience having spent 20 years at SABMiller, the former FTSE 100 beverage company, focusing on strategy and corporate development before reaching the position of Chief Financial Officer. During his time at SABMiller he was involved with more than 100 global transactions, acquisitions and disposals, prior to its sale to ABInBev in 2016.



KEVIN HAVELOCK (62)
 Independent
 Non-executive Director

Kevin joined the Group as a non-executive Director on 11 January 2018. Kevin has more than 25 years' drinks industry experience and was Global President of Refreshment at Unilever from 2011 until the end of 2017, responsible for the Group's €10bn revenue global beverages and ice cream business. Kevin held a wealth of senior leadership positions for Unilever around the world, including Chairman for Unilever UK, Unilever France and Unilever Arabia as well as President, Unilever North America. He was a Unilever Executive Committee member, sat on the Group's Sustainability Board and was co-Chair of the Pepsi/Lipton tea joint venture. Kevin became a Trustee of both the Eden Project and British Council in 2017 and a non-executive director of Morrisons Plc in February 2018. Kevin also sits on the board of Ben and Jerry's and The All England Lawn Tennis Club and Championships.



JEFF POPKIN (55)
 Independent
 Non-executive Director

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



CORPORATE GOVERNANCE STATEMENT

AN INTRODUCTION FROM OUR CHAIRMAN

I am pleased to present our Corporate Governance Report for the year ended 31 December 2019. As an AIM quoted company, we recognise good governance is essential to the successful delivery of our long-term strategy and the way in which the Group operates. It is for this reason that we have chosen to formally adopt the 2018 UK Corporate Governance Code (the "Code"). We do, however, recognise that the Code has been drafted with larger, main market listed companies in mind, and given our stage of development, there are certain limited exceptions where we do not fully comply with the Code. Instances of non-compliance are detailed and explained on page 40 (Chairman Independence – Provision 9) and page 47 (Remuneration Chairman's Statement – Provision 36).

Following on from a number of new appointments in 2018 when we welcomed Kevin Havelock, Jeff Popkin and Domenic De Lorenzo as Directors, the Board's composition in 2019 remained unchanged. During the year we carried out an external evaluation of the Board, its Committees and individual Directors, which reflected that the Board is functioning very well. Further details of the process, outcomes and recommendations are set out on pages 40 and 41.

A key focus of the new Code is the requirement for more 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 31 to 33.

BILL RONALD
Chairman

LEADERSHIP ROLE OF THE BOARD

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success in accordance with our purpose and values. The Board is also ultimately responsible for establishing the Group's governance structure, the effectiveness of internal controls, risk management, and the direction of the Group in accordance with our purpose, strategy 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 26 to 29.

DIVISION OF RESPONSIBILITIES CHAIRMAN AND CEO

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

NON-EXECUTIVE DIRECTORS AND SID

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

Coline McConville is the Senior Independent Director (SID). She provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. As the SID, Coline is available to shareholders, as may be appropriate in certain circumstances.

ROLE OF COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of the terms of reference for each Committee are available on the Company's website or on request from the Company Secretary. The terms of reference of each Committee have been reviewed by the Board during the year and it is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each Committee is composed of non-executive Directors of the Company. The Company Secretary 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 and Jeff Popkin. In addition, Kevin Havelock has been appointed to join the Audit Committee for 2020. All members are fully independent. The Audit Committee has primary responsibility to assist the Board in fulfilling 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 Auditor. It receives and reviews reports from the Group's management and Auditor relating to the annual accounts and the accounting internal control systems in use throughout the Group. The Audit Committee meets at least twice a year and has unrestricted access to the Group's Auditor. The Chairman, Chief Executive Officer and Chief Financial Officer attend the Committee meetings by invitation.

The Audit Committee Report on pages 42 to 44 contains more detailed information on the Committee's role.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Coline McConville. Its other members during the year were Kevin Havelock and Domenic De Lorenzo. Coline, Kevin and Domenic are fully independent. The Remuneration Committee reviews the performance of the executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive Directors of the Group is set by the Board. The Deputy Chairman, 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 47 to 57 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

NOMINATION COMMITTEE

The Nomination Committee is chaired by Bill Ronald. Its other members are Coline McConville, Kevin Havelock, Jeff Popkin and Domenic De Lorenzo. The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes. During the year the Nomination Committee approved the appointment of John Finlay as Company Secretary of the Company who joined with effect from 24 May 2019.

The Nomination Committee Report on page 46 contains more detailed information on the Committee's activity during the year.

BOARD AND COMMITTEE MEETINGS

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

The Board held six scheduled board meetings during the year and in addition met once to consider matters of a time-sensitive nature. Directors are expected to attend all relevant Board and Committee meetings. The Board held a focused, dedicated three-day meeting on US strategy in September 2019 and intends to continue to schedule similar meetings annually. This meeting was held in Miami and the Board considered key issues such as regional US focus, manufacturing footprint and distribution opportunities. The table below sets out attendance at all Board and Committee meetings held during the year to 31 December 2019.

Name	Scheduled Board	Audit	Remuneration	Nomination	Short Notice Board
Bill Ronald	6/6	N/A	3/3	2/2	1/1
Charles Rolls	6/6	N/A	N/A	N/A	1/1
Tim Warrillow	6/6	N/A	N/A	N/A	1/1
Andrew Branchflower	6/6	N/A	N/A	N/A	1/1
Domenic De Lorenzo	6/6	3/3	3/3	N/A	1/1
Kevin Havelock	6/6	N/A	3/3	2/2	1/1
Coline McConville	6/6	3/3	3/3	2/2	1/1
Jeff Popkin	5/6*	3/3	N/A	2/2	0/1*

* Jeff Popkin was travelling on business in September and speaking at a conference for the unscheduled Board meeting in November.



CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD EFFECTIVENESS

The Board continuously evaluates the balance of skills, experience, knowledge and independence of the Directors. It ensures that all new Directors receive a tailored induction programme and the Board scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their biographical details on pages 36 to 37.

INDEPENDENCE

In light of his existing appointment as Chairman of the Group 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. Charles Rolls' previous executive position with the Group also means that he is also not considered independent. However, Coline McConville, Kevin Havelock, Jeff Popkin and Domenic De Lorenzo are considered to be independent by the Board and therefore the Board satisfies the requirement of the Code of having a balanced Board and exceeds the requirement that at least half of the Directors excluding the chairman are independent.

APPOINTMENTS TO THE BOARD

The Nomination Committee leads the process for the appointment of new Directors to the Board. Page 46 sets out more detailed information on the Nomination Committee, its role and principal activities during the financial year.

COMMITMENT

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

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

DEVELOPMENT

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

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

INFORMATION AND SUPPORT

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

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

EVALUATION

Each year the Board carries out an evaluation process. To date this process has been carried out by way of a questionnaire and Chairman interview. In addition, the non-executive Directors meet informally, without the Chairman present, to evaluate his performance. In line with the Code, the Board carried out its first external evaluation process during the year. Following a tender process conducted by the Chairman and clearance of any potential conflicts, Lisa Thomas of Independent Board Evaluation ("IBE") was selected to complete the evaluation.

PROCESS

A comprehensive briefing was given to Lisa by the Chairman during July 2019. Lisa observed the Board and Audit Committee meetings held on 18 July 2019. Detailed interviews were conducted with every board member during June and July 2019. In addition, Lisa interviewed a number of Fever-Tree's senior management, the Company Secretary, the Auditor from BDO, remuneration consultants from Deloitte and brokers from Numis. Thereafter, IBE's draft conclusions were discussed with the Chairman and feedback on the Chairman was discussed with the 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 10 October 2019.

OUTCOMES AND RECOMMENDATIONS

Overall, the report reflected feedback that the Board is functioning very well as a group, with each member contributing effectively. A good mix of industry knowledge has helped add value to the executive and Board discussions are characterised as transparent and collaborative. Key areas based on best practice as described in the Code and identified for focus and development during 2020 are set out below.

Focus Area	Actions being or to be taken in 2020
Review of Board composition and diversity	<ul style="list-style-type: none"> • Deeper mapping of existing skills against future business needs and strategy • Implementation of board diversity and inclusion policy for board appointments
Purpose, values and culture	<ul style="list-style-type: none"> • Continue to solidify the Group's purpose and link this through to its values, culture and strategy • Add the alignment of culture with values and strategy as a standalone board agenda item with presentations from the <i>business on culture</i>
Board information	<ul style="list-style-type: none"> • Ensure that board papers are consistently circulated at least a week in advance of meeting • Greater sharing of ad hoc updates with the NEDs to keep them abreast of developments in the Group between meetings
Board engagement with business	<ul style="list-style-type: none"> • Longer board meetings to incorporate a regular plan of deep dives from different areas of the business and to receive reports on workforce engagement • Further increase visibility of non-executive Directors in the organisation with attendance at formal and informal events and management strategy days

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will take place on 1 June 2020. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements. In accordance with the Code, all Directors will be submitted for re-election at the Annual General Meeting.



AUDIT COMMITTEE REPORT

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Audit Committee report for the year ending 31 December 2019.

The Audit Committee assists the Board in fulfilling its oversight responsibilities. Its primary responsibilities include monitoring and assessing the preparation of the Group's financial and corporate reporting, the effectiveness of the Group's systems of risk management and internal controls, and the effectiveness and independence of the external Auditor.

This report sets out how it has discharged its responsibilities during the financial year and in relation to the financial statements, the significant issues it considered. The Board is required to ensure that the annual report is fair, balanced and understandable, and the Audit Committee assists the Board by considering this. The Audit Committee has also assessed the Group's prospects and viability over a three-year period.

DUTIES OF THE AUDIT COMMITTEE

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

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

FINANCIAL AND CORPORATE REPORTING

- Review of the integrity of the Group's financial statements and any announcements relating to the Group's financial performance.
- Assess the extent to which the Group's financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's strategy, position and performance.
- Consider the appropriateness of the Group's accounting policies and review of any significant financial reporting judgements contained in the Group's financial statements.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

- Review and assess the effectiveness of the Group's risk management and internal control systems; and the processes in place to monitor this.
- Review the appropriateness of the Group's whistleblowing and anti-bribery procedures.

EXTERNAL AUDIT INDEPENDENCE AND EFFECTIVENESS

- Review the scope, resources, effectiveness and performance of the external Auditor.
- Review of the external Auditor's independence, objectivity and assessment of the Group's policy for engaging the external Auditor in non-audit services.

VIABILITY STATEMENT

- Review of the Group's prospects and viability over a three-year period to 31 December 2022.

ACTIVITIES DURING THE YEAR FINANCIAL AND CORPORATE REPORTING

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

- Reviewed reports from management and from the external Auditor and discussed key matters, including the appropriateness and consistent application of accounting policies;
- Assessed the financial statements' compliance with applicable accounting standards and statutory and listing requirements;
- Assessed the impact of the introduction of the new accounting standard IFRS 16 Lease Accounting, concluding that the impact was limited;
- Assessed the implementation of IFRS 9 Hedge Accounting following the introduction of a revised Treasury Policy during the year;
- Focussed on critical areas of accounting judgement and estimation made in the preparation of the financial statements, noting the key area of revenue recognition, specifically the classification of certain marketing and promotional-related expenses between overheads and as a net-off against revenue; and

- Reviewed the adequacy and clarity of reporting disclosures and compliance with applicable financial and other reporting requirements.

Additionally, the Committee considered and discussed with management whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's strategy, position and performance.

The Committee also supported the Board by considering the appropriateness of the going concern basis of accounting.

EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has delegated responsibility for the review of the adequacy and effectiveness of the Group's risk management framework and system of internal controls to the Audit Committee. As described on page 26 of the Corporate Governance Report, the Group has an established framework of risk management and internal control systems, policies and procedures.

The Group's risk register was reviewed by the Committee twice during 2019 and included the discussion of a wide range of matters with management and external auditors. This included a robust 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 considered to be the principal risks occurring, alongside a review of the procedures in place to identify emerging risks. The assessment included case studies and presentations delivered by members of the wider team on the monitoring, assessment and on-going mitigation actions of certain key and emerging risks.

The Group continues to review its system of internal control to ensure compliance with best practice and Code guidance, whilst also having regard to its size and the resources available. The Group notes that an initial review of the Key Purchase to Pay processes was undertaken by a third party during the year, which concluded that the controls in place were appropriate. In addition, the external auditor obtained

an understanding of our internal controls for the purposes of forming their audit opinion as set out on pages 64 to 67. No significant deficiencies in our internal controls were reported by the external auditor. The Committee takes comfort from the assurance this provides, and taking into account the current nature of operations and the experience and skill of the management team, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without the need for an Internal Audit function. This matter will continue to be actively reviewed by the Committee. The Audit Committee Chairman had meetings with senior finance and operational management during the year to go through key risk management and internal control procedures in place. These meetings are a standard part of Audit Committee process.

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

The Audit Committee review of the effectiveness of the systems of internal control and risk management was based on the activities and engagements noted above. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Committee reported to the Board on that basis.

COVID-19

Clearly, the implications of COVID-19 have more recently been at the forefront of the risk management process and while the level of uncertainty is high, management has been robustly considering and evaluating the risk to the Group's people, business and operations and putting in place mitigation wherever possible.

The Group's top priority is the health and safety of our employees and their families and we have been taking precautions, in line with government guidance, to protect them. Our global team is currently working remotely until government advice in their region changes.

The Committee is mindful that disruption to working practices and changing resource demands in the current situation can lead to the need for new forms of management and control. It is mindful of the need to ensure that the flow of management information to the Board is retained, and the potential for disruption to risk management processes and internal controls caused by relocation of staff is considered and mitigating actions are put in place where necessary. Our IT systems are cloud-based and all our teams have been able to make a smooth transition to remote working and as such, minimal changes have been required to our typical risk management processes and internal controls. We have established a cross departmental team from across all our regions to focus and co-ordinate our response to the rapidly changing situation and the Board is kept up to date with any key business developments.

EXTERNAL AUDIT INDEPENDENCE AND EFFECTIVENESS

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

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

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

- In relation to the provision of non-audit services, the Auditor is precluded from engaging in services that would compromise its independence or violate any professional requirements or regulations affecting its appointment as Auditor. Any non-audit services proposed to be provided by the Auditor require justification as to why such appointment is in the best interests of the company and how independence would be safeguarded, and above a certain de minimis fee level, require approval by the Committee. The ratio of fees for audit services to non-audit services for 2019 was 4.8:1. The breakdown of the external Auditor's fees between audit and non-audit services as approved by the Committee is provided in note 5 of the Group's consolidated financial statements. The non-audit service relates to administrative assistance with certain US tax filings for the Group.
- The external Auditor, BDO LLP, was appointed as the company's Auditor on 22 August 2013, following a competitive tender process. BDO has confirmed to the Committee their continuing independence and compliance with the Group's policy on Auditor independence. The external Auditor is required to rotate the lead audit partner responsible for the audit engagement every five years, unless there are unusual extenuating circumstances. As part of that process, as agreed with our external Auditor, Diane Campbell was appointed as the new lead audit partner in 2018 and this represented her second year as lead audit partner. Having



AUDIT COMMITTEE REPORT CONTINUED

reviewed the Auditor's independence and performance, the Audit Committee recommends that BDO LLP be re-appointed as the Group's Auditor at the next AGM. However, following completion of the 2020 audit, which will represent Diane Campbell's third year as lead audit partner, the Audit Committee intends to perform a tender process for the 2021 audit.

VIABILITY STATEMENT

As required by the Code, the Board has assessed the Group's prospects and viability over a three-year period to 31 December 2022. The three-year assessment period was selected as it corresponds with the Board's normal and well-established strategic planning horizon as well as the time period over which senior management are remunerated via long-term incentive plans. The three-year period balances the long-term nature of investments in the beverages industry with an assessment of the viability of the key drivers of near-term business performance as well as external factors impacting our business.

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

The impact of COVID-19 on the Group's prospects and viability has also been separately considered by reforecasting and modelling various scenarios over a three-year period to 31 December 2022.

The Group has a strong balance sheet, with no debt and a significant cash balance. Even though the Group is financially strong and has well balanced revenue streams, it is clear that COVID-19 will have a material impact on 2020 trading. The On-Trade channel, which makes up 45% of Group sales, has been severely challenged across many of our regions especially in those

markets where government advice has led to the temporary closing of all On-Trade outlets. In the Off-Trade channel, overall sales have remained strong, most notably in the UK and the US.

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

- Lockdown: Different periods of lockdown and different trading performance, particularly for the Off-Trade, during the period of lockdown
- Post lockdown: different rates of recovery, and ultimate levels of recovery compared to previously expected levels of sales

In addition to this, the Directors have considered possible additional costs arising from COVID-19, including bad debt risk, alongside the mitigating actions the group could take to reduce variable costs. The scenarios have also assumed that working capital will increase during, and immediately after the period of lockdown but gradually recover to previously expected levels by the end of 2020. We have assumed no change to planned Capital Expenditure, which remains at an immaterial level.

Based on this assessment, notwithstanding the high level of uncertainty arising from the global spread of COVID-19, 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 2022.

DOMENIC DE LORENZO

Audit Committee Chairman





NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee report of the Company for the year ended 31 December 2019.

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

MEMBERS OF THE NOMINATION COMMITTEE

During the year, the Committee consisted of Bill Ronald, Kevin Havelock, Jeff Popkin, Domenic de Lorenzo and Coline McConville. All but Bill Ronald are fully independent. Although only Committee members have the right to attend meetings, other individuals, such as other Board members and external advisers, may be invited to attend for all or part of any meeting.

DUTIES

The Committee's principal duties are to:

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

The Committee's full Terms of Reference are available on our website. They were last reviewed on 12 December 2019.

COMMITTEE ATTENDANCE

The Nomination Committee met formally twice during the year with all representatives present. For further details please see the table on page 39.

BOARD EVALUATION

Following on from a number of new appointments in 2018 when we welcomed Kevin Havelock, Jeff Popkin and Domenic De Lorenzo as Directors, the Board's composition in 2019 remained unchanged. During the year we carried out an external evaluation of the Board, its Committees and individual Directors, which reflected that the Board is functioning very well. Further details of the process, outcomes and recommendations are set out on pages 40 to 41. As Chairman I meet with the non-executive Directors without the executive present at least once in each year to discuss Board dynamics and assess areas for improvement. In addition, in her role as SID, Coline meets with the non-executive to review and appraise my performance as Chairman.

DIVERSITY

The Group promotes the importance of diversity and adopts a workforce Equality and Diversity 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. We recognise the strategic importance of maintaining a workforce that reflects the diversity of our consumer base. The Group's wider workforce is made up of a diverse range of nationalities with a variety of industry experience and expertise. The Group's workforce during the year was approximately 56% female and 44% male. At a senior management level below the board, the gender composition during the year was approximately 36% female and 64% male. Steps have been taken, in consultation with the Group's Chief People Officer, to identify and develop a pipeline of diverse and high calibre candidates from both within the existing workforce and externally to try and improve the gender balance of senior management.

The Board recognises the value of increased diversity at Board level in achieving its 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 varied backgrounds, experience and opinion can promote more balanced and nuanced debate and lead to improved decision-making. With regard to gender diversity, the Directors are mindful that as at the date of this Report the Board currently comprises just 12.5% female representation, and that steps need to be taken to redress the current gender imbalance. The Board adopted a new Board Diversity Policy during the year and aims to improve the gender balance of the Board within the short to medium term.

SUCCESSION PLANNING

Ensuring that there are robust succession plans in place at Board and senior management level is fundamental to the long-term prospects of the business. The Committee conducted a review of its succession plans during the year. This involved an evaluation of its external recruitment consultants, and confirmation they have no connection to the Group. The Board is committed to restricting its use of independent recruitment consultancy firms to those who can demonstrate a commitment to diversity and inclusion and 'long-lists' created in the search for new candidates will include at least 50% female applicants.

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

NOMINATION COMMITTEE IN 2020

The Committee is scheduled to meet at least twice in 2020. The Committee will continue to review the balance of skills and diversity of the Board. The Board shall also be conducting an internally facilitated evaluation of its effectiveness with support from the Company Secretary with a view to providing a constructive agenda for continued improvements.

BILL RONALD
Nomination Committee Chairman

REMUNERATION COMMITTEE REPORT

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the 2019 Directors' Remuneration Report, which sets out our remuneration policy, the remuneration paid to the Directors in 2019 and the implementation of our policy for 2020. Fever-Tree is listed on the Alternative Investment Market and therefore provides these remuneration disclosures on a voluntary basis. As such, the charts and tables included herein are unaudited. In general, such disclosures have been prepared in accordance with the DRR reporting regulations for main market listed companies.

During 2019, the Group made significant progress in many of our regions, and as a result delivered revenues of £260.5m representing an increase of 10% on prior year. However, this performance was below the Board's expectations at the start of the year, primarily reflecting subdued trading in the UK towards the end of the year. Despite this performance, the Group continues to explore opportunities across our key markets to ensure Fever-Tree is positioned for future growth as we proceed through 2020.

ANNUAL AND LONG-TERM INCENTIVE PAYOUTS BASED ON PERFORMANCE

For the year under review, annual bonuses were based 75% on turnover and 25% on adjusted EBITDA (hereafter referred to as EBITDA throughout this Remuneration Committee Report). At the start of the year, the Committee set very stretching annual targets. Despite solid year on year revenue growth the Group did not meet the challenging targets set and therefore no bonus is payable in respect of 2019.

The LTIP awards granted in 2017 will vest in May 2020 following the completion of the three year performance period to the end of 2019. These awards were based 75% on turnover and 25% on EBITDA. Over the last three years revenue has grown by 155% with EBITDA increasing by 115%. Given this strong financial performance by the Group, which was significantly ahead of Board expectations of performance at the start of the performance period, these awards will vest in full. Notwithstanding recent performance headwinds the Committee considers that this level of vesting is appropriate to reflect the significant progress the business has achieved over the past three years.

REMUNERATION IMPLEMENTATION FOR 2020

In terms of remuneration arrangements for 2020, base salaries for the CEO and CFO will be increased by 2%, in line with increases for the wider workforce. The overall incentive framework for 2020 will be consistent with prior years, with performance based on stretching turnover and EBITDA targets. Annual bonus maximum opportunity levels will remain unchanged at 150% of salary for both the CEO and CFO.

When considering LTIP award levels for 2020, the Committee was mindful of the Company's share price performance over the last year and considered whether a reduction in award levels was appropriate to guard against the potential for 'windfall gains' from the LTIP. It is the Committee's intention that LTIP award levels for 2020 will be reduced to appropriately reflect this fall in share price. The Committee will continue to monitor the share price performance over the period to grant and will make a final decision on the level of reduction at that time.

CORPORATE GOVERNANCE AND DISCLOSURE

During the year the Committee reviewed the discretion and recovery provisions within the annual bonus and LTIP rules to ensure that they continued to be suitable. Following this review the recovery provisions have been expanded to enable malus and clawback where there has been serious reputational damage to the company or where there has been a material corporate failure. Recovery provisions could already be applied in the event of material misstatement, error in the calculation or the performance condition or summary dismissal. Discretion provisions have also been amended to ensure they remain suitable.

The Committee considered whether it would be appropriate to introduce a post-vesting holding period for LTIP awards and/or a post-employment shareholding guideline. Holding periods are not common practice in AIM-listed companies. Given this, the Committee has decided that it is not appropriate to introduce a post-vesting LTIP holding period at this time. Furthermore, executive Directors have significant shareholdings in the business. The Committee believes that these and the leaver provisions currently in place ensure the continued alignment of the interests of our Executive Directors and our shareholders post-cessation of employment. The Committee will keep our approach in these areas under review.

This is the third year that the Committee has voluntarily put the Remuneration Committee Report to a shareholder advisory vote reflecting shareholders' expectations in this area. I look forward to meeting with you at our AGM on 4 June 2020 and will be available to answer any questions you may have.

COLINE MCCONVILLE

Remuneration Committee Chairman



REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy for executive Directors and outlines how this policy will be implemented for 2020.

Fever-Tree remains an innovative, rapidly growing and dynamic business. Our remuneration arrangements are designed to be clear and simple while supporting our ambitious expansion strategy and are therefore structured slightly differently from typical market practice. We have lower base salaries but higher long-term incentive opportunities, ensuring an overall competitive package that is in line with other companies of a similar size and complexity while being appropriate in the context of our approach throughout the organisation. Maximum incentive awards are capped and incentive targets are set to be stretching while not encouraging executives to take excessive risk. This structure has meant that we have been able to be flexible and agile in the context of our rapid growth since IPO while ensuring that management are fully aligned with shareholders. The Committee intends to review the remuneration policy during 2020 as the business continues to expand and mature to ensure that our approach remains appropriate.

EXECUTIVE DIRECTOR POLICY TABLE

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of remuneration policy for 2020
Base salary To reflect size and scope of the role and individual's performance and contribution.	Reviewed on an annual basis, with any increases normally taking effect from 1 January. Payable in cash. The Committee reviews base salaries with reference to: <ul style="list-style-type: none"> the size and scope of the individual's roles; the individual's performance and experience; business performance and the external economic environment; market practice at other companies of a similar size and complexity; and salary increases across the Group. 	There is no maximum salary increase. The Committee retains discretion to make appropriate adjustments to salary levels to ensure they remain appropriate in the context of the size and scope of the role and the size and complexity of the business.	Company and individual performance are considered when setting executive Director base salaries	Base salaries will be increased by 2% with effect from 1 January 2020 to: CEO - £393,618 CFO - £253,062. These increases are in-line with the increases across the wider workforce.
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.	Maximum pension contribution or cash allowance for 2020 is 6% of salary	Not performance related.	As disclosed in last year's DRR, a pension allowance was introduced from 1 January 2019 for executive Directors. This pension allowance was initially 5% of salary and will increase by 1% of salary per year up to a maximum of 10% of salary. This approach is in-line with the policy for other employees in the Company.
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.

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of remuneration policy for 2020
Annual bonus To incentivise the delivery of annual financial performance and the achievement of strategic business priorities, thus delivering value to shareholders.	Performance is measured on an annual basis for each financial year. Performance measures are reviewed prior to the start of the year to ensure they remain appropriate and align with the business strategy. Stretching targets are set. At the end of the year the Committee determines the extent to which these were achieved. Awards are paid in cash. Clawback (of any bonus paid) provisions apply (see below).	The Committee determines the maximum bonus opportunity each year to ensure that the overall remuneration package remains competitive. 25% of the maximum annual bonus opportunity will be paid at Threshold performance, 50% at Target performance and 100% at Maximum performance, with straight- line vesting between each.	Performance measures are selected, and their respective weightings may vary from year to year, depending on financial and strategic priorities. Measures may include personal performance objectives provided no less than 75% of the annual bonus is based on financial measures. The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.	There is no change in the annual bonus maximum opportunity or performance measures for 2020. The maximum annual bonus opportunity will be 150% of salary for all executive Directors and performance measures are: <ul style="list-style-type: none"> • 75% on turnover • 25% on EBITDA
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 LTIP provides for annual awards of up to 300% of salary for Executive Directors. 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 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.	Annual awards under the LTIP are normally up to 300% of salary. When considering LTIP award levels for 2020, the Committee was mindful of the Company's share price performance over the last year and considered whether a reduction in award levels was appropriate to guard against the potential for 'windfall gains' from the LTIP. It is the Committee's intention that LTIP award levels for 2020 will be reduced to appropriately reflect this fall in share price. The Committee will continue to monitor the share price performance over the period to grant and will make a final decision on the level of reduction at that time. LTIP performance measures and weightings will continue to be: <ul style="list-style-type: none"> • 75% on turnover • 25% on EBITDA

NOTES TO THE POLICY TABLE

MALUS AND CLAWBACK

Malus and clawback provisions may be applied in following circumstances:

- material misstatement of results;
- an act or omission by the participants which would enable the Company to summarily dismiss him or her;
- an error in assessing the performance conditions;
- serious reputational damage to the Company or any other Group Company (2019 awards onwards); or
- material corporate failure in the Company or any other Group Company (2019 awards onwards).



REMUNERATION COMMITTEE REPORT CONTINUED

PERFORMANCE MEASURES

For 2020, turnover and EBITDA have been selected as measures for the annual bonus and LTIP as they are considered by the Board to be the two most important key performance indicators for Fever-Tree at this stage in the Company's growth, 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 has considered other measures but these are not felt to be the most appropriate for the business at this time. The Committee will continue to keep the performance measures under review as the business matures. The Committee is conscious of shareholder guidance around the same performance measures not being used in both the annual bonus plan and the LTIP; however, for the reasons outlined above the Committee very much believes that our current approach remains appropriate.

Targets applying to the annual bonus and LTIP 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 performance and LTIP targets for 2020 are considered to be commercially sensitive and will be disclosed retrospectively within two years from the date of this report, subject to commercial sensitivity at that time.

SHAREHOLDING GUIDELINES

The Committee continues to recognise the importance of executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Our shareholding guidelines require executive Directors to acquire a holding equivalent to 200% of base salary within 5 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.

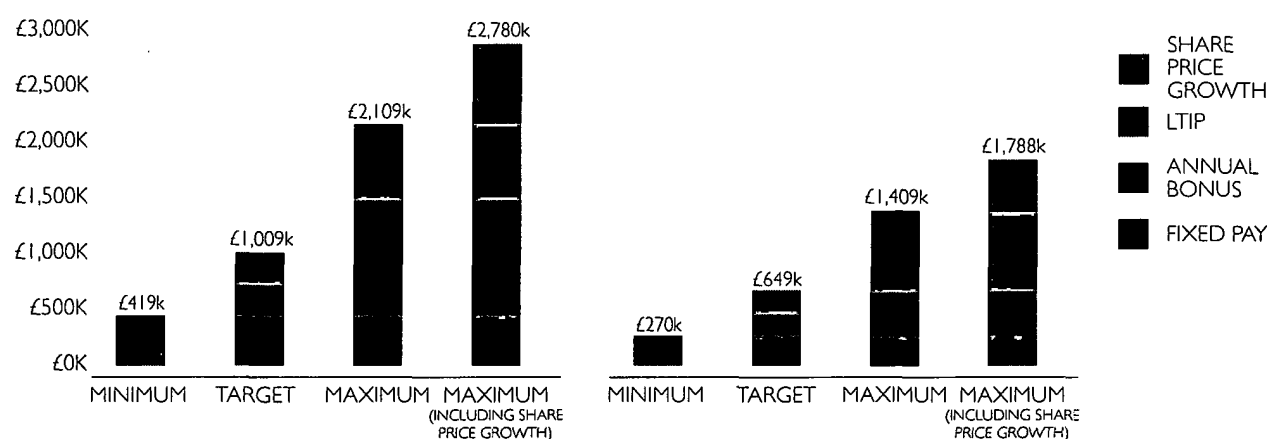
NON-EXECUTIVE DIRECTOR POLICY TABLE

Details of the policy on fees paid to our non-executive Directors and how this policy will be implemented for 2020 are set out in the table below:

Element (purpose and link to strategy)	Operation	Opportunity	Performance metrics	Implementation of remuneration policy for 2020
Fees To attract and retain non-executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Chairman 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 Chairman 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 Chairman are determined by the Committee, whilst the fees of the non-executive Directors are determined by the Board.	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.	The Chairman and non-executive Directors' fees were not increased from 1 January 2020. Fees will next be reviewed from 1 January 2021. The Chairman and non-executive Directors' fees were last increased with effect from 1 January 2019.

PAY SCENARIO CHARTS

The charts below provide estimates of the potential future reward opportunity for the two current executive Directors. The potential is split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'On Target', 'Maximum' and 'Maximum (including share price growth)'.



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

Component		'Minimum'	'On-target'	'Maximum'	'Maximum (including share price growth)'
Fixed	Base salary (from 1 January 2020)			CEO - £393,618 CFO - £253,062	
	Pension (from 1 January 2020)			6% of base salary	
	Other benefits			£1,500 (based on disclosed single figure for 2019)	
	Annual bonus	No bonus payable	Target bonus (50% of maximum)		Maximum bonus
	LTIP	No LTIP vesting	Threshold vesting (25% of maximum)	Maximum vesting (assuming an LTIP grant of up to 300% of salary)*	Maximum vesting (including 50% share price growth over the performance period)

* Annual awards under the LTIP are normally up to 300% of salary and therefore the scenario charts have been shown on this basis. The Committee is mindful, however, of the Company's share price performance compared to the share price used to determine LTIP awards in 2019. It is the Committee's intention that LTIP award levels for 2020 will be reduced to appropriately reflect this fall in share price. The Committee will continue to monitor the share price performance over the period to grant in May 2020 and will make a final decision on the level of reduction at that time.

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



REMUNERATION COMMITTEE REPORT CONTINUED

APPROACH TO RECRUITMENT REMUNERATION

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

In determining appropriate remuneration for a new executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the pay arrangements are in the best interests of Fever-Tree and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the Policy, for example to buy out incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such "buyout", the guiding principle is that awards would generally be on a "like-for-like" basis unless this is considered by the Committee not to be practical or appropriate.

SERVICE CONTRACTS EXECUTIVE DIRECTORS

The executive Directors signed new service contracts with the Company on admission to AIM. These are not of fixed duration and are terminable by either party giving 12 months' written notice.

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

Executive Directors' contracts may be terminated early by making a payment in lieu of notice. Any payments in lieu of notice will normally be based on base salary only but may also include pension and benefits.

NON-EXECUTIVE DIRECTORS

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

Non-executive Director	Initial agreement date	Expiry date of current agreement
Bill Ronald	16 October 2014	15 October 2020
Coline McConville	16 October 2014	15 October 2020
Charles Rolls	15 May 2017	15 May 2020
Kevin Havelock	11 January 2018	11 January 2021
Jeff Popkin	11 January 2018	11 January 2021
Domenic De Lorenzo	17 May 2018	17 May 2021

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 grants and awards and are normally pro-rated for time based on the proportion of the vesting period served and performance is tested at the end of the relevant three-year performance period. An individual would normally be considered a good leaver if they leave for reasons of death, ill-health, injury, redundancy, retirement with the agreement of the Company, or such event as the Remuneration Committee determines.

Similarly, in respect of the annual bonus, if an executive 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 company, with around 180 employees. The Committee considers the range of base pay increases across the Company when determining the base salary increases for executives.

The Remuneration Committee does not consult with employees over the effectiveness and appropriateness of this remuneration policy and framework; however Remuneration Committee members are also Board members and therefore receive updates from the executives on their discussions and consultations with the wider employee population.

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

In light of the new UK Corporate Governance Code, during 2018, Kevin Havelock was appointed as the Company's designated non-executive Director who will be responsible for engaging with employees and ensuring that the employee voice is represented in the Boardroom. During 2019, he attended employee group meetings and engaged with employees and feedback received was fed into Board discussions. For further details on workforce engagement activities please see page 33.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee is committed to on-going dialogue with shareholders and welcomes feedback on Directors' remuneration. The Remuneration Committee regularly consults with major shareholders about executive remuneration and took their views into account when determining the remuneration policy and its implementation for 2020. The Committee will continue to monitor trends and developments in corporate governance, market practice and shareholder views to ensure the structure of executive remuneration at Fever-Tree remains 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 2019.

REMUNERATION COMMITTEE MEMBERSHIP AND ACTIVITIES IN 2019

The Remuneration Committee's members at 31 December 2019 were Coline McConville, who is the Chair of the Committee, Kevin Havelock and Domenic De Lorenzo. All members of the Committee are therefore independent non-executive Directors. Bill Ronald, Company Chair, is also invited to attend meetings.

The Committee operates under the Group's agreed Terms of Reference which sets out its duties including reviewing all senior executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of executive Directors.

The Committee's Terms of Reference are available on the Company's website (www.fever-tree.com) and on request from the Company Secretary. The Remuneration Committee met formally three times during 2019 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 2018
- Review of executive Director remuneration arrangements
- Review and approval of the executive Directors' performance against 2018 annual objectives
- Determination of performance targets for the executive Directors' 2019 bonus and LTIP awards
- Review of LTIP performance conditions in advance of making 2019 awards
- Review of developments in corporate governance and best practice
- Review of remuneration arrangements and policies for senior management and the wider Group

ADVISERS

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. The Chief Executive Officer, Chief Financial Officer and Chairman 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 2019 were £45,200. 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

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS

The table below sets out a single figure for the total remuneration received by each executive Director for the year ended 31 December 2019 and the prior year:

	Basic salary / fees (£k)		Taxable Benefits (£k)		Pension (£k)		Annual Bonus (£k)		LTIP (£k)		Total (£k)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019 ¹	2018 ²	2019	2018
Executive Directors												
Tim Warrillow	386	368	1.5	1.5	23	–	–	552	2,479	3,176	2,890	4,098
Andrew Branchflower	248	236	1.5	1.5	15	–	–	354	1,077	1,380	1,342	1,972
Non-Executive Directors												
Bill Ronald	140	125	–	–	–	–	–	–	–	–	140	125
Coline McConville	67	58	–	–	–	–	–	–	–	–	67	58
Kevin Havelock ³	52	46	–	–	–	–	–	–	–	–	52	46
Jeff Popkin ⁴	52	46	–	–	–	–	–	–	–	–	52	46
Domenic De Lorenzo ⁵	62	30	–	–	–	–	–	–	–	–	62	30
Charles Rolls ⁶	–	–	–	–	–	–	–	–	–	–	–	–
Executive Director role	–	–	–	–	–	–	–	–	–	3,176	–	3,176
Non-Executive Director role	112	108	–	–	–	–	–	–	–	–	112	108

¹ LTIP awards granted in 2017 vest on 16 May 2020 based on performance to 2019. Performance targets were met and the award will vest in full. As the awards have not yet vested they have been valued based on the three month average share price for the period 1 October 2018 to 31 December 2019 of £20.73.

² LTIP awards granted in 2016 vested on 24 May 2019 based on performance to 2018. Performance targets were met and the awards vested in full. The value of awards has been updated to reflect the actual share price at the time of vesting of £27.55. The amounts disclosed in the 2018 remuneration report were £3,059k for Tim Warrillow and £1,329k for Andrew Branchflower.

³ Kevin Havelock joined the Board on 11 January 2018. Remuneration is shown from this date.

⁴ Jeff Popkin joined the Board on 11 January 2018. Remuneration is shown from this date.

⁵ Domenic De Lorenzo joined the Board on 17 May 2018. Remuneration is shown from this date.

⁶ Charles Rolls stepped down from his executive position at the AGM on 15th May 2017. As a non-executive Charles does not receive any incentives, although he retained the LTIP award granted to him in 2016 which vested during 2019. This award has not been pro-rated for time following his move to non-executive Deputy Chairman given his continued involvement in the operations of the business.

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL BONUS IN RESPECT OF 2019 PERFORMANCE

The maximum annual bonus award for 2019 was 150% of salary for Tim Warrillow and Andrew Branchflower. Performance was measured based 75% on turnover and 25% on EBITDA. Performance delivered in 2019 was below the Board's expectations, primarily reflecting subdued trading in the UK towards the end of the year. Revenues of £260.5m represented growth of 10% on prior year. Adjusted EBITDA of £77m was slightly behind 2018. At the start of the year the Board set highly stretching targets and the performance achieved was below the threshold set. No annual bonus was therefore paid in respect of 2019.

Fever-Tree has grown rapidly since its establishment and our strategic focus is on continuing to drive rapid expansion to cement our market leading position. Our market is highly competitive, and the Committee strongly believes that the targets set for our incentive arrangements could provide market intelligence to our competitors which could be damaging to our business and therefore ultimately to shareholders. Consequently, we have not disclosed our 2019 Annual Bonus targets in this report but we plan to do so next year provided the Board is comfortable that this information is no longer commercially sensitive.

In the 2018 Remuneration Committee Report we committed to disclose the performance targets for the 2018 annual bonus within this year's report unless the Board considered that these targets continue to be commercially sensitive. In keeping with this commitment we have provided the performance targets set out below. The annual bonus targets for 2018 were met in full and the bonus paid out 100% of the maximum opportunity.

2018 ANNUAL BONUS

	Weighting	Threshold 25% payout	Target 50% payout	Maximum 100% payout	Actual performance achieved for 2018	Payout
Turnover	75%	£190m	£200m	£220m	£237.4m	100%
EBITDA	25%	£61.8m	£65m	£71.5m	£78.6m	100%

LTIP VESTING IN RESPECT OF 2019 PERFORMANCE

LTIP awards granted in 2017 vest on 16 May 2020 based on performance to 2019. These awards were based 75% on turnover and 25% on EBITDA. The targets set at the start of the performance period were considered to be very challenging. The actual performance achieved was significantly in excess of the Board expectations and therefore targets were met and the awards will vest in full. Performance targets for the 2017 awards are set out below:

	Weighting	Target 25% vesting	Maximum 100% payout	Performance achieved	Portion vesting
Turnover	75%	£144.5m	£170m	£260.5m	100%
EBITDA	25%	£42.5m	£50m	£77m	100%
Total					100%

SCHEME INTERESTS AWARDED IN 2019

2019 LTIP

In 2019, LTIP awards were granted with a face value of 300% of salary for the Chief Executive Officer and for the Financial Director. The awards will vest on the third anniversary of the date of grant, 8 May 2022. The performance condition is based 75% on turnover and 25% on EBITDA. The three-year performance period began on 1 January 2019 and will end on 31 December 2021.

Executive director	Date of grant	Face value ¹	End of performance period	Performance measures
Tim Warrillow	8 May 2019	39,240 shares (£1,158k)	31 December 2021	75% on turnover 25% on EBITDA
Andrew Branchflower	8 May 2019	25,226 shares (£744k)		(25% vests for threshold performance, increasing on a straight line to full vesting for stretch performance)

¹ Face value based on the average ordinary share price in the Company for the two months immediately preceding the date of grant of £29.5010

LTIP performance targets for 2019 – 21 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.



REMUNERATION COMMITTEE REPORT CONTINUED

Fever-Tree has grown rapidly since its establishment and our strategic focus is on continuing to drive rapid expansion to cement our market leading position. Our market is highly competitive, and the Committee strongly believes that the targets set for our incentive arrangements could provide market intelligence to our competitors which could be damaging to our business and therefore ultimately to shareholders. Consequently, we have not disclosed our 2019 LTIP targets in this report but we plan to do so in the year performance is assessed provided the Board is comfortable that this information is no longer commercially sensitive.

EXIT PAYMENTS MADE IN THE YEAR

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

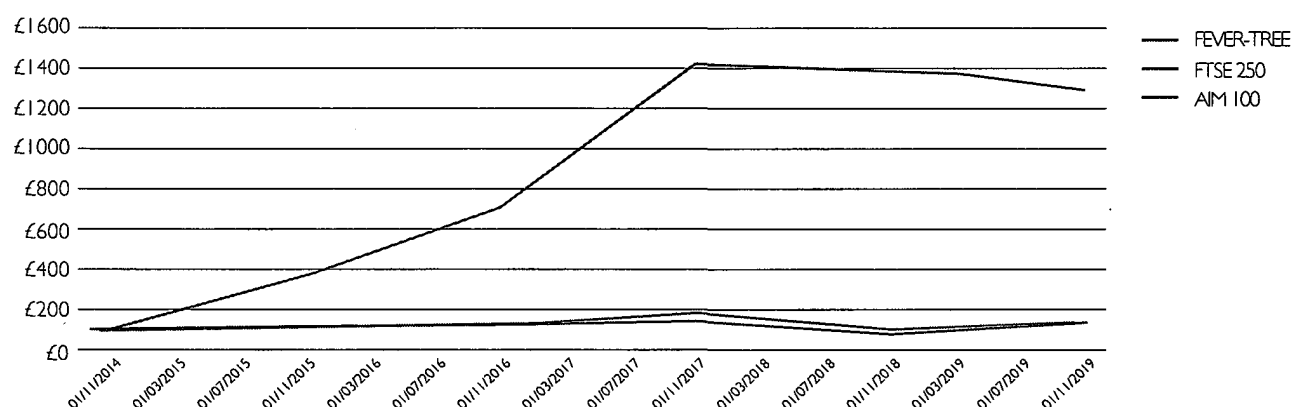
PAYMENTS TO PAST DIRECTORS

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 2019, of £100 invested in Fever-Tree on 7 November 2014 compared with the value of £100 invested in the FTSE 250 Index and the FTSE AIM 100 Index on the same date.

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

	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000
CEO single figure (£000)	487	460	725	842	4,098	2,890
Annual bonus payout (% of maximum)	100%	100%	100%	100%	100%	0%
LTIP vesting (% of maximum)	—	—	—	—	100%	100%

DIRECTORS' INTERESTS AND SHAREHOLDING

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2019:

Director	Shares held			Options held		S/holding req. (% Salary)	Req. Met?
	Ordinary shares at 31 December 2019	Vested but not exercised	Unvested and subject to performance	Vested but not exercised	Unvested and subject to continued employment		
Tim Warrillow	5,460,172	—	—	115,299	135,123	200%	Yes
Andrew Branchflower	141,488	—	—	50,095	75,395	200%	Yes
Bill Ronald	392,771	—	—	—	—	—	—
Charles Rolls	8,203,325	—	—	115,299	—	—	—
Coline McConville	11,406	—	—	—	—	—	—
Kevin Havelock	47,038	—	—	—	—	—	—
Jeff Popkin	7,033	—	—	—	—	—	—
Dom De Lorenzo	3,500	—	—	—	—	—	—

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

	Date of grant	Share price	Exercise price	Number of shares/ options Awarded	Face value at grant	Performance Period	Release date
Tim Warrillow							
LTIP	8/05/19	2,950.10p ¹	0.25p	39,240	£1,157,619	01/01/2019 – 31/12/2021	08/05/22
LTIP	8/05/18	2,754.42p ¹	0.25p	40,027	£1,102,500	01/01/2018 – 31/12/2020	08/05/21
LTIP	16/05/17	1,566.53p ¹	0.25p	55,856	£875,000	01/01/2017 – 31/12/2019	16/05/20
Andrew Branchflower							
LTIP	8/05/19	2,950.10p ¹	0.25p	25,226	£744,192	01/01/2019 – 31/12/2021	08/05/22
LTIP	8/05/18	2,754.42p ¹	0.25p	21,443	£590,625	01/01/2018 – 31/12/2020	08/05/21
LTIP	16/05/17	1,566.53p ¹	0.25p	28,726	£450,000	01/01/2017 – 31/12/2019	16/05/20

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 2019. The Corporate Governance Statement on pages 38 to 41 also forms part of this Directors' Report.

DIVIDENDS

The Board is pleased to recommend a final dividend of 9.88 pence per share, bringing the total dividend for 2019 to 15.08 pence per share (2018: 14.50 pence per share).

DIRECTORS

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

- WDG Ronald
- CT Rolls
- TDG Warrillow
- AJ Branchflower
- CL McConville
- KJ Havelock
- J Popkin
- D De Lorenzo

The names of the Directors, along with their brief biographical details are given on pages 36 to 37.

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on page 57.

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

DIRECTORS' INDEMNITY PROVISIONS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

POLITICAL DONATIONS

The Group made no political donations in the financial period.

DISCLOSURE OF INFORMATION TO AUDITOR

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

FINANCIAL INSTRUMENTS

The financial risk management objectives of the Group, including credit risk, interest rate risk and currency risk, are provided in note 3 to the Consolidated Financial Statements on pages 78 to 81.

SUBSIDIARIES

The Company has eight subsidiaries; a complete list is provided at note 12 to the Consolidated Financial Statements on page 87.

SHARE CAPITAL STRUCTURE

At 31 December 2019, the Company's issued share capital was £290,327 divided into 116,131,199 ordinary shares of 0.25p each. Further details of the Company's issued share capital are given in note 19 on page 90.

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

RESTRICTION ON SHARES

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

of the ordinary shares, subject to prevailing legislation and the requirements of the Listing Rules.

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

AUTHORITY TO PURCHASE OWN SHARES

The Company was authorised by shareholder resolution at the 2019 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased by the Company during the year.

SIGNIFICANT SHAREHOLDERS

As of 31 December 2019, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Name	Holding	%
Charles Rolls	8,203,325	7.06
Aberdeen Standard Investments	6,198,088	5.34
Fidelity Mgt & Research	5,925,707	5.10
Tim Warrillow	5,460,172	4.70
TIAA Investment Management	3,573,776	3.08

SHARE OPTION SCHEMES

Details of employee share schemes are set out in note 20 to the Consolidated Financial Statements.

APPOINTMENT AND RETIREMENT OF DIRECTORS

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

GOING CONCERN

After making enquiries, including modelling a number of scenarios in relation to the potential impact of COVID-19, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for at least 12 months

from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' STATEMENT

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

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

AUDITOR

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 4 June 2020.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2019, the re-election of Directors, the reappointment of BDO LLP as Auditor and authorisation of the Directors to determine the Auditor's remuneration.

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

APPROVAL

This Directors' Report was approved by the Board and was signed on its behalf on 21 April 2020.

ANDREW BRANCHFLOWER
Chief Financial Officer





STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group's Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, 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 IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

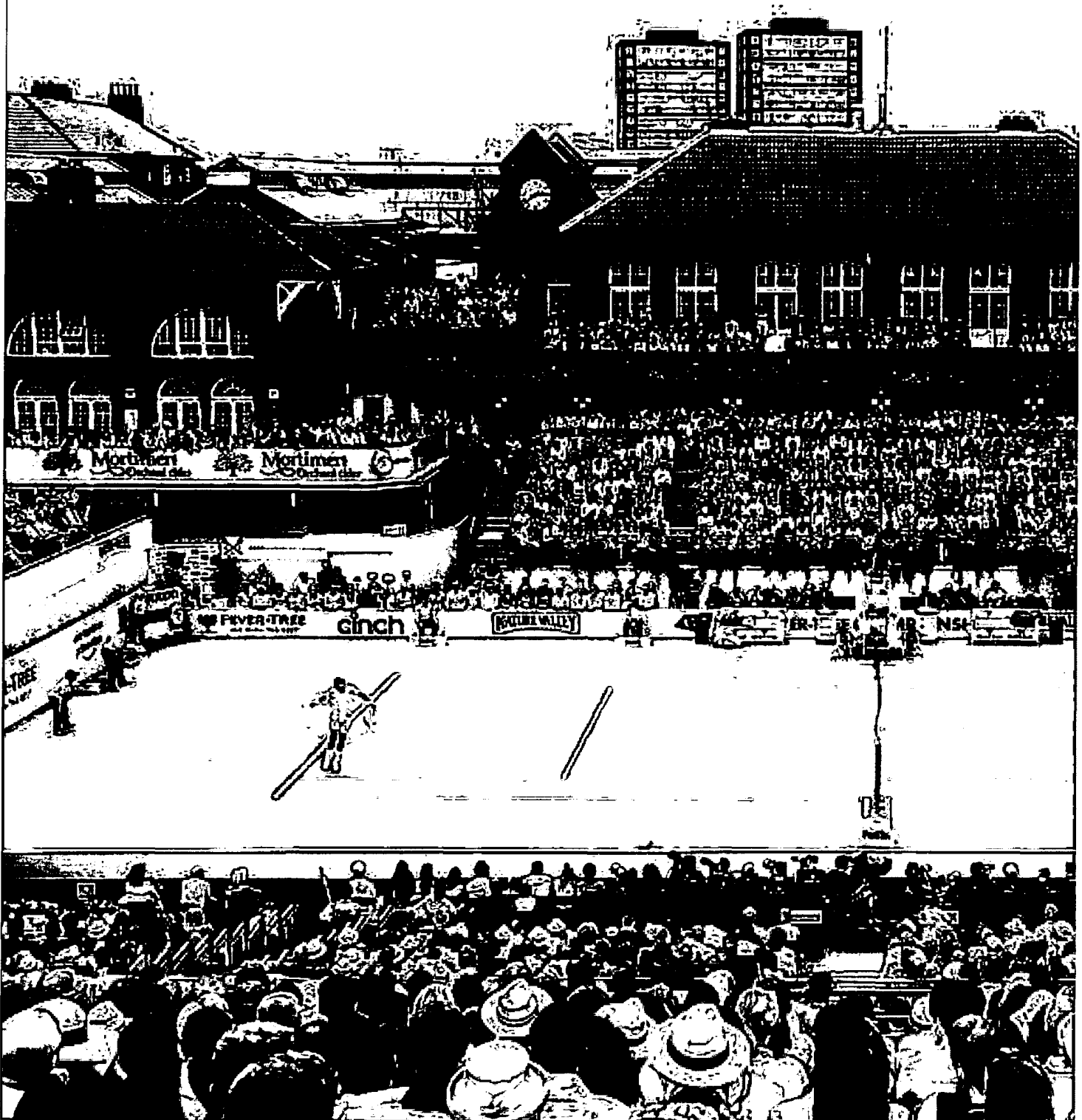
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements,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



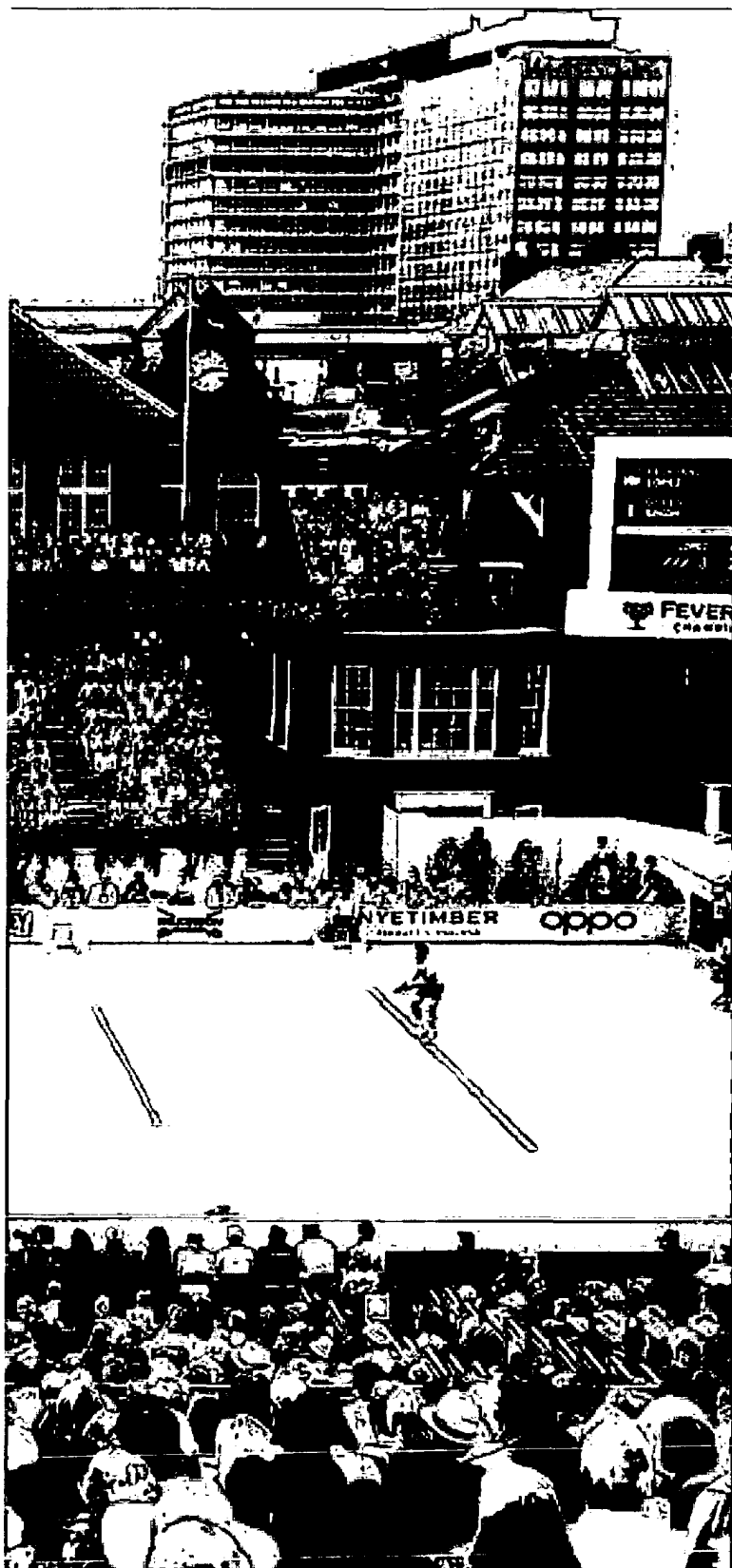




FINANCIAL



STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEVERTREE DRINKS PLC

OPINION

We have audited the financial statements of Fevertree Drinks Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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).

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 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation set out on page 26 in the annual report that they 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;
- the Directors' statement set out on page 59 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or

- whether the directors' statement relating to going concern made in accordance with the UK Corporate Governance Code is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 44 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition – customer arrangements (Note 1)</p> <p>The Group agrees promotional sales related discount arrangements with certain distributors and customers and also, as part of a number of agreements, contributes towards marketing and campaign expenditure to support and develop the Fever-Tree brand.</p> <p>The number and variety of arrangements with customers makes it complex to determine the correct accounting treatment. This gives rise to scope for error in the measurement, recognition and classification for such promotional sales discounts and contributions as either a reduction in revenue or as marketing expenditure within administrative expenses, as required by relevant accounting standards.</p> <p>Furthermore, as these amounts are material and management consider revenue growth to be a key performance indicator, we consider there to be a significant risk in relation to the potential misstatement of revenue. Therefore, we have identified this to be an area of focus for our audit.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed a sample of contracts and discussed arrangements in place with management to obtain an understanding of the more significant arrangements with distributors and customers and the processes that the Group has established over the related revenue recognition and marketing contributions. • 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 correct accounting treatment had been applied. • We tested whether amounts were accurately recorded in the correct accounting period through sampling marketing commitments and price arrangements in place around the year-end. We obtained corroborative third party evidence and documentation prepared by the group to confirm the year end accounting treatment for these arrangements. <p>Key observations: No issues arose from our work that suggested revenue was materially misstated.</p>

OUR APPLICATION OF MATERIALITY

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

	Group financial statements	Company financial statements
Overall materiality	£3.6m (2018: £3.8m)	£2.8m (2018: £2m)
How we determined it	5% of profit before tax.	2% of total assets.
Rationale for benchmark applied	We consider the benchmark of profit before tax to be a key metric for the directors, investors and users of the Group's financial statements.	We considered an asset based measure to reflect the nature of the Company which acts as a parent holding company for the Group's investments.

For each component we allocated a materiality threshold ranging between 25% and 90% of the overall Group materiality.

In considering individual account balances and classes of transactions we apply a lower level of materiality (performance materiality) in order reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £2.5m (2018: £2.6m) for the Group, representing 70% (2018: 70%) of materiality based upon our assessment of expected misstatements, management's attitude towards posting proposed adjustments and the Group's control environment. The same percentage was applied to the determination of performance materiality for each component and the parent company.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FEVERTREE DRINKS PLC CONTINUED

We agreed with the Audit Committee that we would report on all differences in excess of 5% (2018: 5%) of materiality relating to the Group financial statements. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds and financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, the performance and financial position of each component as a proportion of the total for the Group and assessing the risks of material misstatement at the Group level. 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 due to fraud.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 59** – the statement given by the Directors that they consider 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, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 42 to 44** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 38** – the parts of the directors' statement relating to the Company's compliance with the UK Corporate Governance Code containing provisions that would, for a company subject to the Listing Rules of the Financial Conduct Authority, be specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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 set out on page 60, 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.

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

USE OF 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 April 2020

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 2019

	Note	2019 £m	2018 £m
Revenue	4	260.5	237.4
Cost of sales		(129.0)	(114.5)
Gross profit		131.5	122.9
Administrative expenses		(59.3)	(47.5)
Adjusted EBITDA		77.0	78.6
Depreciation	10	(2.2)	(0.7)
Amortisation	11	(0.7)	(0.7)
Share based payment charges	20	(1.9)	(1.8)
Operating profit	5	72.2	75.4
Finance costs			
Finance income	7	0.5	0.3
Finance expense	7	(0.2)	(0.1)
Profit before tax		72.5	75.6
Tax expense	8	(14.0)	(13.8)
Profit for the year		58.5	61.8
Items that may be reclassified to profit or loss			
Foreign currency translation difference of foreign operations		0.1	(0.1)
Effective portion of cash flow hedges		0.2	–
Total other comprehensive income		0.3	(0.1)
Total comprehensive income for the year		58.8	61.7
Earnings per share			
Basic (pence)	9	50.46	53.38
Diluted (pence)	9	50.26	53.19

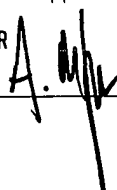
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

At 31 December 2019	Note	2019 £m	2018 £m
Non-current assets			
Property, plant and equipment	10	6.9	2.7
Intangible assets	11	41.0	41.7
Deferred tax asset	18	0.5	–
Other financial assets		2.1	–
Total non-current assets		50.5	44.4
Current assets			
Inventories	13	20.8	28.3
Trade and other receivables	14	60.8	62.9
Derivative financial instruments	16	0.1	–
Cash and cash equivalents		128.3	89.7
Total current assets		210.0	180.9
Total assets		260.5	225.3
Current liabilities			
Trade and other payables	15	(27.5)	(33.0)
Loans and borrowings	17	–	(6.1)
Corporation tax liability		(5.1)	(2.5)
Derivative financial instruments	16	–	(0.3)
Lease liability	23	(0.6)	–
Total current liabilities		(33.2)	(41.9)
Non-current liabilities			
Lease liability	23	(1.2)	–
Deferred tax liability	18	–	(0.2)
Total non-current liabilities		(1.2)	(0.2)
Total liabilities		(34.4)	(42.1)
Net assets		226.1	183.2
Equity attributable to equity holders of the company			
Share capital	19	0.3	0.3
Share premium	21	54.8	54.8
Capital redemption reserve	21	0.1	0.1
Cash flow hedge reserve	21	0.2	–
Translation reserve	21	–	(0.1)
Retained earnings	21	170.7	128.1
Total equity		226.1	183.2

The financial statements were approved and authorised for issues by the Board of Directors on 21 April 2020 and were signed on its behalf by:

ANDREW BRANCHFLOWER
Chief Financial Officer





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	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 2017	0.3	53.7	0.1	–	–	76.0	130.1
Profit for the year	–	–	–	–	–	61.8	61.8
Foreign currency translation difference of foreign operations	–	–	–	–	(0.1)	–	(0.1)
Total comprehensive income for the year	–	–	–	–	(0.1)	61.8	61.7
Contributions by and distributions to owners							
Dividends issued	–	–	–	–	–	(13.7)	(13.7)
Share based payments	–	–	–	–	–	1.8	1.8
Tax on share based payments	–	–	–	–	–	2.2	2.2
Shares issued	–	1.1	–	–	–	–	1.1
Equity as at 31 December 2018	0.3	54.8	0.1	–	(0.1)	128.1	183.2
Profit for the year	–	–	–	–	–	58.5	58.5
Foreign currency translation difference of foreign operations	–	–	–	–	0.1	–	0.1
Effective portion of cash flow hedges	–	–	–	0.2	–	–	0.2
Total comprehensive income for the year	–	–	–	0.2	0.1	58.5	58.8
Contributions by and distributions to owners							
Dividends issued	–	–	–	–	–	(18.0)	(18.0)
Share based payments	–	–	–	–	–	1.9	1.9
Tax on share based payments	–	–	–	–	–	0.2	0.2
Shares issued	–	–	–	–	–	–	–
Equity as at 31 December 2019	0.3	54.8	0.1	0.2	–	170.7	226.1

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £m	2018 £m
Operating activities		
Profit before tax	72.5	75.6
Finance expense	0.2	0.1
Finance income	(0.5)	(0.3)
Depreciation of property, plant and equipment	2.2	0.7
Amortisation of intangible assets	0.7	0.7
Share based payments	1.9	1.8
	77.0	78.6
Decrease/(Increase) in trade and other receivables	1.3	(7.3)
Decrease/(Increase) in inventories	5.7	(16.4)
(Decrease)/Increase in trade and other payables	(4.0)	3.5
	3.0	(20.2)
Cash generated from operations	80.0	58.4
Income taxes paid	(12.0)	(12.7)
Net cash flows from operating activities	68.0	45.7
Investing activities		
Purchase of property, plant and equipment	(2.6)	(1.5)
Interest received	0.5	0.3
Net cash used in investing activities	(2.1)	(1.2)
Financing activities		
Interest paid	(0.2)	(0.1)
Issue of shares	–	1.1
Dividends paid	(18.0)	(13.7)
Repayment of loan	(6.1)	–
Issue of other financial assets	(2.2)	–
Payment of lease liabilities	(0.5)	–
Net cash used in financing activities	(27.0)	(12.7)
Net increase in cash and cash equivalents	38.9	31.8
Cash and cash equivalents at beginning of period	89.7	57.0
Effect of movements in exchange rates on cash held	(0.3)	0.9
Cash and cash equivalents at end of period	128.3	89.7



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC Interpretations issued by the International Accounting Standards Board as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRS.

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

The impact of COVID-19 has also been reflected in the Directors' assessment of the going concern basis of preparation for the Group and Company financial statements. This has been considered by modelling the impact on the group's cashflow for the period to the end of June 2021.

Whilst the Group is financially strong and has well balanced revenue streams, it is clear that COVID-19 will have a material impact on 2020 trading. The On-Trade channel, which makes up 45% of Group sales, has been severely challenged across many of our regions especially in those markets where government advice has led to the temporary closing of all On-Trade outlets. In the Off-Trade channel, overall sales have remained strong, most notably in the UK and the US.

Due to the high level of uncertainty in relation to the length, breadth and depth of the potential impacts of COVID-19, the Directors have modelled the impact on the Group and Company under three separate scenarios, as set out in the viability statement on page 44.

Under these differing scenarios, the forecasts for the period to the end of June 2021 indicate that the Group and the Company continue to have positive cashflows and significant cash balances and as a result are able to continue operating and to meet their liabilities as they fall due.

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

NEW ACCOUNTING POLICIES AND STANDARDS

IFRS 16 Leases has introduced a single, on-balance sheet accounting model for lessees, eliminating the distinction between operating and finance leases. As a result, the Group has recognised £2.2m of right-of-use assets and corresponding lease liabilities on the date of initial application (1 January 2019). These are included within property, plant and equipment and loans and borrowings respectively in the consolidated statement of financial position.

The Group has applied IFRS 16 using the modified retrospective approach; accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The Group has applied the practical expedients permitted by IFRS 16 of not recognising right-of-use assets and liabilities for leases with less than 12 months of lease term remaining, and of applying a single discount rate to a portfolio of leases with reasonably similar characteristics on transition, specifically our leased cars in the UK. The impact of transition to IFRS 16 is summarised below. These are the first financial statements of the Group to apply IFRS 16 Leases.

TABLE RECONCILING LEASE COMMITMENT AT 31 DECEMBER 2018 TO LEASE LIABILITIES ON 1 JANUARY 2019

	1 January 2019 £m
Operating lease commitment on 31 December 2018	2.7
Short-term exemption	(0.1)
Extension and termination options	(0.2)
Effect of discounting	(0.2)
Lease liabilities recognised on 1 January 2019	2.2

The weighted average rate applied is 2.5% reflecting the incremental borrowing rate at 1 January 2019.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

None of the standard or interpretations available for early adoption have been implemented by the Group.

1. ACCOUNTING POLICIES CONTINUED

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.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

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.

REVENUE RECOGNITION

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

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

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

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

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

EXPENDITURE

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

GOODWILL

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES CONTINUED

EXTERNALLY ACQUIRED INTANGIBLE ASSETS

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

The amortisation expense for both externally acquired and internally generated intangible assets is recognised within administrative expenses.

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. All intangible assets acquired through business combination are amortised over their estimated useful lives.

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Leasehold property	–	over the life of the lease
Fixtures and fittings	–	33% per annum straight-line
Re-usable packaging	–	20% per annum straight-line
Motor vehicles	–	20% per annum straight-line

CASH AND CASH EQUIVALENTS

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

FINANCIAL ASSETS

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

FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

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

1. ACCOUNTING POLICIES CONTINUED

AMORTISED COST

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

Trade and other receivables are classified as financial assets at amortised cost as they are held only with the purpose of collecting the contractual cash flows. They arise principally through the provision of services to customers (e.g. trade receivables), where the contractual cash flows comprise only the invoiced amounts, but also incorporate other types of contractual monetary assets in which payments comprise only principal and interest. They are initially recognised at fair value plus, where relevant, directly attributable transactions costs and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

FINANCIAL LIABILITIES

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

FAIR VALUE THROUGH PROFIT OR LOSS

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

OTHER FINANCIAL LIABILITIES

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

HEDGE ACCOUNTING

The Group designates a portion of its derivatives as cash flow hedges, hedging the currency risk of highly probable forecast future 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES CONTINUED

LEASED ASSETS

LEASE ACCOUNTING UNDER IFRS 16 (APPLICABLE AFTER 1 JANUARY 2019)

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

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The 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.

LEASE ACCOUNTING UNDER IAS 17 (APPLICABLE BEFORE 1 JANUARY 2019)

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

DEFERRED TAXATION

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

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

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

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

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

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

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

INVENTORIES

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

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

1. ACCOUNTING POLICIES CONTINUED

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 management team including the Chief Executive Officer and the Finance Director.

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

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

ADJUSTED EBITDA

Operating profit is adjusted for a number of non-cash items, including amortisation of the Fever-Tree brand intangible acquired in March 2013 and other intangible assets, depreciation, and the share based payment charge which recognises the fair value of share options granted. The intention is for adjusted EBITDA to provide a comparable, year on year indicator of underlying trading and operational performance. Adjusted EBITDA is the Group's primary alternative performance measure (APM).

SHARE BASED PAYMENTS

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

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

FOREIGN CURRENCY

FUNCTIONAL AND PRESENTATION CURRENCY

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

TRANSACTIONS AND BALANCES

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

FOREIGN OPERATIONS

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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. 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 assess what is received in each individual arrangement with customers to determine the correct accounting treatment. Third party evidence is obtained to corroborate the information provided by customers. In the absence of clear evidence to the contrary, payments to customers are recognised as reductions to revenue.

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

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

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

To the extent that financial instruments are not carried at fair value in the consolidated statement of financial position, the carrying values approximate fair values at 31 December 2019 and 31 December 2018.

FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

	Financial assets at fair value		Financial assets at amortised cost	
	2019 £m	2018 £m	2019 £m	2018 £m
Cash and cash equivalents	–	–	128.3	89.7
Trade and other receivables	–	–	56.2	57.5
Derivative financial instruments in cash flow hedges	0.2	–	–	–
Other financial assets (non-current)	–	–	2.1	–
Total financial assets	0.2	–	186.6	147.2

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

FINANCIAL LIABILITIES

	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2019 £m	2018 £m	2019 £m	2018 £m
Trade and other payables	–	–	23.5	29.3
Lease liabilities	–	–	0.6	–
Loans and borrowings	–	–	–	6.1
Other derivative financial instruments	0.1	0.3	–	–
Total financial liabilities	0.1	0.3	24.1	35.4

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 2019 the Group has net trade receivables of £51.0m (2018: £54.3m).

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.

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 2019 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

LIQUIDITY RISK

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

The Group actively manages its cash and currently holds substantial cash balances in Sterling, US Dollars and Euros. The Group also has access to additional equity funding. Trade and other payables are monitored as part of normal management routine. See bank loans note (note 17).

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

	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
31 December 2019				
Trade and other payables	23.5	–	–	–
Lease liabilities	0.6	0.6	0.7	–
Bank borrowings principal	–	–	–	–
Derivative financial instruments outflow	67.9	–	–	–
Derivative financial instruments (inflow)	(68.2)	–	–	–
	Within one year £m	One to two years £m	Two to five years £m	Over five years £m
31 December 2018				
Trade and other payables	29.3	–	–	–
Bank borrowings principal	6.1	–	–	–
Derivative financial instruments outflow	23.5	–	–	–
Derivative financial instruments (net inflow)	(23.2)	–	–	–

For further details on bank loans, see note 17.

PRICING RISK

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

MARKET RISK

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

(A) INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk from its loan facilities, which carry interest at variable rates. The Group's policy is to balance exposure to interest rate risk with the cost and flexibility of funding. This policy is managed centrally.

The requirement for interest rate hedging is reviewed periodically, being a mechanism available to manage interest rate risk. These reviews acknowledge that interest rate hedges will not necessarily protect the Group from the risk of paying rates in excess of current market rates nor eliminate cash flow risk associated with the variability in interest payments. Judgements are therefore exercised in the context of the market and the materiality of the potential risk compared to the cost. The Group does not currently have any debt facilities, nor does it engage in interest rate hedging.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

(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 within the USA and Europe where transactions are predominantly 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 2019 there were commitments to purchase foreign currency exchange forward contracts with a total Sterling value of approximately £67.9m (2018: £23.2m) in Euros and US Dollars. All contracts mature within 12 months of the reporting date.

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

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

	2019		2018	
	Currency in m		Currency in m	
	Euro	USD	Euro	USD
Receivables	21.9	18.8	14.8	17.6
Payables	(4.6)	-	(6.4)	(0.1)
Cash	3.3	1.0	2.2	19.3
Total	20.6	19.8	10.6	36.8

EFFECT OF CASH FLOW HEDGES

At 31 December 2019, the Group held derivatives with a notional value of £35.5m (2018: £nil) designated as hedging instruments for cash flow hedging purposes. They all have maturities in 2020 and have a range of hedged rates between EUR 1.15–1.18 and USD 1.30–1.33.

In respect of cash flow hedges the Group has recognised a gain of £0.2m in other comprehensive income in the year comprising £0.2m gain in fair value of hedged instruments. There was no ineffectiveness recognised in the year.

In 2018 the Group did not utilise cash flow hedge accounting.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. REVENUE

A) REVENUE STREAMS

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

Analysis of concentration of customers top 3 and other:

	2019	2018
Customer 1	11%	12%
Customer 2	6%	7%
Customer 3	5%	6%
Other	78%	75%
	100%	100%

An analysis of turnover by geographical market is given below:

	2019 £m	2018 £m
United Kingdom	132.7	134.1
United States of America	47.6	35.8
Europe	64.4	55.5
Rest of the World	15.8	12.0
	260.5	237.4

In the year ended 31 December 2019 the Group had one customer representing £29.5m of sales, accounting for 11% of Group revenue (2018: one customer represented £29.6m of sales, accounting for 12% of revenue).

B) CONTRACT BALANCES

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

£m	Note	31 December 2019	31 December 2018
Receivables, which are included in "trade and other receivables"	14	52.3	56.0

No information is provided about remaining performance obligations at 31 December 2019 that have an original expected duration of one year or less.

5. PROFIT FROM OPERATIONS

Operating profit is stated after charging:

	2019 £m	2018 £m
Foreign exchange loss/(gain)	-	(0.8)
Depreciation of property, plant and equipment	2.2	0.7
Amortisation of intangible assets	0.7	0.7
Lease payments through profit or loss	0.2	0.3
Logistics and warehousing	18.5	14.0
Discretionary marketing	28.7	21.0
International transition costs	-	1.5
Auditors' remuneration:		
Fees for audit of the company	0.1	0.1
Fees for audit of subsidiaries	0.1	0.1
Non audit services*	-	0.1

* Non audit services of £47,372 have been rounded down to zero in the above disclosure.

6. STAFF COSTS

	2019 £m	2018 £m
Wages and salaries	12.6	10.5
Employers national insurance	1.1	2.7
Pensions	0.6	0.1
	14.3	13.3

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

	2019	2018
Sales and Marketing	91	54
Production and Administration	82	60
	173	114

	2019 £m	2018 £m
Directors' remuneration included in staff costs		
Salaries	1.1	1.0
Bonuses	-	0.9
	1.1	1.9

Total remuneration regarding the highest paid Director was £0.4m (2018: £10.0m). The total remuneration regarding the highest paid Director includes the gain on exercise of share options, which is not included in staff costs.

The Directors' gain on exercise of share options was £nil (2018: £21.9m). These share options had no performance conditions attached and are therefore not included in the single figure table of the remuneration report.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. FINANCE INCOME AND EXPENSES

	2019 £m	2018 £m
Finance income		
Interest Income	0.5	0.3
	0.5	0.3
Finance expense		
Interest on lease liabilities	0.2	–
Bank loan interest and other charges	–	0.1
	0.2	0.1

8. INCOME TAX

	2019 £m	2018 £m
Current tax expense		
Current tax on profits for the period	14.6	15.3
Adjustment in respect of prior period	–	(0.8)
	14.6	14.5
Deferred tax expense		
Origination and reversal of temporary differences	(0.7)	(0.7)
Adjustment in respect of prior period	0.1	–
Total tax expense	14.0	13.8

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:

	2019 £m	2018 £m
Profit for the year	72.5	75.6
Expected tax charge based on corporation tax rate of 19% in 2019 (19% in 2018)	13.8	14.3
Income not deductible for tax purposes	(0.1)	0.2
Adjustment in respect of prior period	0.1	(0.8)
Differences in tax rates	0.2	0.1
Total tax expense	14.0	13.8

During the year corporation tax relief of £0.1m (2018: £4.4m) was recognised within equity in relation to share options exercised in the period.

9. EARNINGS PER SHARE

	2019 £m	2018 £m
Profit		
Profit used in calculating basic and diluted EPS	58.5	61.8
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	116,126,293	115,734,845
Weighted average number of dilutive employee share options outstanding	448,508	396,350
Weighted average number of shares for the purpose of diluted earnings per share	116,574,801	116,131,195
Basic earnings per share (pence)	50.46	53.38
Diluted earnings per share (pence)	50.26	53.19
NORMALISED EPS		
	2019 £m	2018 £m
Profit		
Reported profit before tax	72.5	75.6
Add back:		
Amortisation	0.7	0.7
Adjusted profit before tax	73.2	76.3
Tax – assume standard rate (19%)	(13.9)	(14.5)
Normalised earnings	59.3	61.8
Number of shares	116,126,293	115,734,845
Normalised basic earnings per share (pence)	51.08	53.40

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).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £m	Reusable packaging £m	Motor vehicles £m	Fixtures and fittings £m	Totals £m
Cost					
At 31 December 2017	0.5	1.8	0.3	0.3	2.9
Additions	0.2	0.7	0.1	0.3	1.3
At 31 December 2018	0.7	2.5	0.4	0.6	4.2
Application of IFRS 16	2.1	–	0.1	–	2.2
Additions	–	3.9	0.1	0.2	4.2
At 31 December 2019	2.8	6.4	0.6	0.8	10.6
Depreciation					
At 31 December 2017	–	0.6	0.1	0.1	0.8
Charge for the year	0.1	0.4	0.1	0.1	0.7
At 31 December 2018	0.1	1.0	0.2	0.2	1.5
Charge for the year	0.7	1.2	0.1	0.2	2.2
At 31 December 2019	0.8	2.2	0.3	0.4	3.7
Net book value					
At 31 December 2019	2.0	4.2	0.3	0.4	6.9
At 31 December 2018	0.6	1.5	0.2	0.4	2.7

Right of use assets relating to leases are included within leasehold property and motor vehicles (see note 23).

Additions to reusable packaging in 2019 include £1.6m of reusable glass which was previously recognised as cost of sales.

11. INTANGIBLE ASSETS

	Goodwill £m	Brands £m	Totals £m
Cost			
At 31 December 2018 and 31 December 2019	31.5	14.4	45.9
Amortisation			
At 31 December 2017	–	3.5	3.5
Charge for the year	–	0.7	0.7
At 31 December 2018	–	4.2	4.2
Charge for the year	–	0.7	0.7
At 31 December 2019	–	4.9	4.9
Net book value			
At 31 December 2019	31.5	9.5	41.0
At 31 December 2018	31.5	10.2	41.7

11. INTANGIBLE ASSETS CONTINUED

Intangible assets represent the fair value at the 12 March 2013 acquisition date of the "Fever-Tree" brand. The fair value has been determined by applying the "relief from royalty" method to the cash flows earned from the brands. 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.

Goodwill recognised upon the acquisition of Fevertree Limited on 12 March 2013 represented the difference between the consideration paid and the fair value of assets acquired and liabilities assumed. In line with IAS 36, the cash-generating unit to which goodwill has been allocated is tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Management have made this consideration and do not believe there to be any impairment indicators.

Goodwill is not amortised but tested for impairment annually. The impairment model for goodwill is based on the higher of value in use and the fair value less costs to sell using the quoted price of the Company's shares as an estimate of the fair value.

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

12. SUBSIDIARIES

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

Name	Principal activity	Incorporated	Registered address	2019	2018
				Ownership %	Ownership %
Fevertree Limited	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree USA Inc.*	Development and sale of premium mixer drinks	USA	251 Little Falls Drive, Wilmington, Delaware, 19808	100%	100%
Fevertree USA Holding Co. Inc.*	The activities of a holding company	USA	251 Little Falls Drive, Wilmington, Delaware, 19808	100%	100%
Fevertree UK Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree US Limited*	The activities of a holding company	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree Europe Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree ROW Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	100%
Fevertree Germany Limited*	Development and sale of premium mixer drinks	UK	Kildare House, 3 Dorset Rise, London, EC4Y 8EN	100%	n/a

* Denotes indirectly held subsidiary

13. INVENTORIES

	2019	2018
	£m	£m
Raw materials	5.7	6.3
Finished goods	15.1	22.0
	20.8	28.3

The cost of inventories recognised as an expense and included in the cost of sales amounted to £107.1m (2018: £97.4m). The amount charged to the consolidated statement of profit or loss and other comprehensive income in respect of impairment and write off of inventories was £0.4m (2018: £0.7m).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

14. TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Trade receivables	52.3	56.0
Expected credit loss provision	(1.3)	(1.7)
Net trade receivables	51.0	54.3
Other receivables	5.2	3.2
Total financial assets other than cash and cash equivalents held at amortised cost	56.2	57.5
Prepayments	3.2	4.3
Recoverable VAT	1.4	1.1
Total trade and other receivables	60.8	62.9

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

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

EXPECTED CREDIT LOSS ASSESSMENT FOR CUSTOMERS AS AT 31 DECEMBER 2019

The following table provides information about the exposure to credit risk and ECLs (expected credit losses) for trade receivables as at 31 December 2019. The simplified approach has been used, as permitted by IFRS 9.

	Weighted average loss rate	Gross carrying amount £m	Impairment loss allowance £m
31 December 2019			
Current (not past due)	2%	46.6	1.0
1–30 days past due	2%	3.5	0.1
31–60 days past due	4%	1.0	–
Over 60 days past due	9%	1.2	0.2

	Weighted average loss rate	Gross carrying amount £m	Impairment loss allowance £m
31 December 2018			
Current (not past due)	2%	42.4	1.0
1–30 days past due	2%	8.8	0.2
31–60 days past due	3%	2.1	0.1
Over 60 days past due	16%	2.7	0.4

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 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.

14. TRADE AND OTHER RECEIVABLES CONTINUED**MOVEMENTS IN THE ALLOWANCE FOR IMPAIRMENT IN RESPECT OF TRADE RECEIVABLES**

Movements in the allowance for impairment in respect of trade receivables during the year was as follows.

	2019 £m	2018 £m
Balance at 1 January	1.7	1.1
Amounts written off	–	–
Net remeasurement of loss allowance	(0.4)	0.6
Balance at 31 December	1.3	1.7

15. TRADE AND OTHER PAYABLES

Current	2019 £m	2018 £m
Trade payables	4.5	11.3
Accruals	16.1	14.7
Other	2.9	3.3
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	23.5	29.3
Social security and other taxes	4.0	3.7
Total trade and other payables	27.5	33.0

There is no material difference between the net book amount and fair value of trade and other payables due to their short-term nature. No material balances were denominated in currencies other than the Group's reporting currency.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	2019 £m	2018 £m
Foreign currency exchange contracts	0.1	(0.3)
Total derivative financial instruments	0.1	(0.3)

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows. All contracts mature in less than 12 months; therefore, the instruments are classified as current.

The fair value of foreign exchange contracts and interest swap derivatives is based on bank valuations.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative instruments in the consolidated statement of financial position.

The increase in fair value on forward contracts of £0.4m (2018: decrease of £0.5m) has been included within the foreign exchange amount in note 5, with the unrealised profits offsetting the foreign exchange movements in net assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

17. LOANS AND BORROWINGS

	2019 £m	2018 £m
Bank loans		
Current portion	–	6.1
Total bank loans	–	6.1

In January 2016, the business agreed a three-year £10,000,000 Revolving Credit Facility at a rate of 0.60% above LIBOR with additional fees of 0.20% on utilised amounts and 0.24% on non-utilised amounts. In January 2019 the Group repaid the outstanding loan balance in full and the facility expired. No further financing agreements have been entered into.

18. DEFERRED TAX

Details of the deferred tax liability/(asset) are as follows:

	2019 £m	2018 £m
Opening asset/(liability)	(0.2)	1.3
Recognised in comprehensive income	0.6	0.7
Recognised in equity	0.1	(2.2)
Closing asset/(liability)	0.5	(0.2)

Details of the deferred tax liability/(asset) are as follows:

	Fair valuation of intangible assets £m	Share based payments £m	Other £m	Credited to statement of comprehensive income £m
At 31 December 2018	1.8	(1.4)	(0.2)	0.2
Comprehensive income debit/(credit)	(0.2)	(0.1)	(0.3)	(0.6)
Recognised in equity	–	(0.1)	–	(0.1)
At 31 December 2019	1.6	(1.6)	(0.5)	(0.5)

19. SHARE CAPITAL

	2019 Number	2019 £m	2018 Number	2018 £m
Ordinary shares of £0.0025 each				
At beginning of the period	116,116,983	0.3	115,366,102	0.3
Issued during the year	14,216	–	750,881	–
At the end of the period	116,131,199	0.3	116,116,983	0.3

20. SHARE BASED PAYMENTS

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

THE COMPANY SHARE OPTION PLAN ("CSOP")

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

The first options granted under the CSOP vested three years from the date of grant and have an exercise price equal to the placing price under the Group's initial public offering of £1.34. These options lapse after 10 years.

UNAPPROVED SCHEME

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

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

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement or ill health, and, in other circumstances, at the discretion of the Remuneration Committee.

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

LONG TERM INCENTIVE PLAN ("LTIP")

All employees and full-time Directors of the Group are eligible to participate at the discretion of the Remuneration Committee. Share awards may be granted subject to objective performance conditions and vest over a vesting period determined by the Remuneration Committee at the time of the grant.

Awards will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement or ill-health, and, in other circumstances, at the discretion of the Remuneration Committee. In the event of an amalgamation, takeover or winding up of the Company, unvested awards may vest over such number of shares as is specified by the Remuneration Committee. There are also provisions for the exchange of awards in specified circumstances. The awards immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20. SHARE BASED PAYMENTS CONTINUED

EMPLOYEE SHARESAVE SCHEME ("SAVE")

In May 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 end time and forfeit their right to exercise the options at the end of the vesting period.

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

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

	2018	
	Number of shares	Weighted average exercise price £
CSOP		
Outstanding at beginning of the year	41,845	1.85
Exercised	(41,595)	1.69
Outstanding at end of the year	250	1.34
Of which vested and exercisable	250	1.34

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

	2018	
	Number of shares	Weighted average exercise price £
Unapproved scheme		
Outstanding at beginning of the year	705,216	1.44
Exercised	(695,291)	1.45
Outstanding at end of the year	9,925	1.34
Of which vested and exercisable	9,925	1.34

20. SHARE BASED PAYMENTS CONTINUED

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

	2018	
	Number of shares	Weighted average exercise price £
LTIP		
Outstanding at beginning of the year	445,620	0.0025
Exercised	(13,995)	0.0025
Granted	80,049	0.0025
Outstanding at end of the year	511,674	0.0025
Of which vested and exercisable	–	–

	2019	
	Number of shares	Weighted average exercise price £
SAYE		
Outstanding at beginning of the year	–	–
Granted	50,655	20.99
Outstanding at end of the year	50,655	20.99
Of which vested and exercisable	–	–

The weighted average grant date fair value of options granted during the period was determined at £25.04 per option. The weighted average price of options exercised in the year was £27.55. The outstanding options have a weighted average remaining contractual life of eight years and exercise prices between £0.0025 and £24.66.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20. SHARE BASED PAYMENTS CONTINUED

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:

	2019	2018
Risk-free interest rate	0.39%–0.79%	0.83%–0.92%
Expected life	5 years	5 years
Expected volatility	29.20%–33.56%	23.83%–26.30%
Expected dividend yield	0.53%–0.60%	0.60%
Share price at grant date	£21.92–£31.58	£27.54–£35.74

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.

21. RESERVES

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings are the cumulative net profits in the profit or loss. Movements on these reserves are set out in the consolidated statement of changes in equity.

Capital redemption reserve was created as a result of the share buy-back during 2014.

The translation reserve captures exchange differences arising on the translation of non-GBP functional subsidiaries' accounts on consolidation.

The cash flow hedging reserve was created as a result of the implementation of hedge accounting. It captures the change in fair value for hedge accounted derivatives before the hedged item is recognised in the financial statements.

22. DIVIDENDS

In the financial year ended 31 December 2019 dividends were paid with a value of £17,976,649 (being £11,937,872 at 10.28 pence per share in respect of the year ended 31 December 2018, and £6,038,778 at 5.20 pence per share in respect of the six months ended 30 June 2019). Dividends of £13,725,191 (11.86 pence per share) were paid in the prior year. The Directors are proposing a final dividend of 9.88 pence per share - £11,473,762. This dividend has not been accrued in the consolidated statement of financial position.

23. LEASES

The Group leases its office premises in London and New York and a small fleet of motor vehicles used by its UK-based sales team.

RIGHT-OF-USE ASSETS:

	Leasehold property £m	Motor vehicles £m	Total £m
Balance at 1 January 2019	2.1	0.1	2.2
Additions	–	–	–
Depreciation charge for the year	(0.5)	(0.1)	(0.6)
Balance at 31 December 2019	1.6	–	1.6
Owned property, plant and equipment	0.4	0.3	0.7
Total property, plant and equipment	2.0	0.3	2.3

23. LEASES CONTINUED**LEASE LIABILITIES:**

	2019 £m	
Undiscounted future cash flows		
Not later than one year		0.6
Later than one year and not later than five years		1.3
Later than five years		–
Total undiscounted future cash flows		1.9
Lease liabilities at 31 December 2019		1.8
Current lease liabilities		0.6
Non-current lease liabilities		1.2
	2019 £m	2018 £m
Amounts recognised in the profit or loss		
Interest on lease liabilities	0.2	–
Depreciation charge for right-of-use assets	0.6	–
Charge relating to short-term leases	0.2	–
Lease expense (IAS 17)	–	0.3
	2019 £m	
Amounts recognised in consolidated statement of cash flows		
Total cash outflow for leases	0.5	

24. EVENTS AFTER THE REPORTING PERIOD**COVID-19**

There remains considerable uncertainty about how Covid-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 30 January 2020.

To date, our key bottlers and canners have continued to operate through the crisis with segregated shift patterns and we have taken action to ensure our finished goods stock in the UK is held across separate locations within our logistics partner's estate, and in the US we hold our stock across three locations on the West Coast, East Coast and in Texas.

Whilst the Group is financially strong and has well balanced revenue streams, it is clear that COVID-19 will have a material impact on 2020 trading. The On-Trade channel, which makes up 45% of Group sales, has been severely challenged across many of our regions, especially in those markets where government advice has led to the temporary closing of all On-Trade outlets. In the Off-Trade channel, overall sales have remained strong, most notably in the UK and the US.

There is no indication at this stage that there will be any material impairments of the financial assets presented in the 31 December 2019 financial statements. Whilst trading under COVID-19 has impacted stock turnover, production quantities have also been reduced accordingly. Credit risk is increasing as customers, particularly those operating in the On-Trade, and our importers are put under increasing financial pressure. As such, we are managing our trade receivables closely with our customers and whilst credit risk remains, we have collected 95% of year end receivables to this point.

We have modelled a number of possible outcomes which consider, amongst other things, the overall length of the lockdown in key regions, trading within the Off-Trade channel during the period, as well as the rate of normalisation across the On-Trade post lockdown.

These scenarios give a broad range of outcomes on revenue, before considering the related margin impact and approach to discretionary spend as we move through the year. Given the level of uncertainty and the dynamic nature of the situation, it is too early to quantify the impact on the outturn for the remainder of the financial year.

The Group is in a very strong financial position at year end and at the current date. We are debt-free, with year-end cash of £128m, which has further increased post year end.

Other than the effects of Covid-19, as described above, there were no events after the reporting period to disclose.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel:

	2019 £m	2018 £m
Short-term employee benefits	1.1	1.0
Bonus	–	0.9
Share based payments	0.6	1.4
Employers national insurance	0.1	1.7
	1.8	5.0

The key management personnel are judged to be Directors. For full details of Directors' remuneration, see the Remuneration Committee Report on pages 47 to 57.

26. ULTIMATE CONTROLLING PARTY

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

COMPANY STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2019

Company number 08415302	Note	2019 £m	2018 £m
Fixed assets			
Fixed asset investments	3	60.5	60.5
Current assets			
Debtors	4	66.9	6.7
Cash at bank and in hand		22.9	43.8
		89.8	50.5
Creditors: amounts falling due within one year	5	(4.5)	(9.0)
Net current assets		85.3	41.5
Total assets less current liabilities		145.8	102.0
Net assets		145.8	102.0
Capital and reserves			
Called up share capital	6	0.3	0.3
Share premium	7	54.8	54.8
Capital redemption reserve	7	0.1	0.1
Retained earnings	7	90.6	46.8
Shareholders' funds		145.8	102.0

As permitted by Section 408 of the Companies Act 2006, a separate profit or loss account of the parent Company has not been presented. The parent Company's profit for the year was £59.7m (2018: £18.8m).

The financial statements were approved and authorised for issue by the Board of Directors on 21 April 2020 and were signed on its behalf by:

ANDREW BRANCHFLOWER
Chief Financial Officer





COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Equity as at 31 December 2017	0.3	53.7	0.1	37.7	91.8
Total comprehensive income for the year	–	–	–	18.8	18.8
Dividends paid	–	–	–	(13.7)	(13.7)
Share based payments	–	–	–	1.8	1.8
Tax on share based payments	–	–	–	2.2	2.2
Shares issued	–	1.1	–	–	1.1
Equity as at 31 December 2018	0.3	54.8	0.1	46.8	102.0
Total comprehensive income for the year	–	–	–	59.7	59.7
Dividends paid	–	–	–	(18.0)	(18.0)
Share based payments	–	–	–	1.9	1.9
Tax on share based payments	–	–	–	0.2	0.2
Shares issued	–	–	–	–	–
Equity as at 31 December 2019	0.3	54.8	0.1	90.6	145.8

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements of Fevertree Drinks plc Company have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The Company's financial statements are presented in Sterling.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow group companies

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Fevertree Drinks plc. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- the disclosure requirements of IFRS 15.

In all respects, the Company applies the same accounting policies as the Group, which, as stated above, are outlined in the notes to the consolidated financial statements. In addition, the following accounting policies are also applied, given the Company's function as holding company for the Group.

INVESTMENTS

Fixed asset investments are stated at cost less provisions for diminution in value.

SHARE BASED PAYMENTS

The Company operates equity-settled share-based option plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit or loss account. The corresponding credit has been recognised in the profit or loss account reserve.

The fair value of the employee service is based on the fair value of the equity instrument granted. This expense is spread over the vesting period of the instrument.

2. STAFF COSTS

	2019 £m	2018 £m
Short term employee benefits	1.1	1.0
Accrued bonus	–	0.9
Employers national insurance	0.1	1.7
	1.2	3.6

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



NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3. FIXED ASSET INVESTMENT

Subsidiary
undertakings
£m

At 31 December 2018 and 2019

60.5

Refer to note 12 of the consolidated financial statements of the Group for the list of the Company's subsidiaries.

4. DEBTORS

	2019 £m	2018 £m
Amounts owed by group undertakings	65.2	5.3
Deferred tax asset	1.7	1.4
	66.9	6.7

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £m	2018 £m
Trade creditors	–	0.1
Other taxation and social security	–	1.0
Accruals	0.1	1.0
Bank loans	–	6.1
Amounts owed to group undertakings	4.4	0.8
	4.5	9.0

In January 2016, the business agreed a three-year £10,000,000 Revolving Credit Facility at a rate of 0.60% above LIBOR with additional fees of 0.20% on utilised amounts and 0.24% on non-utilised amounts. In January 2019 the Group repaid the outstanding loan balance in full and the facility expired. No further financing agreements have been entered into.

6. SHARE CAPITAL

Refer to note 19 of the consolidated financial statements for information on share capital.

7. RESERVES

Refer to note 21 of the consolidated financial statements for a description of the reserves.

8. 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 25 of the consolidated financial statements.

9. SHARE BASED PAYMENTS

Share based payment arrangements for Directors are set out in the Remuneration Report.

Details of the share options in existence are shown in note 20 of the consolidated financial statements.

10. EVENTS AFTER THE REPORTING PERIOD

COVID-19

There remains considerable uncertainty about how Covid-19 will develop over the coming weeks and months after it was announced as a global health emergency by the World Health Organisation on 30 January 2020.

We have modelled a number of possible outcomes which consider, amongst other things, the overall length of the lockdown in key regions, trading within the Off-Trade channel during the period, as well as the rate of normalisation across the On-Trade post lockdown for all subsidiaries.

These scenarios give a broad range of outcomes on revenue, before considering the related margin impact and approach to discretionary spend as we move through the year for the various subsidiaries. Given the level of uncertainty and the dynamic nature of the situation, it is too early to quantify its impact on the outturn for the remainder of the financial year. However, there is no indication at this stage that there will be any material impairments of the financial and non-financial assets presented in the 31 December 2019 financial statements, which includes investment in subsidiaries and recoverability of intercompany trading balances.

Other than the effects of Covid-19, as described above, there were no events after the reporting period to disclose.



OTHER



INFORMATION



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COMPANY INFORMATION

REGISTERED OFFICE

Kildare House
3 Dorset Rise
London
EC4Y 8EN

HEAD OFFICE

186-188 Shepherds Bush Road
London
W6 7NL

COMPANY WEBSITE

www.fever-tree.com

COMPANY SECRETARY

John Finlay

ADVISERS

NOMINATED ADVISERS AND BROKERS

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Numis Securities
10 Paternoster Square
London
EC4M 7LT

LEGAL ADVISERS TO THE COMPANY

Osborne Clarke
One London Wall
London
EC2Y 5EB

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

REGISTRARS

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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 4 June 2020 at 11:30 a.m. Pursuant to the stay at home measures brought which have been applied in the UK in response to the COVID-19 pandemic, shareholders will not be permitted to attend the meeting and access will be refused. Shareholders are invited to submit any questions for the Board by sending an email to agm@fever-tree.com. We encourage all shareholders to vote by proxy, further details of which are contained in this notice. 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 2019 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 2019.

3. Declaration of dividend

To declare a final dividend of 9.88p per ordinary share for the year ended 31 December 2019 payable on 12 June 2020 to shareholders who are on the register of members of the Company on 15 May 2020.

4. Re-election of William Ronald

To re-elect William Ronald as a Director.

5. Re-election of Timothy Warrillow

To re-elect Timothy Warrillow as a Director.

6. Re-election of Andrew Branchflower

To re-elect Andrew Branchflower as a Director.

7. Re-election Coline McConville

To re-elect Coline McConville as a Director.

8. Re-election of Kevin Havelock

To re-elect Kevin Havelock as a Director.

9. Re-election of Jeff Popkin

To re-elect Jeff Popkin as a Director.

10. Re-election of Domenic De Lorenzo

To re-elect Domenic De Lorenzo as a Director.

11. Re-appointment of Auditors

To re-appoint BDO LLP as Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

12. Auditors' remuneration

To authorise the Directors to determine the remuneration of the Auditors.



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 13 and 16 will be proposed as ordinary resolutions and resolutions 14 and 15 will be proposed as special resolutions.

13. Directors' authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551, Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £96,776 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

14. Directors' power to issue shares for cash

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 14 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

- (i) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities:
 - (A) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
 - (B) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £14,516; and

unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

15. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 0.25p each ("Ordinary Shares") provided that:

- (i) the maximum number of Ordinary Shares authorised to be purchased is 11,613,120;
- (ii) the minimum price which may be paid for any such Ordinary Share is 0.25p;
- (iii) the maximum price which may be paid for an Ordinary Share shall be the higher of:
 - (A) an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
 - (B) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and
- (iv) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next AGM, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

16. Directors' fees

To:

- (i) approve, adopt and ratify the decisions of the current and former Directors of the Company to pay fees to Directors in the amounts set out in the Company's annual report and accounts for each of the financial years from and including the financial year ended 31 December 2017 up to and including the fees which are payable in the financial year ending 31 December 2020, notwithstanding that the amounts of such fees exceeded or may have exceeded the limit set out in the Company's articles of association (the "Articles"); and
- (ii) increase the limit on the aggregate sum that may be paid per year as Directors' fees under article 93 of the Articles from £250,000 to £750,000.

Dated: 11 May 2020

Registered Office:

Kildare House
3 Dorset Rise
London
EC47 8EN

By order of the Board

JOHN FINLAY

Company Secretary



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 2 June 2020 (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. Pursuant to the stay at home measures brought which have been applied in the UK in response to the COVID-19 pandemic, shareholders will not be permitted to attend the meeting and access will be refused. We encourage all shareholders to vote by proxy, further details of which are contained in this notice in Note 7 below.
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 Asset Services, at enquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 11:30 a.m. on 2 June 2020.

8. CREST members who wish to appoint a proxy or proxies through the CREST proxy appointment service may do so for the AGM (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Link Asset Services, RA10 by 11:30 a.m. on 2 June 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual (available at www.euroclear.com/CREST) concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

NOTICE OF ANNUAL GENERAL MEETING – EXPLANATORY NOTES

RESOLUTION 1 – RECEIVING THE ACCOUNT AND REPORTS

All quoted companies are required by law to lay their annual accounts before a general meeting of the Company, together with the Directors' reports and Auditors' report on the accounts. At the AGM, the Directors will present these documents to the shareholders for the financial year ended 31 December 2019.

RESOLUTION 2 – DIRECTORS' REMUNERATION

To approve the Directors' remuneration report for the year ended 31 December 2019.

RESOLUTION 3 – DECLARATION OF DIVIDEND

This resolution concerns the Company's final dividend payment. The Directors are recommending a final dividend of 9.88p per ordinary share in respect of the year ended 31 December 2019 which, if approved, will be payable on 12 June 2020 to the shareholders on the register of members on 15 May 2020.

RESOLUTION 4 – RE-ELECTION OF WILLIAM RONALD

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

RESOLUTION 5 – RE-ELECTION OF TIMOTHY WARRILLOW

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

RESOLUTION 6 – RE-ELECTION OF ANDREW BRANCHFLOWER

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

RESOLUTION 7 – RE-ELECTION OF COLINE MCCONVILLE

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

RESOLUTION 8 – RE-ELECTION OF KEVIN HAVELOCK

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

RESOLUTION 9 – RE-ELECTION OF JEFF POPKIN

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

RESOLUTION 10 – RE-ELECTION OF DOMENIC DE LORENZO

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

RESOLUTION 11 – RE-APPOINTMENT OF AUDITORS

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 £96,776 representing approximately one third of the nominal value of the issued ordinary share capital of the Company as at 21 April 2020, being the latest practicable date before publication of this notice.

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 – EXPLANATORY NOTES CONTINUED

RESOLUTION 14 – DIRECTORS' POWER TO ISSUE SHARES FOR CASH FOR PRE-EMPTIVE ISSUES AND GENERAL PURPOSES

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £14,516 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 21 April 2020 being the latest practicable date before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 18 months after the passing of the resolution, whichever is the earlier.

RESOLUTION 15 – AUTHORITY TO PURCHASE SHARES (MARKET PURCHASE)

This resolution authorises the board to make market purchases of up to 11,613,120 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 21 April 2020, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next AGM of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent AGMs.

The minimum price that can be paid for an ordinary share is 0.25p being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the authorities are in place so that they can more readily take advantage of possible opportunities.

RESOLUTION 16 – DIRECTORS' FEES

Under the Company's Articles, the aggregate fees payable to Directors (excluding any salary, remuneration or other amount payable to a Director in accordance with the Articles) per year is £250,000, or such other limit as the Company in a general meeting shall from time to time determine. The Board's composition and size has upweighted in recent years and whilst details of the fees paid to Directors in each financial year have been disclosed in the Company's annual report and accounts in each year, the Company has not formally determined in a general meeting a revised limit on the aggregate fees payable to Directors under the Articles. In each financial year from and including the financial year ended 31 December 2017 up to and including the current financial year ending 31 December 2020, the aggregate amount of fees paid or payable to Directors has exceeded the current £250,000 limit set out in the Articles, as detailed below. There has, therefore, in relation to each of those financial years, been a technical breach of the limit set under the Articles.

Annual Report and Accounts	Aggregate Directors' fees paid £000 (Amount paid in excess of limit in Articles £000)
Financial year ending 31 December 2020	485
Financial year ended 31 December 2019	485 (235)
Financial year ended 31 December 2018	428 (178)
Financial year ended 31 December 2017	309 (59)

The purpose of resolution 16 is to address this issue by formally increasing the aggregate limit on the fees that may be paid to Directors from £250,000 to £750,000, which will allow the Company some headroom to accommodate any future increases in the aggregate amount of fees payable to the Directors whether due to further appointments of Directors or otherwise.

Resolution 16 also formally ratifies, adopts and approves the decisions of current and former Directors of the Company in approving the fees paid and payable to Directors in each financial year from and including the financial year ended 31 December 2017 up to and including the current financial year, notwithstanding that the aggregate amount of such fees exceeded or exceeds the current limit set out in the Articles.

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