

# ADMISSION DOCUMENT



**FEVER-TREE**

Premium Natural Mixers

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities.**

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority.

**Application has been made for the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 7 November 2014. The New Ordinary Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares by reference to a record date falling after Admission.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

The Directors (whose names, addresses and functions appear on page 5 of this document) and the Company (whose registered office appears on page 5 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.**

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# Fevertree Drinks plc

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 08415302)*

**Placing of 69,648,660 Ordinary Shares of 0.25 pence each at 134 pence per share  
and**

**Admission to trading on AIM**

***Nominated Adviser and Broker***

**Investec Bank plc**

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## **Issued share capital immediately following Admission**

<i>Amount</i>	<i>Number of Ordinary Shares</i>
£288,102.24	115,240,896

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Investec, which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Investec or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by the FSMA or the regulatory regime established thereunder, Investec does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, at the Company's website [www.fever-tree.com](http://www.fever-tree.com).

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part II of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### Notice to overseas persons

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the “**US Securities Act**”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “**Restricted Jurisdiction**”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

### **Basis on which information is presented**

The report on the financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part IV of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including the Group's audited consolidated financial information for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, and the notes to this financial information, has been prepared in accordance with IFRS.

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

### **Market, economic and industry data**

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications published or conducted by:

- Ernst & Young LLP, 1 More London Place, London SE2 2AF.

### **No incorporation of website information**

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and investors should not rely on them.

### **Defined terms**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the headings "Definitions" and "Glossary".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	William (Bill) David Gordon Ronald ( <i>Non-executive Chairman</i> ) Charles Timothy Rolls ( <i>Executive Deputy Chairman</i> ) Timothy (Tim) Daniel Gray Warrillow ( <i>Chief Executive Officer</i> ) Andrew Branchflower ( <i>Finance Director</i> ) Coline Lucille McConville ( <i>Non-executive Director</i> ) David Alexander Robertson Adams ( <i>Non-executive Director</i> )
	All of whose business address is at:  The Plaza 535 Kings Road London SW10 0SZ
<b>Registered Office</b>	Kildare House 3 Dorset Rise London EC4Y 8EN
<b>Head Office</b>	The Plaza 535 Kings Road London SW10 0SZ
<b>Company website</b>	<a href="http://www.fever-tree.com">www.fever-tree.com</a>
<b>Company Secretary</b>	Andrew Branchflower
<b>Nominated Adviser and Broker</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Legal advisers to the Company</b>	Osborne Clarke One London Wall London EC2Y 5EB
<b>Legal advisers to Nominated Adviser</b>	Wragge Lawrence Graham & Co LLP 4 More London Riverside London SE1 2AV
<b>Auditors and Reporting Accountant</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Registrars</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 5 of this document
“Brothers”	Brothers Drinks Co. Limited, a company incorporated under the laws of England and Wales with company number 02711055
“Company”	Fevertree Drinks plc, a company incorporated under the laws of England and Wales with company number 08415302
“City Code”	the City Code on Takeovers and Mergers
“Concert Party”	for the purposes of the City Code, Tim Warrillow and Charles Rolls
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“CSOP”	the Fevertree Drinks plc company share option scheme, which will be registered with HMRC as a CSOP under Schedule 4, ITEPA, further details of which are set out in paragraph 9.1 of Part IV of this document
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules made by the FCA pursuant to section 73A of the FSMA
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EEA State”	a member state of the European Economic Area
“Enlarged Share Capital”	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with company number 02878738

“Executive Directors”	each of Charles Rolls, Tim Warrillow and Andrew Branchflower
“Existing Ordinary Shares”	the 112,255,821 Ordinary Shares in issue immediately prior to Admission
“EY”	Ernst & Young LLP, 1 More London Place, London SE2 2AF
“FCA”	the Financial Conduct Authority
“Fever-Tree”	the business of the Group operated under the “Fever-Tree” brand
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“FY”	the financial year ended 31 December in any particular year
“Group”	the Company and its subsidiary undertaking and “Group Company” should be interpreted accordingly
“H1”	the six months ended 30 June in any particular year
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards
“Investec”	Investec Bank plc, the Company’s nominated adviser and broker, a company incorporated under the laws of England and Wales with company number 0489604
“ITEPA”	The Income Tax (Earnings and Pensions Act) 2003
“LDC”	LDC (Managers) Limited, a company incorporated under the laws of England and Wales with company number 02495714) as investment manager on behalf of LDC II LP, LDC Parallel II LP and LDC Equity II LP
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 2,985,075 new Ordinary Shares to be issued by the Company pursuant to the Placing
“Non-executive Directors”	each of William Ronald, Coline McConville and David Adams
“Official List”	the Official List of the UKLA
“Options”	options granted pursuant to the Share Option Schemes
“Ordinary Shares”	ordinary shares of 0.25 pence each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by Investec as agent for and on behalf of the Company and the Selling Shareholders pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional agreement dated 4 November 2014 and made between the (1) Company (2) Investec (3) the Directors and (4) the Selling Shareholders relating to the Placing, further details of which are set out in paragraph 11(a) of Part IV of this document
“Placing Price”	134 pence per Placing Share

“Placing Shares”	the New Ordinary Shares to be issued by the Company and the Sale Shares to be sold by the Selling Shareholders, in each case at the Placing Price, pursuant to the Placing
“Prospectus Directive”	EU Prospectus Directive (2003/71/EC) (as amended), including any relevant implementing measure in each EEA state that has implemented Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to section 73A of the FSMA
“QCA Guidelines”	the Corporate Governance Code for Small and Mid-Size Companies published by the Quoted Companies Alliance
“Registrar”	Capita Registrars Limited, the Company’s registrar
“Relationship Agreement”	the agreement dated 4 November 2014 and made between the (1) Company, (2) Investec and (3) LDC, further details of which are set out in paragraph 11(g) of Part IV of this document
“Sale Shares”	the 66,663,585 Existing Ordinary Shares being sold on behalf of the Selling Shareholders pursuant to the Placing
“Selling Shareholders”	those persons whose names and addresses are set out in paragraph 17 of Part IV of this document
“Shareholder”	a holder of Ordinary Shares
“Share Option Schemes”	together, the CSOP and the Unapproved Scheme
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK corporate governance code published by the Financial Reporting Council from time to time
“UKLA” or “United Kingdom Listing Authority”	the FCA, acting for the purposes of Part V of the FSMA
“Unapproved Scheme”	the Fevertree Drinks plc unapproved employee share option scheme, further details of which are set out in paragraph 9.2 of Part IV of this document
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US”, “USA” or “United States”	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
“VAT”	UK value added tax

## **GLOSSARY**

The following glossary of terms applies throughout this document, unless the context otherwise requires:

“net revenue”	revenue after deduction of promotional discounts
“Off Trade”	sales to supermarkets and off-licenses
“On Trade”	sales to hotels, restaurants, bars and cafes

## PLACING STATISTICS AND DEALING CODES

Placing Price	134p
Number of Existing Ordinary Shares	112,255,821
Number of New Ordinary Shares being issued by the Company pursuant to the Placing	2,985,075
Number of Sale Shares being sold pursuant to the Placing	66,663,585
Number of Ordinary Shares in issue immediately following Admission	115,240,896
Percentage of Enlarged Share Capital being placed pursuant to the Placing	60.4%
Market capitalisation of the Company at the Placing Price following Admission	£154.4 million
Total proceeds of the Placing	£93.3 million
Estimated net proceeds of the Placing receivable by the Company	£3.0 million
ISIN number	GB00BRJ9BJ26
SEDOL number	BRJ9BJ2
AIM TIDM	FEVR

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2014 <sup>1</sup>
Publication of this document	4 November
Admission and dealings commence in the Ordinary Shares on AIM	7 November
CREST accounts credited by	7 November
Despatch of definitive share certificates, where applicable, by	21 November

*Note:*

1. Each of the above dates is subject to change at the absolute discretion of the Company and Investec.

## PART I

### INFORMATION ON THE GROUP

#### THE GROUP'S BUSINESS

##### Introduction

The Group is the world's leading supplier of premium carbonated mixers for alcoholic spirits by retail sales value, with distribution to approximately 50 countries internationally. Based in the UK, the brand was launched in 2005 by Charles Rolls and Tim Warrillow to provide high quality, natural mixers which could accompany the growing demand for premium spirits. The Group now sells a range of 12 differentiated flavours to hotels, restaurants, bars and cafes ("**On Trade**") as well as supermarkets and off-licenses for retail purchase ("**Off Trade**"). Approximately 70 per cent. of the Group's sales were derived from outside of the UK in FY13 with the key overseas markets being the US, Spain, and Belgium.

The Group principally focuses on the selection of quality ingredients, the development of new flavours and the branding and marketing of its products, with other aspects of its operations, including manufacturing and fulfilment, being outsourced. This model has enabled the Group to grow without the requirement for significant capital investment to date and has allowed the Group's management to accordingly concentrate on strategic growth opportunities.

The Group's core strategy is to consolidate its presence in its existing markets by replicating the success seen to date in the UK, the Group's most established market. It intends to do this by working ever more closely with its importers and agents to drive sales into more On Trade and Off Trade establishments and encourage increased consumption of "premium" mixers by consumers. The Group is also selectively seeking to develop distribution into new territories.

In FY13, the Group generated EBITDA (before exceptional items) of £6.7 million (FY12: £3.9 million) on net revenue of £23.3 million (FY12: £16.2 million). In H114, the Group generated EBITDA (before exceptional items) of £4.3 million on net revenue of £14.9 million.

The Company is seeking to raise £4.0 million (before expenses) through the Placing, the net proceeds of which will be used to ensure that the Group has net cash available on Admission. In addition, the Placing will raise approximately £89.3 million (before expenses) for the Selling Shareholders. Further details of the Selling Shareholders remaining interests in the Company are set out in paragraph 17 of Part IV of this document.

Further details of the Placing are set out below.

##### The Group's history and development

Charles Rolls and Tim Warrillow, Executive Deputy Chairman and Chief Executive Officer of the Group respectively, began working together in late 2003 with the aim of developing premium natural mixers using the highest quality ingredients. In 2005, the Fever-Tree brand was launched with the Group's first product, Indian Tonic Water, achieving listings in Selfridges and Waitrose. The Group subsequently launched in Spain in 2006 and in the US in 2007. Since 2007, the Group has expanded into a number of countries through partnerships with local importers and, in July 2014, the Group commenced distribution to its latest country, India.

In March 2013, funds managed by LDC acquired a significant minority interest in the Company enabling Lochside International, a Fleming family fund which invested in 2006, to exit.

The Group has won a number of product and business awards including: Best Brand in The Sunday Times Fast Track 100 Fastest Growing Companies (2014); Grocer Gold Exporter of the Year (2013), and, the Queen's Award for Enterprise in the International Trade category (2013).

**The Group’s business**

**The Group’s product range**

The Group is the world’s leading supplier of premium carbonated mixers for alcoholic spirits by retail sales value, targeting both the On Trade (approximately 66 per cent. of FY13 sales) and Off Trade (approximately 34 per cent. of FY13 sales). In FY13, 70 per cent. of the Group’s sales were overseas and 30 per cent. within the UK.

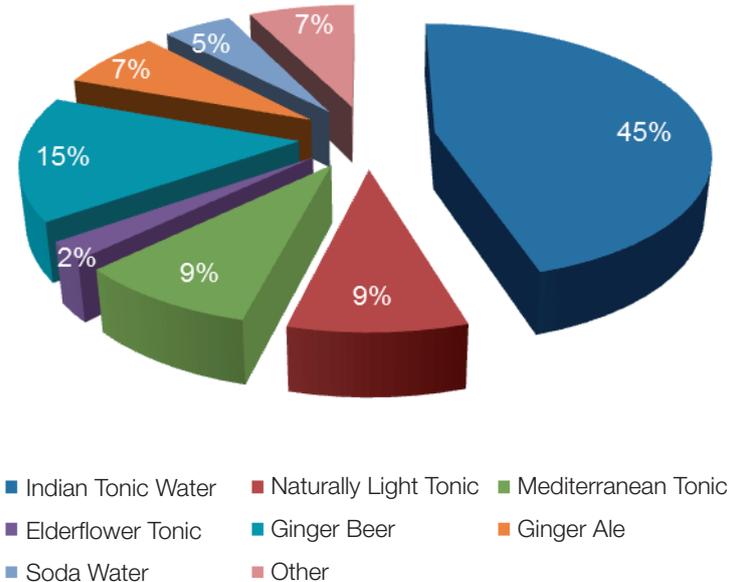
The Group’s mixers are designed to be accompaniments for alcoholic spirits or used in cocktails, although they can also be consumed on their own.

The Group currently sells the following range of 12 products, all under the “FEVER-TREE” brand:

- Indian Tonic Water (the original flavour)
- Naturally Light Tonic Water (a low calorie version)
- Mediterranean Tonic water
- Elderflower Tonic Water
- Ginger Beer
- Naturally Light Ginger Beer (a low calorie version)
- Ginger Ale
- Bitter Lemon (named changed to “Lemon Tonic” in the UK)
- Lemonade
- Sicilian Lemonade
- Spring Soda Water
- Premium Cola (currently only sold in Spain)

The Group’s best-selling product across all of its geographies is its Indian Tonic Water which in H114 represented approximately 45 per cent. of revenue. In the US, ginger beer is the Group’s highest seller, driven by the popularity of the “Moscow Mule” cocktail trend (which contains ginger beer and vodka), with tonic water a close second.

**The Group’s H114 sales by product can be summarised as follows:**



Until 2013, the Group’s products were provided in mixer formats of 200ml singles and 200ml “4-packs”, and 500ml singles. During 2013, the Group introduced two of its flavours in 275ml bottles, which are intended to be consumed standalone as a soft drink.

## Product development

The Group aims to use the highest quality ingredients acquired through both its own sources and through flavour houses. The Group also outsources the sourcing of commodity ingredients to its bottler, Brothers, to benefit from further economies of scale.

The key ingredient for tonic water is quinine which the Group sources from a specialist supplier based in the Democratic Republic of Congo. The Group maintains over six months' supply of quinine (which has a five year shelf-life) in the UK.

The key ingredient for ginger beer is ginger root and the oils extracted therefrom, which the Group sources from the Ivory Coast, Nigeria and India. Other core flavour ingredients (for example, rosemary and lemon thyme) are also sourced directly from specialist distributors in Europe in order to obtain the best quality ingredients.

The Group's management is ultimately responsible for new product development and new flavour concepts. Flavour houses are commissioned to help develop these new flavours using specific ingredients. The Group has exclusive commercial rights to formulations owned by the key commercial flavour houses it retains. The flavour houses are also responsible for delivering the flavour ingredients to the Group's bottler.

## Manufacturing

Manufacturing is completely outsourced, primarily to Brothers in Shepton Mallet, UK. Brothers, which became a minority shareholder in the Company in 2013, has a long-standing and collaborative relationship with the Group and has been bottling for it since 2007. The Group's volumes currently account for approximately 50 per cent. of Brothers' capacity. The Group is responsible for arranging for the delivery of glass, water and packaging (including territory specific labels) to Brothers, which are all produced in the UK. Currently, all production for global distribution is manufactured and bottled at Brothers except for production for Germany, which has been bottled in Germany in order to comply with local environmental regulations.

Brothers has sufficient manufacturing capacity to cater for the Group's near term growth, with scope to increase capacity by adding additional shifts, additional machinery and increasing the length and volume of runs. Quality control is performed by Brothers on every batch produced prior to it being released and the Group also has its own quality control manager to monitor Brothers' quality control procedures.

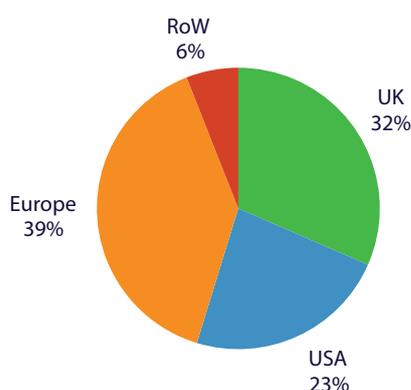
## Sales and distribution

### Overview

The Group organises its sales and distribution into four regions ("Regions"): UK, Rest of Europe ("Europe"), USA and Rest of the World ("RoW"). The key countries in the RoW Region are Australia, Canada and Colombia. The UK is the Group's largest single country market, representing 32 per cent. of sales in H114, although sales to Europe as a whole represented 39 per cent. of H114 sales. The Group has historically seen strong growth across all of its Regions. In H114, the Group experienced notable growth in Belgium as well as in the UK, the US and within RoW.

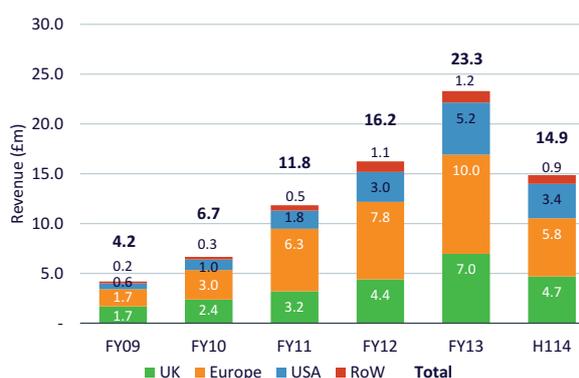
The split of the Group's H114 sales and historical revenue growth by Region are shown below.

### Sales by Region



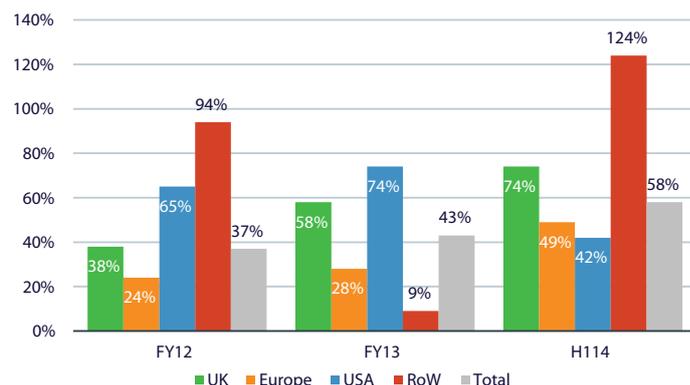
Source: Company H114 audited financial results

### Revenue by territory



Source: Company audited financial results

## Growth by Region



Source: Company audited financial results

### Distribution channels

The Group's sales and distribution channels differ by Region, as outlined below.

#### UK

In the UK, the Group manages the relationship with the Off Trade accounts. After production, a third party logistics operator is used to distribute products from the third party's UK warehouse directly to the supermarkets and other retail accounts. For On Trade customers, this operator delivers the products to approximately 60 UK distributors, who are then responsible for delivery to the approximately 5,000 end customers.

#### US

In the US, the Company uses a US sales agent, Brands of Britain, ("**BoB**") which specialises in selling and distributing British brands and products in the US. BoB is responsible for selling to both On Trade and Off Trade end customers on terms approved by the Group. Products are shipped from Brothers to third party warehouses on the East and West Coasts of the US, for onward distribution to end customers. The Group maintains approximately three months' worth of supply in each warehouse given the freight lead time of six to eight weeks for delivery to the US.

Production for the US is based on forecasts prepared by the Group in conjunction with BoB. Nearly all of the US distributors collect goods from the US warehouses, but BoB sometimes arranges delivery direct to smaller customers within the US. The Directors believe that the US market is a key growth opportunity and the distribution network that has now been established across the US gives the Group a strong platform to capture this anticipated growth. BoB receives a fixed commission and discretionary management fee.

#### Europe and RoW

In each other territory, the Group has an exclusive importer (except for Mexico and Switzerland which each have two importers) which is responsible for the import, sale and distribution of the Group's products. In the majority of these countries, the importer places the orders and is responsible for collecting the products from Brothers or the UK third party warehouse. The Group is responsible for the delivery of its products from the UK third party warehouse to the importer in only four countries: Spain, Belgium, Italy and Germany.

#### Further development

The Directors believe that this proven outsourced sales and distribution model is scalable and can deliver future growth without significant further investment. As the next stage of development, the Group is creating a regional management team to work more closely with the local importers. To date, the Group has an International Manager based in the UK, a Director of Strategy and Marketing in North America, a Latin America Sales Manager and more new hires are planned.

## **Pricing**

Importers and distributors are encouraged by the Group to sell the Group's products at a recommended price, however the Group retains no direct control over ultimate price points. The Group can, however, influence pricing decisions through commercial means as to whether to renew contracts, based on their performance. Consequently the performance of distributors is regularly assessed to ensure that sales to end customers reflect the premium quality of the Group's brand.

The Directors believe that the premium prices at which products can be sold enable local distributors and their customers to realise a higher cash margin than they would otherwise achieve by selling lower-priced products. A key component of the Group's marketing strategy has therefore been to highlight the benefit of this higher cash margin to distributors and end customers in order to encourage them to carry the Group's products. The Directors believe that this pricing strategy has assisted in driving the Group's growth to date.

## **Customers**

Except in the UK, the Group's customers are primarily importers and distributors who are then responsible for selling the Group's products to other importers and distributors as well as On Trade and Off Trade customers, which then on-sell to the end consumer.

### *UK*

Sales in the UK are split approximately 60:40 between the On Trade and the Off Trade. UK On Trade sales are characterised by approximately 5,000 end customers serviced through distributors. The Group deals directly with the major supermarkets. The Directors believe there is scope to grow volumes in the UK in both the On Trade and Off Trade market.

### *US*

BoB sells to various distributors on behalf of the Group which then on-sell to end customers. BoB has appointed a mix of state-wide distributors (mainly focused on servicing the On Trade) and pan-US distributors which primarily service the Off Trade. BoB is responsible for sales, order processing, distribution and logistics throughout the US. The Group is jointly responsible with BoB for marketing the product range and works with a consultant on strategy and marketing in North America.

### *Rest of Europe and RoW*

Importers in Europe and the RoW are responsible for selling either direct to the end customers or via regional wholesale or sub distributors.

## **Marketing**

The Group's strategy has been to apply its experience from the premium spirits market, to what the Directors believe to be the hitherto undervalued category of mixers. The Group initially targeted thought leaders in the restaurant and bar industry to promote the new concept of premium mixers in order to receive endorsements. From the beginning it has also successfully associated itself with the premium spirits producers who understood the benefit that a premium mixer would offer to their own premium spirits. The Directors believe that this dual strategy of targeting On Trade opinion-formers and working closely with the spirits companies themselves has been fundamental to establishing Fever-Tree as the leading premium mixer brand. The Directors believe that Fever-Tree's brand recognition amongst the On Trade and its associated influencers, and increasingly also amongst the end consumers and their influencers, represents a significant barrier to entry for any new brand seeking to challenge the success of Fever-Tree in the premium mixer market.

The Group has been a beneficiary of celebrity endorsement which, the Directors believe, has resulted in increased sales to premium bars and restaurants as well as to more mainstream establishments. In all Regions, the Group has also deliberately pushed for the classic "profiling" and endorsement generated in the On Trade leading to increased demand in the Off Trade. This is similar to the marketing strategy of the premium spirits companies, which seek to drive demand by consumers who have tried the product at an On-Trade establishment, or who are responding to the publicity generated by endorsements from high profile chefs, bartenders and journalists.

The Group continues to explore new product concepts. For example, in 2007 the “Naturally Light” sub-range was launched, of which the light tonic water variant now represents a significant proportion of UK Off Trade tonic water sales. The Group’s innovation also extends to its marketing and promotional ideas. It has marketed in core territories by using on-pack promotions with miniature spirit bottles, and “win a year’s supply of gin” ideas to drive trials; pop up gin bars where over 150 gins have been used based upon the rise in the awareness of premium gins; as well as by using more traditional marketing communications.

The Group has not to date relied heavily on advertising. The Group continues to work with the traditional press and performs some public speaking events to promote the brand. This has been particularly successful in the UK and Spain. Much good press has been generated in other territories including in the US, although the US marketing function has had limited resource to date. The Group budgets for marketing on a territory-specific basis, and in most territories outside the US, the Group’s marketing spend in that territory is matched by the local importer.

The Directors believe a significant opportunity still exists for the Group to use the best practice knowledge developed in the UK and beyond and to increase the marketing focus and effectiveness in the US and elsewhere. This is a priority for 2015.

## **The Mixer Market**

### **Market size**

Statistics have existed for a single category of mixers but are only just beginning to be reported for premium mixers. The Directors believe that this niche market did not exist in any substantial form prior to the launch of the Group. However due in large part to the Group’s success it is now recognised as a sub-sector of the wider soft drinks market.

The global mixer market is estimated to be worth a retail sales value of £7.7 billion with the premium mixer segment currently comprising just 2 to 2.5 per cent. (a retail sales value of approximately £0.15 billion) (*source: EY, September 2014*).

The overall size of the mixers market is expected to grow modestly, but with the proportion of premium mixers increasing to 7.9 per cent. by 2018, with further potential to increase to 16.5 per cent. of retail sales assuming adoption rates in line with the current level of penetration in the Group’s most mature market, Spain (*source: EY, September 2014*). This represents a potential market size which the Group can address of approximately £0.72 billion to £1.60 billion. Even at this latter level, premium mixers would only constitute approximately 6 per cent. of the total mixer market by volume (*source: EY, September 2014*). This potential market size ignores any potential growth in the consumption of “mixers” on a standalone basis. The Directors believe that there could be scope for growing demand for some products as soft drinks rather than mixers (such as ginger beer in the UK and the US), which could increase the potential addressable market size.

The Directors believe that in the Group’s core geographies the main mixer brands are typically highly concentrated with one or two large mainstream mixer brands and private label accounting for the significant majority of volume in each market. Furthermore, the Directors believe that these mainstream mixer brands have seen limited top-line growth over the last two decades and that instead there has been a focus on the management of margins. The one notable exception to this has been in two gin and tonic consuming countries where Suntory has distribution rights for the Schweppes brand, which the Directors believe to be an important brand within the portfolio. Following the highly successful launch of Fever-Tree in Spain and Belgium, Suntory has introduced a Schweppes Premium which is discussed further in the paragraph titled “Competition” below.

### **Market trends**

Although a percentage of mixers are consumed on their own, the Directors believe that overall the mixer market has largely followed the trend seen in the spirits market with a broadly stable or modest growth profile across the standard spirits categories.

Since the launch of Fever-Tree in 2005, a key trend in the mixer market is the increasing shift in consumption towards “premium” mixers. The Group defines premium mixers as having a price above 1.5x the mass market household brands, packaged in small formats, and using natural ingredients. This trend towards premiumisation has been seen in many other consumer “indulgence” products, notably chocolate, crisps,

beer and, of direct relevance, in premium alcoholic spirits. The Directors believe that the Fever-Tree brand is well-placed by being positioned as a premium mixer, to accompany the well established growth trend towards premiumisation in spirits. Furthermore the Directors believe that the reason an increasing number of spirits companies are working with the Group in various territories is precisely because they perceive that a well regarded premium mixer enhances their own strategic objectives of selling more premium spirits.

The Directors believe that the consumer trend towards spirits “premiumisation” has arisen from long term health trends such as consumers drinking lower volumes, combined with increasing affluence, leading to a desire to drink better quality products. The trend, which started in the 1980s with premium vodkas in the US, has spread to whiskies and latterly, since the late 1980s, to gin. The momentum towards premium gin is gathering pace, and the Directors believe there are currently more than 200 gins on the UK market. Product innovation and increased awareness of taste differentiations between standard and premium, is driving consumers to spend more to get better quality and variety from what they buy.

The Directors believe that as the gin market further premiumises in more countries, demand for premium tonic water will increase.

Similarly, as the market for other spirits (for example, vodka, rum, whisky blends) continues to premiumise, there is expected to be increased demand for a wider range of premium mixers.

There are a range of other relevant mixers produced by the Group which can also be mixed with vodka, rum and whisky to produce a wide range of drinks and cocktails. For example, the Group’s Ginger Beer is performing very strongly in the US as a mixer in the “Moscow Mule” cocktail.

### **Other key trends**

In the On Trade, the Directors believe that the key drivers of demand for premium mixers include:

- bars, restaurants and hotels seeking to drive higher cash margin sales by promoting and selling more premium products;
- increased consumer demand for premium mixed drinks and cocktails;
- bars, restaurants and hotels seeking to differentiate themselves on the basis of quality and the range of their cocktail and mixer options;
- an increasing number of specialist cocktail bars;
- promotional material encouraging consumption of particular drinks; and
- an increasing move away from “post mix” (the “gun”) in premium establishments.

In the Off Trade, the Directors believe that the key drivers of demand for premium mixers include:

- retailers seeking to drive higher cash margin sales by promoting more premium products;
- consumers increasingly seeking out higher quality products with authenticity (non-mass market);
- growing consumer awareness of and desire for premium spirits and mixers;
- growing consumer affluence and proclivity for discretionary expenditure;
- growing consumer awareness of the products (including cross promotional opportunities with premium spirit brands and other promotion); and
- improved product availability and more optimal and visible shelf locations.

### **Competition**

The biggest single brand of tonic water worldwide is Schweppes. However, since the break-up of Cadbury Schweppes in 2008, the Schweppes brand has a highly fragmented ownership (over 10 companies), especially in Europe, with no central brand stewardship, strategy or marketing. For example the formulation is different in different countries with significant variations in sweetener and resulting taste. Mixers are believed by the Directors to be a low priority category for the majority of the large global drinks organisations which distribute and licence the brand. The market is further complicated in that Schweppes is owned, for example, by Coca-Cola in some markets and yet Coca-Cola competes with Schweppes in others, such as in Spain with Nordic Mist. Only Suntory, which owns and distributes the Schweppes brand in a small number of

European countries and where Directors believe that Schweppes is an important brand in their portfolios, has launched a “premium” Schweppes product to compete directly with Fever-Tree. Fever-Tree retains a strong position in the premium markets of Spain and Belgium (*source: EY, September 2014*) the two key European markets which were studied by EY and where Schweppes Premium (sometimes Schweppes Heritage) was launched in 2011.

With the success of Fever-Tree over the last five years a number of other smaller competitors have entered the markets on an ad hoc, often local, basis but none have the combination of scale and global reach of the Group.

The Directors furthermore consider that whereas a bar may have room for 10 different bottles of gin, very few have room for 10 different types of tonic which requires space for a case of each. In the more mature markets a top end bar will, in the Directors’ experience, typically have a mass market standard brand of tonic and one or two premium tonics. Given Fever-Tree’s first mover advantage, strong trade endorsement and resultant consumer awareness in most markets the Directors believe this is a strong position for the Group to maintain and grow market share in the On Trade.

### **Key strengths**

The Directors believe that the Group has the following key strengths:

- ***A strong distinctive brand***

Fever-Tree is a well established leading brand in the international premium mixer market. Protection and enhancement of the brand’s market position continues to be a major focus of the Group.

- ***First mover advantage***

The Directors believe that Fever-Tree is widely known within the industry to have been the first mover and innovator of the premium mixer category which has added to the brand’s “authenticity” and “credibility” and attractiveness to the industry’s “thought leaders”, leading bartenders and trade influencers.

- ***Clearly differentiated products with premium provenance***

Since inception, the Group has made a conscious decision to use only the highest quality ingredients in its products and the founders have travelled far and wide to track down and source these ingredients. The Directors believe that this premium provenance is a clear differentiator from the Group’s mass market competition, and key to both product quality and brand image.

- ***Proven, scalable business model***

The Group’s largely outsourced business model, with strong, established relationships with suppliers, the bottlers and distributors, allows for efficient and effective scalability without major capital commitment from the Group.

- ***Experienced and credible founder-led management team***

The Group’s executive management team includes the founders of the Group and has considerable experience in the mixers and premium spirits sectors. The Executive Directors are also supported by experienced outsourced partners with many years’ experience in the beverage industry.

- ***Strong cash flow generation and operating margins***

The Group requires minimal capital expenditure and has to date achieved strong cash generation which it has been able to reinvest in the business. In FY13, operating cash flow was 75 per cent. of EBITDA. The Group’s largely outsourced business model supports its operating margins and in FY13 the Group achieved a gross profit margin of 51 per cent. and an EBITDA margin of 29 per cent. of revenue.

- ***Strong and diverse customer relationships***

The Directors believe the Group has strong, and in its key markets, long established relationships with a strong network of importers and distributors as well as On Trade and Off Trade customers.

## Strategy and growth opportunities

The Group's strategy is to continue to grow the Group's business organically. The overall mixer market may be mature, but the significant and rapid trend towards premiumisation, mirroring what has happened in the spirits space, is expected to offer continued growth opportunities. The principle routes to achieve this organic growth are:

- **Capitalising on market trends**

The Group expects to benefit from the premiumisation of the global spirit market as detailed in the Key Trends section.

- **Strengthening distribution in existing markets**

The Group intends to continue to drive penetration in all of the markets in which it has established a presence, by endeavouring to increase the number of customers in both the On Trade and Off Trade. The Directors believe that there are opportunities to grow further 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 its profile grows with end consumer in each territory. For example, in the UK, the Directors believe that the Group is currently present in less than 15 per cent. of their target On Trade accounts.

A focus for the Group in 2015 will be to continue to assess the effectiveness of existing importers outside of the top five markets. A regional sales resource was added for Latin America in October 2014 and more are in the process of being hired to provide additional regional expertise to evaluate current distribution and marketing strategies in Asia, as well as in Europe.

- **Extension of co-promotion strategy with other industry brands, incorporating both On Trade and Off Trade**

The Directors believe that global spirits companies are focused on driving customers towards higher-margin "premium" products. The Group have proven the value to both parties of co-promoting Fever-Tree with leading spirits brands. As a result the Directors expect to see further growth from the Group's involvement in co-branded promotional activities with leading alcohol brands.

- **Expanding distribution into new markets**

The Group expects to generate growth by entering new markets and is actively assessing new distribution opportunities. However this is a lesser focus than developing opportunities in existing countries. Although the Group has just started to export to India and is further investigating opportunities in China and Brazil, these countries are not core to the current growth strategy. The Group is currently focused on markets where western drinking patterns are established or are trending, such as Colombia which is following both US and Spanish drinking customs in embracing the gin and tonic culture. The Company will also evaluate opportunities in the short-term to enter additional markets in Asia, Latin America, Eastern Europe, the Middle East and Africa.

- **New product development, including expansion of existing range, as well as development of new product lines**

The Directors believe that there are further opportunities to develop new products and variations of existing flavours for example, expanding the "naturally light" range. The longer-term strategy is to offer a premium carbonated mixer for the revival of each classic long drink mixed with premium spirits. The Group also sees regional opportunities to develop, for example, tonic water flavours more suited to specific local tastes, such as the Mediterranean Tonic water which has been a successful early example of that. The Group may also introduce new packaging formats to address different market segments in existing and new sales outlets. Longer term, the Directors also believe there will be opportunities for the Group to expand into the adult soft drink category.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Brief biographies of the Directors and the senior managers of the Group are set out below. Paragraph 6 of Part IV of this document contains further details of current and past directorships and certain other important information regarding the Directors.

## **Directors**

### **Bill Ronald**, aged 59 – *Chairman*

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

Bill has a strong brand 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 and Alfesca. His current roles include Chairman of Dialight, The Compleat Food Group and the Muscular Dystrophy Campaign.

### **Charles Rolls**, aged 57 – *Co-founder and Executive Deputy Chairman*

Charles has an engineering degree from Imperial College and an MBA from INSEAD. After leaving strategy consultants Bain & Co, 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 and, after growing sales 14 times, it was sold to Absolut Vodka in 2001. After meeting Tim Warrillow in 2003, they set to work on a premium mixers business, which resulted in the formation of Fever-Tree.

### **Tim Warrillow**, aged 39 – *Co-founder and Chief Executive Officer*

Tim has a Business Management and Marketing degree from Newcastle University, specialising in food. After university, Tim joined a London-based advertising and branding agency. Subsequently, he launched the Business Development Consultancy and it was in this role that he made contact with Charles Rolls, which resulted in the formation of Fever-Tree.

### **Andrew Branchflower**, aged 35 – *Finance Director*

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 has 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 LDC investment and was appointed Finance Director in September 2013.

### **Coline McConville**, aged 50 – *Non-executive Director*

Coline will join the Group as a Non-executive Director on Admission.

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 where she operated radio and outdoor advertising businesses in 58 countries in Europe, Asia and Africa. Coline is currently a non-executive director on the boards of: TUI Travel plc, Inchcape plc and Wembley National Stadium Limited. Coline is Remuneration Committee Chair at TUI Travel plc and has various committee responsibilities on her other boards.

### **David Adams**, aged 59 – *Non-executive Director*

David will join the Group as a Non-executive Director on Admission.

David has over 25 years of experience in the UK retail industry, holding several executive and non-executive roles, including Finance Director and Deputy Chief Executive at House of Fraser and positions at Moss Bros, HMV, Alexon and Jessops. He is currently Chairman of Conviviality Retail plc, Senior Independent Non-executive Director and Audit Chair at Halfords plc, and Non-executive Director and Audit Chair at Hornby plc.

## **Senior Management**

### **Christopher Cohen**, aged 47 – *Head of Marketing & Strategy, USA*

Christopher has 25 years' experience in the US drinks industry, including Sales Director of Diageo North America.

### **Saskia Stoop**, aged 30 – *Head of Marketing*

Saskia joined the Group in 2007 from university and has grown with the business.

**Anita Hawk**, aged 30 – *Head of International*

Anita joined the Group in 2012 having previously worked as both UK and global brand manager at Green & Blacks.

**Claire Huntingford**, aged 33 – *Head of Supply Chain*

Claire joined the Group in 2011 from Budvar UK where she spent five years as supply-chain manager.

## SUMMARY FINANCIAL INFORMATION

The following summary of historical financial information relating to the Group's activities for the three years to 31 December 2013 and the six months to June 2014 has been extracted without material adjustment from the historical financial information on the Group set out in Part III of this document. **In order to make a proper assessment of the financial performance of the Group's business, prospective investors should read this document as a whole and not rely solely on the key or summarised information in this section.**

	<i>Audited</i> <i>12 months</i> <i>ended</i> <i>31 December</i> <i>2011</i> <i>£'000</i>	<i>Audited</i> <i>12 months</i> <i>ended</i> <i>31 December</i> <i>2012</i> <i>£'000</i>	<i>Audited</i> <i>12 months</i> <i>ended</i> <i>31 December</i> <i>2013</i> <i>£'000</i>	<i>Unaudited</i> <i>6 months</i> <i>ended</i> <i>30 June</i> <i>2013</i> <i>£'000</i>	<i>Audited</i> <i>6 months</i> <i>ended</i> <i>30 June</i> <i>2014</i> <i>£'000</i>
Revenue	11,842	16,250	23,302	9,436	14,868
Gross profit	5,986	7,534	11,883	5,048	7,604
Adjusted EBITDA <sup>1</sup>	3,174	3,895	6,738	2,909	4,291
Operating profit/(loss)	3,168	3,616	2,983	(385)	3,741
Profit/(loss) on ordinary activities before taxation	3,172	3,620	(1,097)	(1,895)	1,127

*Note:*

1. *Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.*

### **Current trading and prospects**

The financial information for the six month period ended 30 June 2014 is set out in Section B of Part III of this document. There has been no significant change in the financial or trading position of the Group since 30 June 2014. Current trading is in line with the Board's expectations. The Board continues to implement the Group's strategy, as set out in this Part I and remains confident about the future prospects of the Group.

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Directors believe that Admission will position the Group for its next stage of development, including further raising the profile of the Group, assisting in retaining and incentivising employees and providing it with a structure for future growth.

The Company will receive approximately £3.0 million net proceeds from the Placing (after deducting underwriting commissions, other estimated offering-related fees and other related expenses incurred by the Group of approximately £1.0 million) which will ensure that the Group has net cash available on Admission.

In addition the Placing will provide a partial realisation for the Selling Shareholders who will be raising approximately £87.5 million (net of expenses) from the sale of the Sale Shares in the Placing.

### **DETAILS OF THE PLACING AND ADMISSION**

The Company, the Directors, the Selling Shareholders and Investec have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, Investec has conditionally agreed to use its reasonable endeavours to procure subscribers for the New Ordinary Shares to be issued by the Company and purchasers for the Sale Shares to be sold by the Selling Shareholders under the Placing. The Placing has been fully underwritten. The Placing Shares represent approximately 60.4 per cent. of the Enlarged Share Capital.

The Placing will raise £4.0 million (before expenses) for the Company.

The New Ordinary Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared paid or made by reference to a record date falling after Admission.

The Placing Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 7 November 2014 or such later time and date, being not later than 8.00 a.m. on 28 November 2014, as the Company and Investec shall agree.

Further details of the Placing Agreement are set out in paragraph 11(a) of Part IV of this document.

## **LOCK-IN ARRANGEMENTS AND RELATIONSHIP AGREEMENT**

### **Lock-in arrangements**

Each of the Directors, Anthony Rice, Brothers, Saskia Stoop and LDC (together the “**Covenantors**”), holding, in aggregate, 100 per cent. of the Existing Ordinary Shares and 39.6 per cent. of the Enlarged Share Capital has undertaken to the Company and Investec (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company) not to dispose of the Ordinary Shares held by each of them (and their connected persons (within the meaning of section 252 of the Act)) (the “**Restricted Shares**”) following Admission or any other securities issued in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them or in respect of them) for a period following Admission (the “**Lock-in Period**”) without the prior written consent of Investec. The Lock-in Period is 12 months for the Directors and six months for Brothers, Anthony Rice, Saskia Stoop and LDC.

Furthermore, each of the Covenantors has also undertaken to the Company and Investec not to dispose of the Restricted Shares for a period following the expiry of the Lock-in Period otherwise than through Investec (the “**Orderly Marketing Period**”). The Orderly Marketing Period is 12 months for the Directors and six months for Brothers, Anthony Rice, Saskia Stoop and LDC.

### **Relationship Agreement**

In light of LDC’s aggregate shareholding in the Enlarged Share Capital immediately following Admission, as set out in paragraph 7.4 of Part IV of this document, LDC has entered into the Relationship Agreement in order to regulate the relationship between LDC and the Company.

Further details of these arrangements are set out in paragraphs 11(b) to 11(g) of Part IV of this document.

## **CORPORATE GOVERNANCE**

The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company’s size and the constitution of the Board, to comply with the principal provisions of the UK Corporate Governance Code. The Company also proposes to follow the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM.

On Admission, the Company will not fully comply with the UK Corporate Governance Code or adhere to the recommendations of the QCA Guidelines as the Board will not have a nomination committee.

With effect from Admission, the Board has established an audit committee (the “**Audit Committee**”) and a remuneration committee (the “**Remuneration Committee**”) with formally delegated responsibilities.

The Audit Committee will be chaired by David Adams. Its other members will be Coline McConville and Bill Ronald. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company’s management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company’s auditors.

The Remuneration Committee will be chaired by Coline McConville. Its other members will be David Adams and Bill Ronald. The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make 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 Company will be set by the Board.

As the Board is small, there will not be a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation.

The Directors intend to comply, and procure compliance with, Rule 21 of the AIM Rules for Companies relating to dealings by directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

## **DIVIDEND POLICY**

The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group.

Based on the above expectations the Directors intend that the Group will pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. It is expected that the first dividend payment, to be announced with the final results for the financial year ending 31 December 2014, will be pro-rated from Admission to 31 December 2014.

The Board may revise the Group's dividend policy from time to time in line with the actual results of the Group.

## **SHARE OPTION SCHEMES**

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the following Share Option Schemes:

### **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 will apply to the first grant of Options under the CSOP. The individual limit on the value of Options granted to a participant under the CSOP is £30,000 in total, calculated at the date of grant of each Option. The maximum number of Ordinary Shares in respect of which Options may be granted under the Share Option Schemes and any other share incentive arrangement operated by the Company shall not exceed 10 per cent. of the Company's issued share capital in any 10 year period. 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 be adjusted in the event of a variation of the Company's share capital, provided the requirements of Schedule 4, ITEPA are met. 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 to be granted under the CSOP will have an exercise price equal to the Placing Price, which has been agreed with HMRC as not less than the market value of an Ordinary Share for the purpose of making these first grants. The methodology for determining the market value of an Ordinary Share for all future grants of Options under the CSOP has been agreed with HMRC, so that the Company will use the middle market price quoted by the London Stock Exchange on the trading day immediately preceding the date of grant.

### **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. In addition, there is no £30,000 limit under the Unapproved Scheme, but the Remuneration Committee has determined that an individual limit of three times basic salary shall apply to Options granted under the Unapproved Scheme. Options granted under the Unapproved Scheme must be added to the Options granted under the CSOP when calculating the available headroom under the overall limit of 10 per cent. of the Company's issued share capital in 10 years.

Further details of the Share Option Schemes are set out in paragraph 9 of Part IV of this document. It is currently intended that options will be granted on or shortly following Admission under the Share Option Schemes and that the Share Option Schemes will continue to be used to provide share incentives to Directors and key employees.

### **TAXATION**

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 in Part IV of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

### **THE CITY CODE ON TAKEOVERS AND MERGERS**

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel on Takeovers and Mergers (the "**Panel**") to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" for these purposes means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of the company, irrespective of whether the interest or interests give *de facto* control.

The Panel considers Charles Rolls and Tim Warrillow as persons acting in concert for the purposes of the City Code.

On Admission, the Concert Party will hold 27,902,062 Ordinary Shares, in aggregate, representing 24.2 per cent. of the Enlarged Share Capital.

Further details concerning the shareholdings of the Concert Party are set out in paragraph 7 of Part IV of this document.

## **ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for all of the Ordinary Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares at 8.00 a.m. on 7 November 2014.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **FURTHER INFORMATION**

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III and IV of this document which contain further information on the Group.

## PART II

### RISK FACTORS

**Any investment in the Ordinary Shares is subject to a number of risks. Before making an investment decision with respect to the Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Company, the Group's business and the industry in which the Group operates, in addition to all of the other information set out in this document and, in particular, those risks described below.**

**If any of the circumstances identified in the risk factors were to materialise, the Group's business, financial condition, results of operations and future prospects could be adversely affected and investors may lose all or part of their investment. Certain risks of which the Directors are aware at the date of this document and which they consider material to prospective investors are set out in the risk factors below; however, further risks and uncertainties relating to the Group which are not currently known to the Directors, or that the Directors do not currently deem material, may also have an adverse effect on the Group's business, financial condition, results of operations and future prospects. If this occurs, the price of the Ordinary Shares may decline and investors may lose all or part of their investment. An investment in the Group may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.**

#### **RISKS RELATING TO THE GROUP'S BUSINESS**

##### **The Group operates in an industry with a high risk of new entrants and competitive pressures that could have a material adverse effect on its business**

The Group may face increased competition from other beverage companies seeking to enter the Group's core markets by introducing their own brands or by acquiring local brands. In particular, there are a large number of large well-established beverage companies operating in the geographical markets in which the Group operates which would have the financial resources and distribution network to enter the sector in which the Group operates if they chose to do so. Furthermore, a decline in consumer demand in the Group's core geographic and product markets could intensify competition in the regions in which the Group operates. Increased competition and unanticipated actions by competitors, including aggressive pricing policies and high levels of sales through discounters (which constitute part of the modern trade distribution channel), could lead to downward pressure on prices or a decline in the Group's market share, which may materially adversely affect the Group's operations and hinder its growth potential. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

##### **Demand for the Group's products may be adversely affected by changes in consumer preferences**

The Group's success depends heavily on maintaining the strength of its brands by adapting to the changing needs and preferences of its customers and, ultimately, its end consumers. Consumer preferences, perceptions and spending habits may shift due to a variety of factors that are difficult to predict and over which the Group has no control (including lifestyle, nutritional and health considerations). For example, there may be a decrease in consumption of certain soft drinks as a result of public perception of the risks associated with sugar content, or a reduction in the consumption of alcoholic drinks as a result of perception of the risks associated with alcohol. There may be a shift in consumer preferences and the consumption of certain beverages resulting in a decrease in the consumption of mixers as a whole. In addition, there could be further shifts in consumer preferences as a result of which one category of mixers becomes more popular than another. Any such shift could have a materially adverse impact on the Group if, for example, the shift is to a category of mixers with lower profitability or to a category of mixers which the Group does not produce or distribute. Any significant changes in consumer preferences or any failure to anticipate and react to such changes could result in reduced demand for the Group's products and weaken its competitive position. The impact of any such change could be exacerbated if any such shift affects a key product of the Group. For example, tonic water and ginger beer are important contributors to the Group's revenue and, therefore, changes in consumer preference for these products could have a material adverse effect on the Group's prospects, results of operations and financial condition.

**A change in end consumer mix may have an adverse effect on the Group's business and its profitability**

Distribution of the Group's products is predominantly to the On Trade, but, in recent years, there has been an increase in sales through the Off Trade distribution channels (in particular, supermarkets in the UK, Spain and the US). Although more promotional support is typically required in the Off Trade and variations in net margins are not currently very significant between channels, a major switch in customers away from the On Trade, relative to the Off Trade could have a negative impact on the Group's prospects, results of operations and financial condition.

**Margin pressure from customers (particularly supermarkets)**

The Group currently distributes its products to hotels, restaurants and bars as well as supermarkets and off-licenses for retail purchase. Many of these channels are already relatively consolidated, particularly the supermarkets, with a few major players which have a high level of negotiating power relative to their suppliers. Any further consolidation in these channels could further weaken the Group's negotiating position, which could result in lower trading margins which could have an adverse effect on the Group's results of operations, financial condition and/or prospects.

**The Group's revenue is subject to seasonal fluctuations in consumer demand, including fluctuations in weather**

The Group's business is affected by holiday and seasonal consumer buying patterns, as well as any end of year price increases or decreases. The Group typically generates a large amount of its revenue and cash during the second half of each financial year as customers and distributors increase stock for the Christmas and New Year season (November and December), the Northern Hemisphere summer and other key holidays, and the Group's sales are generally lower in the first quarter of each financial year. If a major, unexpected adverse event occurred during this period, such as a natural disaster, pandemic or economic or political crisis, this may result in a significant reduction in revenue, and, consequently, a disproportionate deterioration in full-year earnings. Similarly, changes in temperature such as extreme hot spells in the summer or extremely cold temperatures in the winter may result in temporary changes in consumer preferences and impact demand for the types of beverages the Group produces and distributes. This would have a material adverse effect on the Group's prospects, results of operations and financial condition.

**The Group's results depend on general economic conditions and could be affected by deterioration in the economic conditions of its key markets**

The Group's results of operations are affected by overall economic conditions in its key geographic markets and the level of consumer confidence and spending in those markets.

The worldwide financial and economic downturn, which began in late 2008, affected many business sectors in which the Group operates. Although economic conditions have improved in the UK, US and many other countries around the world, many others remain in recession or subject to negative economic pressures.

Any worsening of the economic conditions in the Group's key markets could lead to reduced consumer confidence and spending, reduced demand for products and limitations on the Group's ability to increase or maintain the prices of its products. In addition, governments may impose taxes and implement other measures to manage the economic conditions in ways that adversely affect the Group's business. Customers and end consumers may continue to curtail spending and make more value-driven and price sensitive purchasing choices, which could adversely affect the demand for the Group's products and profitability. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition. A decline in the level of business activity of the Group's customers, a recessionary environment or, in particular, a slow-down in the growth of the core UK, US and Spanish economies could also make it more difficult for the Group to forecast operating results and to make decisions about future investments.

### **Changes in the prices or availability of supplies and raw materials could have a material adverse effect on the Group's business**

Direct material costs (which include the costs of raw materials such as sugar and packaging materials, including glass) represented by far the largest component of the Group's cost of sales in FY11, FY12, FY13 and H114.

Commodity price changes may result in increases in the cost of raw materials and packaging materials for the Group's products due to a variety of factors outside the Group's control, such as global supply and demand, fuel/transport costs, weather conditions, agricultural uncertainty, political stability, epidemics, crop failures and governmental controls. For example, in FY 2012, the price of sugar increased due, in part, to changes in EU quota regulations. The Group purchases the majority of the raw materials required for its business at prevailing market prices and does not have long term supply contracts for raw materials. In particular, the Group is dependent on a supply of a number of key ingredients for its products, such as quinine and fresh green ginger, for which there is a limited number of suppliers.

The Group cannot ensure that its purchasing strategy can or will offset increases in the price of raw materials or even that it will be able to source some raw materials at all. The Group may not be able to pass on increases in the costs of raw materials to its customers. Even if it is able to pass on cost increases, the adjustments may not be immediate and may not fully offset the extra costs or may cause a decline in sales volumes. If the Group is unable to manage the prices and availability of its raw materials effectively, this could have a material adverse effect on the Group's prospects, results of operations and financial condition. Increases in commodity prices, such as the price of oil, could also impact the Group's operational costs, such as transport costs.

The Group's products use raw materials and ingredients and packaging materials, such as glass bottles, purchased from third-party suppliers. The Group maintains relationships with a variety of suppliers, but the imposition of onerous contractual terms in a supply contract with a key supplier or the consolidation of suppliers could have a material adverse effect on the Group's profitability and/or the loss of a key supplier could result in a disruption of the Group's business.

### **The Group's operating results may be adversely affected by disruption to its outsourced production, storage and distribution operations**

The Group relies on one main production and bottling site operated by Brothers at Shepton Mallet in the UK and relies on third party warehousing facilities in the UK and the US. The Group also has approximately four to eight weeks' worth of US sales in freight to the US at any point in time, which remains the property of the Group until sold by its US agent to the customer.

The Group's business would be adversely affected if there were a significant disruption to any of the Group's production, storage or distribution operations. In the event of the insolvency of any one of the Group's production, storage or distribution providers, or any other termination of such operations, the Group may not be able to arrange for alternative production, storage or distribution on as favourable terms, or with sufficient speed to ensure continuity of business, or at all. Further, if there were a technical failure, fire, explosion or any other event resulting in a major or prolonged disruption at any of the facilities used by the Group's service providers, this could result in a significant loss in production capacity and significant costs and/or regulatory action, legal liability or damage to the Group's reputation, all of which could have a material adverse effect on the Group's prospects, results of operations and financial condition. Although the Group carries insurance, not all risks may be covered by its policies, and any insurance coverage available may be insufficient to cover some or all costs. There may also be a disruption to sales (particularly in the US), which could impact customer relationships.

Further, the production and bottling services provided to the Group comprise a significant component of Brothers' capacity. Whilst Brothers does have additional capacity and could, if required, increase this further, there is a risk that the growth of the Group's business could be constrained by the ability of Brothers to grow its capacity in line with the Group's needs. In such circumstances, the Group would need to put alternative or additional production and bottling operations in place, which it may not be able to do quickly, at the same price or on the same terms, or at all. Such circumstances could have a material adverse impact on the Group's prospects, results of operations and financial condition.

### **Distribution to the US**

There is an approximate four to eight week leadtime between products leaving the UK from Brothers to the East Coast and West Coast of the US, respectively. Were this supply to be disrupted, or if sales in the US were to be significantly higher than forecast, then the Group would not be able to supply its US customer base for a period of time. This could lead to a loss of sales (and profit) as well as disrupt relationships with US customers (including distributors, On Trade and Off Trade outlets and end-consumers), which could impact the extent and timing of the Group's growth in the US.

### **The Group is dependent on finding and maintaining reputable and appropriate importers on favourable commercial terms**

For overseas territories, the Group enters into agreements with third-party importers for the distribution of the Group's products on an exclusive basis. These agreements are generally for a fixed term and terminable upon a short notice period. Any failure to renew agreements with third-party distributors on terms acceptable to the Group, the termination of these agreements or a dispute with importers could result in disruption of the Group's normal distribution channels, incurrence of breakage costs and loss of sales or customers. The Group may not be able to satisfactorily replace any of its third-party importers on a timely basis or at all, which could disrupt the Group's operations in the relevant market. In addition, the Group relies on the performance of its importers and its operations may be adversely affected by poor performance, misconduct or fraud on their part. Any consolidation among importers may also impact the Group's ability to renegotiate import agreements on favourable terms, if at all, which could adversely affect the Group's competitive position and operations in the relevant market.

### **The Group's success depends on retaining key personnel and attracting highly skilled individuals**

The Group's success depends substantially upon the efforts and abilities of key personnel and its ability to retain such personnel. The executive management team has significant experience in the industry in which the Group operates and has made an important contribution to the Group's growth and success. The loss of the services of any member of the executive management team of the Group could have an adverse effect on the Group's operations. Competition for highly skilled individuals is intense. The Group may not be successful in attracting and retaining such individuals in the future, which could have a material adverse effect on the Group's prospects, results of operations and financial condition. The loss of certain individuals in non-managerial positions may also have a material adverse effect on the Group's business where such individuals possess specialised knowledge that is not easily replaceable.

### **The Group's operating results may be adversely affected by a breakdown of its information technology systems or a failure to develop those systems**

The Group uses information technology systems for the processing, transmission and storage of electronic data relating to its operations and financial reporting. A significant portion of communications among the Group's personnel, customers and suppliers relies on the efficient performance of information technology systems. Despite the Group's security measures and back-up systems, its information technology and infrastructure may be vulnerable to attacks by hackers, computer viruses or malicious code or may be breached due to employee error, malfeasance or affected by other disruptions, including as a result of natural disasters or telecommunications breakdown or other reasons beyond the Group's control. If one or more such events occur, it could cause disruptions or delays to the Group's operations and result in the loss of confidential information, which could expose the Group to liability and cause its business and reputation to suffer. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

### **The Group may not be able to protect its intellectual property rights**

The Group owns and licenses trademarks (for, among other things, its product and brand names and packaging) and other intellectual property rights (including know-how and trade secrets) that are important to its business and competitive position. The Group cannot ensure that third parties will not infringe on or misappropriate these rights by, for example, imitating the Group's products, asserting rights in, or ownership of, the Group's trademarks or other intellectual property rights or in trademarks that are similar to trademarks that the Group owns and licenses. In addition, the Group may fail to discover infringement of its intellectual property, and/or any steps taken or that will be taken by it may not be sufficient to protect its intellectual property rights or prevent others from seeking to invalidate its trademarks or block sales of its products by

alleging a breach of their trademarks and intellectual property. Applications filed by the Group in respect of new trademarks may not be granted.

In addition, some of the Group's intellectual property, such as brands that are deemed generic, may not be capable of being registered as belonging to the Group in all types of trademarks and all classes and the Group may, therefore, have difficulty protecting such intellectual property. Further, the Group may not be able to prevent others from using its brands (or other intellectual property which is not registered as belonging to the Group) at all or in a particular market.

Certain countries in which the Group operates may offer less stringent intellectual property protection than is available in Western Europe and the United States. If the Group is unable to protect its intellectual property rights against infringement or misappropriation, or if others assert rights in or seek to invalidate its intellectual property rights, this could materially adversely affect the Group's brand strength and, accordingly, its prospects, results of operations and financial condition and its ability to develop its business.

### **Change in spirit consumption may adversely affect the Group's business**

The consumption of mixers is linked to the consumption of alcoholic spirits. The countries in which the Group operates have implemented regulations relating to the production and sale of spirits, such as labelling requirements for, and limitations on, the ingredients permitted in spirits products. Changes to production and sales requirements for spirits, such as the introduction of regulations that require any potential adverse effects of alcohol consumption to be highlighted on product labels or a ban on the use of certain ingredients, could cause consumers to shift their beverage preferences and result in a reduction in the consumption of spirits. Changes in consumer preferences may also be driven by other factors, such as fashion, availability and pricing of alternative products and trends relating to the consumption of alcohol generally.

Any of the above could, in turn, lead to a reduction in the consumption of the Group's products which could have an adverse effect on the Group's sales and margins, results of operations, financial condition and/or prospects. In addition, implemented regulations relating to the production and sale of the Group's products, such as labelling requirements for, and limitations on, the ingredients permitted in the Group's products (such as sugar) could cause consumers to shift their preferences and result in a reduction in the Group's revenue or in the Group incurring additional marketing or production expenses.

### **The Group may be subject to regulatory change**

The Group's products are subject to various laws, regulations and standards in each of the jurisdictions in which products are sold. There can be no assurance that future laws, regulations and/or standards will not have a material adverse effect on the Group. In particular, changes (a) to health and food safety regulations (for example, sugar or alcohol content) could increase costs and may also have a material adverse effect on sales if, as a result, the public attitude towards the Group's products, or spirits generally, is affected; (b) to health and safety legislation could increase costs (including costs in relation to complying with such legislation); and (c) in laws and regulations relating to manufacturing and bottling requirements, packaging and labelling requirements, licensing requirements, ingredients, advertising restrictions and standards, sale or consumption of soft drinks and deposits on, and recycling of, beverage containers could adversely affect the business of the Group.

### **Changes in tax legislation, or the Group's tax position, could adversely affect the Group's profitability**

Changes to the tax regime (such as an increase in VAT or equivalent taxes) could result in increases in prices of the Group's products to customers and/or consumers and impact demand for the Group's products and its overall profitability.

In addition, changes to the Group's structure, business and operations (including growth and increased sales or operations in countries in which it already operates) could have the effect of changing the way in which the Group is taxed in jurisdictions in which it operates. For example, if the Group is considered by the relevant taxation authorities to have a permanent establishment in a country in which it does not at present (such as the US), the Group may become subject to taxation in that jurisdiction which may increase the Group's overall tax burden.

The policy of the Group has been, and will continue to be, to organise its affairs with a view to managing and mitigating its exposure to taxation in the countries in which it operates. The Group will be susceptible to possible changes of law or challenges from tax authorities under existing law, which may result in a material adverse effect on the amount of tax payable by the Group as regards past and future periods. This would have a material adverse effect on the Group's prospects, results of operations and financial condition.

#### **Provisions made by the Group in respect of tax for historic periods may not be sufficient**

The Group has made provisions in its accounts for tax payable in respect of historic periods (including the periods for which historic financial information is presented in this document, as well as prior periods). Tax returns have not yet been filed with HMRC in respect of all of such periods and, where they have been filed, the relevant periods in which HMRC may challenge aspects of such filings may not yet have passed. The Directors have taken appropriate professional advice and are satisfied that the basis on which returns have been filed and provisions have been made are appropriate and prudent. However, there is no certainty that HMRC will agree with the judgments and assumptions made in any tax returns. In such event, the Group may have to set aside additional cash to pay tax in respect of prior periods which could have an adverse impact on the Group's financial position.

#### **Inconsistent quality or contamination of the Group's products could harm the integrity of, or customer support for, the Group's brand and products and adversely affect sales**

The success of the Group's brand depends upon the positive image that consumers have of the brand. A lack of consistency in the quality of products or contamination of the Group's products, whether occurring accidentally or through deliberate action, could harm the integrity of, or consumer support for, the brand and could adversely affect sales. Further, contamination or a lack of consistency in the quality of products similar to the Group's products or in the same categories as the Group's products howsoever arising could, by association, harm the integrity of or consumer support for the Group's brand, and could adversely affect sales.

In addition, the Group ultimately purchases all of the raw materials for the production and packing of its products from third-party producers or on the open market. It may be subject to liability if contaminants in those raw materials, mislabelling of raw materials or defects in the glass, distillation, bottling or post production handling processes lead to low beverage quality or illness or injury to consumers from the liquid or the containers. In addition, the Group may voluntarily recall or withhold from sale, or be required to recall or withhold from sale, products in the event of contamination or damage. To date, the Group has had no recalls.

A significant product liability judgment or a widespread product recall may negatively impact the reputation of the affected product or the Group's brand for a period of time depending on product availability, competitive reaction and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, resulting negative publicity could adversely affect the Group's reputation and brand image, which may have a material adverse effect on the Group's prospects, results of operations and financial condition.

#### **The Group operates in various international markets which may have inherent risks relating to enforcement of obligations, cultural differences, and possibly also security, fraud, bribery and corruption**

The Group purchases ingredients and sells products in a number of countries around the world. Operating in international markets brings with it inherent risks associated with enforcement of obligations, cultural differences, and possibly also security of staff or property, fraud, bribery and corruption, which may have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Bribery Act 2010 (the "**Bribery Act**") not only applies to offences committed in the UK but also applies to offences committed elsewhere by persons with a close connection with the UK (which includes the Group). The Bribery Act prohibits the bribing of another person and receiving bribes and a specific offence of bribing foreign public officials. A commercial organisation falling within the application of the Bribery Act may also be guilty of an offence if a person associated with it (which includes not only employees, but agents and external third parties who may not be under the control of the Group) bribes another person intending to obtain or retain business and the organisation cannot show that it had adequate procedures in place to

prevent bribes being paid. A company convicted of failing to prevent bribery could receive an unlimited fine. Although the Group has what it believes to be adequate procedures in place to prevent bribes being paid, there is a risk that the Group may be prosecuted if a person associated with it bribes another person in breach of the Bribery Act.

### **Litigation risk**

The Group may be involved in legal actions in connection with its business activities.

Any litigation could have adverse financial consequences for the Group and it may not have adequately provided for the potential losses associated with litigation payments. Litigation may also involve a diversion of management's time from the day-to-day running of the business. Any negative outcome of litigation in which the Group may be involved might also adversely affect its reputation, which could have a material adverse effect on its business, results of operations, financial condition and/or prospects.

### **The Group is exposed to foreign currency exchange rate risk that could affect operating results and comparability of results between financial reporting periods**

The Group is subject to foreign currency exchange risk in its transactions because its business involves transactions in a variety of currencies due to its wide distribution market and sourcing of raw materials in various jurisdictions. There can be no guarantee that the Group would be able to compensate for or hedge against, such adverse effects and therefore exchange rate movements could have a material adverse effect on the Group's business and prospects, and its financial performance.

### **Customer credit risk**

It is possible that certain customers, distributors or suppliers may become insolvent or elect to default under their contracts. If a counterparty were to default on a payment obligation to the Group, it may be unable to collect the amounts owed, in which case some or all of such amounts would need to be written off. Accordingly, any significant defaults or performance delays on the part of commercial counterparties could increase costs or liabilities for the Group which would adversely impact its prospects, results of operations and financial condition.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Investment in AIM securities**

An investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's main market for listed securities. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Group's securities to the Official List. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than, or lose all of, their investment.

### **Potentially volatile share price and liquidity**

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price at which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Group and its operations and some which affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

### **Share price effect of sales of Ordinary Shares**

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts I and IV of this document, or the expectation or belief that sales of such shares may occur.

### **Suitability**

Investment in the Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person duly authorised under the FSMA who specialises in investments of this nature before making any investment decisions.

### **The Company may not be able to pay dividends**

The Company's ability to pay dividends to Shareholders will, in part, depend on the availability and upstream payment of cash to the Company from other members of the Company. The Company's principal operating subsidiary is Fever Tree Limited and, therefore, the Company does not directly receive cash generated by the underlying revenues of the Company. The ability of intermediate Group entities to make upstream cash distributions or loans to each other and the Group is generally subject to applicable laws, such as entities' organisational documents, maintenance of capital rules, the terms of financing arrangements, accounting treatment and other factors. Applicable laws may require such entities to comply with, amongst other things, restrictions on the amounts distributed by way of dividend, capital and reserve maintenance principles or require them to obtain shareholder or court approval. Applicable laws may also restrict the making of any distribution, loan or other payment or the timing of it. There can be no assurance that the Group will be able to comply with any laws or requirements regulating upstream cash distributions, loans or payments directly or indirectly to the Company.

### **Access to further capital**

In the opinion of the Directors having made due and careful enquiry, taking into account the bank and other facilities available to the Group and the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

The Group may require additional funds to respond to business challenges or to enhance existing products and services. Accordingly, the Group may need to engage in equity or debt financings to secure additional funds. If the Group raises additional funds through further issues of equity or convertible debt securities, the then existing Shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of the then current Shareholders. Any debt financing secured by the Group in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Group to obtain additional capital and to pursue business opportunities. In addition, the Group may not be able to obtain additional financing on terms favourable to it, if at all. If the Group is unable to obtain adequate financing or financing on terms satisfactory to it, when the Group requires it, the Group's ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

### **No prior trading market for shares**

Prior to the Admission, there was no public market for the Shares. There can be no assurance that an active market for (and hence strong liquidity in the trading of) the Shares will develop upon Admission, or if developed, that such market will be sustained.

### **LDC will be able to exercise significant influence over the Company**

On Admission, funds managed by LDC will hold 10.3 per cent. of the Enlarged Share Capital. LDC will be able to exercise significant influence over the Company and the Group's operations, business strategy and those corporate actions that require the approval of the Shareholders. In order to regulate the relationship between LDC and the Company, LDC has, however, entered into the Relationship Agreement, details of which are set out in Parts I and IV of this document.

## PART III

### HISTORICAL FINANCIAL INFORMATION ON THE GROUP

#### SECTION A: ACCOUNTANT'S REPORT



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4 November 2014

Dear Sirs

**Fevertree Drinks plc (the “Company”) and its subsidiary undertaking (together, the “Group”)**

#### **Introduction**

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the AIM admission document dated 4 November 2014 of the Company (the “**Admission Document**”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 30 June 2013 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

#### **Responsibilities**

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates

and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014 and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the financial information.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP  
Chartered Accountants

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

## SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP

### Consolidated statement of comprehensive income

	Note	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
		<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Six months</i>	<i>Six months</i>
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>ended</i>	<i>ended</i>
		<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2013</i>	<i>2014</i>
		£	£	£	£	£
<b>Revenue</b>	4	11,842,160	16,249,967	23,302,281	9,436,288	14,868,371
Cost of sales		<u>(5,856,300)</u>	<u>(8,716,221)</u>	<u>(11,419,105)</u>	<u>(4,388,652)</u>	<u>(7,264,829)</u>
<b>Gross profit</b>		5,985,860	7,533,746	11,883,176	5,047,636	7,603,542
Administrative expenses		<u>(2,817,778)</u>	<u>(3,917,967)</u>	<u>(8,899,916)</u>	<u>(5,432,856)</u>	<u>(3,862,770)</u>
<b>Adjusted EBITDA*</b>		3,174,360	3,894,922	6,737,714	2,909,117	4,291,027
Depreciation		(6,278)	(10,263)	(22,470)	(11,304)	(35,481)
Amortisation		–	–	(581,917)	(218,959)	(357,041)
Exceptional items	5	–	(268,880)	(3,150,067)	(3,064,074)	(157,733)
<b>Operating profit</b>	5	3,168,082	3,615,779	2,983,260	(385,220)	3,740,772
Finance income	7	4,013	10,031	16,139	4,510	5,167
Finance expense	7	–	(5,519)	(4,096,457)	(1,514,464)	(2,619,209)
<b>Profit/(loss) before tax</b>		<u>3,172,095</u>	<u>3,620,291</u>	<u>(1,097,058)</u>	<u>(1,895,174)</u>	<u>1,126,730</u>
Tax expense	8	(860,994)	(971,848)	(961,113)	(564,278)	(471,615)
<b>Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company</b>		<u>2,311,101</u>	<u>2,648,443</u>	<u>(2,058,171)</u>	<u>(2,459,452)</u>	<u>655,115</u>
<b>Earnings/(loss) per share for profit/(losses) attributable to the owners of the parent during the period</b>						
Basic and Diluted (pence)	9	<u>–</u>	<u>–</u>	<u>(65.28)</u>	<u>(102.81)</u>	<u>16.79</u>

\*Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.

Due to the acquisition and the combined and consolidated accounts preparation under SIR2000, there has been a change in the capital structure and therefore information relating to financing costs and amortisation may not be comparable throughout the periods.

## Consolidated statement of financial position

	Note	Audited			Audited
		As at 31 December 2011 £	As at 31 December 2012 £	As at 31 December 2013 £	As at 30 June 2014 £
<b>Non-current assets</b>					
Property, plant and equipment	10	13,233	16,757	168,239	330,369
Intangible assets	11	–	–	45,287,696	44,930,655
<b>Total non-current assets</b>		<u>13,233</u>	<u>16,757</u>	<u>45,455,935</u>	<u>45,261,024</u>
<b>Current assets</b>					
Inventories	13	1,029,616	1,581,705	2,541,773	3,310,848
Trade and other receivables	14	4,203,307	4,222,176	5,996,386	7,586,737
Derivatives		25,759	–	46,389	42,124
Cash and cash equivalents		2,088,564	4,145,092	3,353,018	3,936,707
<b>Total current assets</b>		<u>7,347,246</u>	<u>9,948,973</u>	<u>11,937,566</u>	<u>14,876,416</u>
<b>Total assets</b>		<u>7,360,479</u>	<u>9,965,730</u>	<u>57,393,501</u>	<u>60,137,440</u>
<b>Current liabilities</b>					
Trade and other payables	15	1,908,768	1,870,995	2,905,355	3,932,790
Derivatives		–	15,959	–	495
Loans and borrowings	16	–	–	292,584	291,033
Corporation tax liability		491,525	469,163	774,825	782,128
<b>Total current liabilities</b>		<u>2,400,293</u>	<u>2,356,117</u>	<u>3,972,764</u>	<u>5,006,446</u>
<b>Non-current liabilities</b>					
Loans and borrowings	16	–	–	52,235,759	53,365,413
Deferred tax liability	17	1,813	2,797	2,658,730	2,584,218
<b>Total non-current liabilities</b>		<u>1,813</u>	<u>2,797</u>	<u>54,894,489</u>	<u>55,949,631</u>
<b>Total liabilities</b>		<u>2,402,106</u>	<u>2,358,914</u>	<u>58,867,253</u>	<u>60,956,077</u>
<b>Net assets/(liabilities)</b>		<u>4,958,373</u>	<u>7,606,816</u>	<u>(1,473,752)</u>	<u>(818,637)</u>
<b>Equity attributable to equity holders of the company</b>					
Share capital	18	–	–	281,321	281,321
Share premium		–	–	186,796	186,796
Retained earnings		–	–	(1,941,869)	(1,286,754)
Fevertree Invested Capital		4,958,373	7,606,816	–	–
<b>Total equity</b>		<u>4,958,373</u>	<u>7,606,816</u>	<u>(1,473,752)</u>	<u>(818,637)</u>

## Consolidated statement of changes in equity

	<i>Fevertree invested capital</i> £	<i>Share capital</i> £	<i>Share premium</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>At 1 January 2011</b>	2,647,272	–	–	–	2,647,272
Profit for the year	2,311,101	–	–	–	2,311,101
<b>Equity as at 31 December 2011</b>	<u>4,958,373</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,958,373</u>
Profit for the year	2,648,443	–	–	–	2,648,443
<b>Equity as at 31 December 2012</b>	<u>7,606,816</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,606,816</u>
(Loss) for year					
Period to 12 March 2013	(116,302)	–	–	–	(116,302)
Period from 12 March 2013	–	–	–	(1,941,869)	(1,941,869)
Acquisition of Fever Tree Limited	(7,490,514)	–	–	–	(7,490,514)
Issue of shares	–	281,321	186,796	–	468,117
<b>Equity as at 31 December 2013</b>	<u>–</u>	<u>281,321</u>	<u>186,796</u>	<u>(1,941,869)</u>	<u>(1,473,752)</u>
Profit for the period	–	–	–	655,115	655,115
<b>Equity as at 30 June 2014</b>	<u>–</u>	<u>281,321</u>	<u>186,796</u>	<u>(1,286,754)</u>	<u>(818,637)</u>

## Consolidated statement of cash flows

	Audited			Unaudited	Audited
	Year ended 31 December 2011 £	Year ended 31 December 2012 £	Year ended 31 December 2013 £	Six months ended 30 June 2013 £	Six months ended 30 June 2014 £
<b>Operating activities</b>					
Profit/(loss) after tax	2,311,101	2,648,443	(2,058,171)	(2,459,452)	655,115
Add: Corporation tax	860,994	971,848	961,113	564,278	471,615
Interest paid	–	–	4,096,457	1,514,464	2,619,209
Interest (received)	(4,013)	(4,512)	(16,139)	(4,510)	(5,167)
Depreciation of property, plant and equipment	6,278	10,263	22,470	8,854	35,481
Amortisation of intangible assets	–	–	581,917	218,959	357,041
	<u>3,174,360</u>	<u>3,626,042</u>	<u>3,587,647</u>	<u>(157,407)</u>	<u>4,133,294</u>
(Increase)/decrease in trade and other receivables	(2,079,690)	6,889	(1,774,210)	(1,020,092)	(1,590,352)
(Increase)/decrease in inventories	(276,008)	(552,089)	(960,068)	(516,718)	(769,075)
Increase/(decrease) in trade and other payables	<u>908,124</u>	<u>(21,813)</u>	<u>1,035,160</u>	<u>437,374</u>	<u>1,031,312</u>
	(1,447,574)	(567,013)	(1,699,118)	(1,099,436)	(1,328,115)
Cash generated from operations before exceptional items	1,726,786	3,327,909	5,038,596	1,807,231	2,962,912
Exceptional items	–	(268,880)	(3,150,067)	(3,064,074)	(157,733)
<b>Cash generated from operations</b>	<u>1,726,786</u>	<u>3,059,029</u>	<u>1,888,529</u>	<u>(1,256,843)</u>	<u>2,805,179</u>
Income taxes paid	<u>(817,892)</u>	<u>(993,226)</u>	<u>(879,518)</u>	<u>(469,164)</u>	<u>(538,825)</u>
<b>Net cash flows from operating activities</b>	<u>908,894</u>	<u>2,065,803</u>	<u>1,009,011</u>	<u>(1,726,007)</u>	<u>2,266,354</u>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(12,959)	(13,787)	(173,952)	(67,272)	(197,610)
Acquisition of subsidiary (note 24)	–	–	(50,480,126)	(50,480,126)	–
<b>Net cash used in investing activities</b>	<u>(12,959)</u>	<u>(13,787)</u>	<u>(50,654,078)</u>	<u>(50,547,398)</u>	<u>(197,610)</u>
<b>Financing activities</b>					
Interest (paid)	–	(5,519)	(1,548,164)	(124,164)	(1,315,223)
Interest received	4,013	10,031	16,139	4,510	5,168
Loans repaid	(95,000)	–	(150,000)	–	(175,000)
Loans drawn down (net of issue costs)	–	–	50,066,901	50,066,901	–
Shares issued	–	–	468,117	468,117	–
<b>Net cash used in financing activities</b>	<u>(90,987)</u>	<u>4,512</u>	<u>48,852,993</u>	<u>50,415,364</u>	<u>(1,485,055)</u>
Net increase in cash and cash equivalents	<u>804,948</u>	<u>2,056,528</u>	<u>(792,074)</u>	<u>(1,858,041)</u>	<u>583,689</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,283,616</u>	<u>2,088,564</u>	<u>4,145,092</u>	<u>4,145,092</u>	<u>3,353,018</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>2,088,564</u></u>	<u><u>4,145,092</u></u>	<u><u>3,353,018</u></u>	<u><u>2,287,051</u></u>	<u><u>3,936,707</u></u>

## Notes to the combined and consolidated financial information

### 1. Accounting policies

#### **Accounting convention**

The financial information has been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial information has 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 except as described below in the basis of preparation.

#### **Basis of preparation**

The combined and consolidated financial information contained in this document includes the statements of total comprehensive income, cash flow statements, statements of financial position and related notes for the companies which comprise the Group.

The historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") except as described below.

Fevertree Topco Limited was incorporated on 22 February 2013 and on 12 March 2013 it acquired the entire share capital of Fevertree Limited for a consideration of £50,480,126 (excluding expenses of acquisition), for which the acquisition method of accounting was used.

The historical financial information has therefore been prepared as follows:

#### *Years ended 31 December 2011 and 31 December 2012*

The historical financial information for these years is that of Fevertree Limited. Since the Group did not come into existence until 12 March 2013, it is not meaningful to present share capital and reserves prior to that date; consequently for these periods the aggregate equity attributable to equity holders of Fevertree Limited has been disclosed as 'Fevertree Invested Capital'.

#### *Period ended 30 June 2013*

The historical financial information for this period has been prepared by combining the consolidated financial information of Fevertree Topco Limited for the period from incorporation on 22 February 2013 to 30 June 2013 with the financial information of Fevertree Limited for the period from 1 January 2013 to 12 March 2013.

#### *Year ended 31 December 2013*

The historical financial information for this year has been prepared by combining the consolidated financial information of Fevertree Topco Limited for the period from incorporation on 22 February 2013 to 31 December 2013 with the financial information of Fevertree Limited from 1 January 2013 to 12 March 2013.

#### *Period ended 30 June 2014*

The historical financial information for this period comprises the consolidated financial information of Fevertree Topco Limited.

IFRS as adopted by the EU does not provide for the preparation of combined financial information, and therefore the specific accounting treatment set out above, which is in accordance with accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standards applicable to Public Reporting Engagements on Historical Financial Information) issued by the UK Auditing Practices Board, results in the following material departures from IFRS as adopted by the EU:

- For all periods which encompass the acquisition by Fevertree Topco Limited of the entire share capital of Fevertree Limited on 12 March 2013, the historical financial information is prepared on a combined basis which does not comply with the requirements of IFRS 10 (Consolidated Financial Statements).
- The historical financial information does not therefore constitute a set of general purpose financial statements under paragraph 3 of IAS 1 and consequently there is no explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1.

### **Description of business**

Fevertree Topco Limited is a limited company domiciled in the United Kingdom. The principal activity of the Group is that of developer and supplier of premium mixer drinks.

### **Composition of the Group**

A list of the subsidiary undertakings which, in the opinion of the Directors, principally affected the amounts of profit or net assets of the Group, is given in note 12 of the financial information.

### **Composition of the financial information**

The consolidated financial information is drawn up in Sterling, the functional currency of Fevertree Topco Limited and in accordance with IFRS accounting presentation, other than as noted under Basis of Preparation above. The level of rounding for the financial information is the nearest pound. The financial information comprises:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the financial information

### **Changes in accounting policies**

This financial information 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 for periods beginning 1 January 2014.

### *New standards, interpretations and amendments not yet effective*

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in this financial information, will or may have an effect on the Group's future financial statements:

- IFRS 15 Revenue from Contracts with Customers, mandatory effective date 1 January 2017. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This supersedes IAS 18 Revenue and the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It is not expected that this will have a material impact on Fevertree.
- IFRS 9 Financial Instruments, mandatory effective date 1 January 2018. IFRS 9 Financial instruments will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. It is not expected that this will have a material impact on Fevertree.

### **Basis of consolidation**

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, it is classified as a subsidiary.

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

The statement of financial position at 30 June 2014 incorporates the results of Fevertree Limited and Fevertree Topco Limited for all periods, as set out in the basis of preparation.

### **Revenue recognition**

Revenue for the Group represents invoiced sales of goods, excluding value added tax and discounts provided. Revenue is recognised as income in the income statement on the date the goods are delivered.

### **Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. 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.

### **Business combinations**

The Group uses the acquisition method of accounting for the acquisition of a subsidiary. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is recognised at the acquisition date measured as the excess of the aggregate of:

- The fair value of the consideration transferred
- The fair value or, alternatively, the share of net assets of the non controlling interest in the acquiree
- In a combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed.

Where the goodwill calculation results in a negative amount (bargain purchase) this amount is taken to the income statement in the period in which it is derived.

### **Impairment**

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. As a result some assets are tested individually for impairment and some are tested at cash-generating unit level.

Goodwill, other individual assets or cash-generating units that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. The cashflow evaluations are a result of the Directors' estimation of future sales and expenses based on their past experience and the current market activity within the business. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

### **Externally acquired intangible assets**

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

The amortisation expense is recognised within administrative expenses in the consolidated statement of comprehensive income.

### ***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 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 business combinations are as follows:

<i>Intangible asset</i>	<i>Useful economic life</i>	<i>Valuation method</i>
Brands	20 years	Fair value

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

### ***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.

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 provided at the following rates:

Fixtures and fittings	–	33% per annum straight line
Computer equipment	–	33% per annum straight line
Re-usable crates	–	20% per annum straight line
Motor vehicles	–	20% per annum straight line

### ***Impairment of non-financial assets***

Intangible, goodwill and other non-financial assets with indefinite useful economic lives are subject to impairment tests annually at the financial year end. The carrying values of non financial assets are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

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 smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated statement of comprehensive income, except to the extent they reverse previous gains recognised in the consolidated statement of total comprehensive income. An impairment loss recognised for goodwill is not reversed.

### ***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 held to maturity.

#### *Fair value through profit or loss*

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables included within the consolidated statement of financial position.

Cash and cash equivalents include cash held at bank.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, 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 within administrative expenses in the income statement. 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). 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. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

#### *Other financial liabilities*

- Bank loans and shareholder loan notes which are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- 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.

### **Share capital**

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

### **Leased assets**

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 consolidated statement of comprehensive income 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 which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the 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 balance sheet 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.

### ***Inventories***

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

### ***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, Executive Deputy Chairman and Chief Financial Officer.

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated statement of comprehensive income. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

### ***Foreign currency***

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 profit or loss.

## **2. Critical accounting estimates and judgements**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **Accounting judgements, estimates and assumptions**

#### *(a) Property, plant and equipment*

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

#### *(b) Other intangible assets*

As set out in note 1, accounting policies, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

#### *(c) Income taxes*

The Group is subject to income taxation in the UK and US state taxation, where judgement arises in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of judgement about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

#### *(d) Impairment of goodwill*

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. More information including carrying values is included in note 11.

#### *(e) Fair value hierarchy*

A number of assets and liabilities included in the Group's financial information require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Groups financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices, in active markets
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Inputs that are not based on observable market data

The Group measures several items at fair value:

- Financial instruments relating to foreign exchange contracts (note 25) – L2
- Financial instruments relating to interest rate swaps (note 26) – L2

Movements on the underlying value of financial instruments of foreign exchange contracts and interest rate swaps have been measured versus market rates and therefore are easily identifiable.

### 3. Financial instruments – 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. The Group reports in Sterling. 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 and interest rate swaps.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Pricing risk
- Foreign exchange 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
- Bank loans
- Interest rate swaps
- Forward currency contracts

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, carrying value approximates to fair value at 30 June 2014, 31 December 2013, 31 December 2012 and 31 December 2011.

Trade and other receivables are categorised as loans and other receivables. Carrying values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

#### Financial instruments by category

##### **Financial assets**

	<i>Financial assets at fair value through profit or loss</i>				<i>Loans and receivables</i>			
	2011	2012	2013	2014	2011	2012	2013	2014
Cash and cash equivalents	–	–	–	–	2,088,564	4,145,092	3,353,018	3,936,707
Trade and other receivables	–	–	–	–	4,006,521	3,924,412	5,658,484	6,721,518
Derivatives	25,759	–	46,389	42,124	–	–	–	–
<b>Total financial assets</b>	<b>25,759</b>	<b>–</b>	<b>46,389</b>	<b>42,124</b>	<b>6,095,085</b>	<b>8,069,504</b>	<b>9,011,502</b>	<b>10,658,225</b>

## Financial liabilities

	<i>Financial assets at fair value through profit or loss</i>				<i>Financial liabilities at amortised cost</i>			
	2011	2012	2013	2014	2011	2012	2013	2014
Trade and other payables	–	–	–	–	1,894,540	1,842,058	2,772,495	3,546,648
Loans and borrowings	–	–	–	–	–	–	52,528,343	53,656,446
Derivatives	–	(15,959)	–	(495)	–	–	–	–
Total financial liabilities	–	(15,959)	–	(495)	1,896,540	1,842,058	55,008,254	56,912,061

Cash and cash equivalents are held in sterling and placed on deposit in UK banks. These are categorised as loans and receivables.

Trade and other payables and loans and borrowings categorised as financial liabilities at amortised cost.

Derivatives including interest rate swaps and forward currency contracts are categorised as financial assets at fair value through profit or loss.

## 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 30 June 2014 the Group has trade receivables of £6,538,496 (2013: £5,188,859; 2012: £3,758,886; 2011: £2,927,307).

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. The Group attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payments history.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 30 June 2014 and consequently no material provisions have been made for bad and doubtful debts.

## 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's actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations.

## 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.

## Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The company manages this risk by the use of forward contracts.

The effect of fluctuations in exchange rates on the Euro and Dollar denominated trade receivables is partially offset through the use of foreign exchange contracts to the extent that any impact on profit after tax is not material.

The majority of the Group's financial assets are held in Sterling but movements in the exchange rate of the Euro and the US Dollar against Sterling have an impact on both the result for the year and equity. The Group considers its most significant exposure is to movements in the Euro.

### Market risk

Interest rate risk is the risk that movements in interest rates affect the profitability of the business. The company manages this risk by the use of interest rate swaps.

### Capital management

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

The Group's objectives when maintaining capital are:

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

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

## 4. Revenue

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
Revenue arises from:					
Sale of goods	11,842,160	16,249,967	23,302,281	9,436,288	14,868,371
Analysis of concentration of customers top 3 and other:					
Customer 1	45%	39%	26%	27%	14%
Customer 2	5%	5%	6%	6%	12%
Customer 3	5%	4%	5%	5%	5%
Other	45%	52%	63%	62%	69%
	100%	100%	100%	100%	100%

An analysis of turnover by geographical market is given below:

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
United Kingdom	3,199,170	4,406,276	6,955,149	2,692,753	4,691,241
United States of America	1,823,852	3,003,272	5,222,766	2,429,491	3,446,272
Europe	6,271,802	7,778,398	9,966,557	3,917,505	5,844,416
Rest of the World	547,336	1,062,021	1,157,809	396,539	886,442
	11,842,160	16,249,967	23,302,281	9,436,288	14,868,371

## 5. Profit/(loss) from operations

The operating profit (2013 – operating loss) is stated after charging:

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
Foreign exchange losses/(gains)	25,615	102,083	144,890	(106,928)	127,091
Depreciation	6,278	10,263	22,470	11,304	35,481
Brands amortisation	–	–	581,918	218,959	357,041
Exceptional items *	–	268,880	3,150,067	3,064,074	157,733
Lease payments	26,687	34,988	34,894	17,447	17,173
Auditors' remuneration:					
Fees for audit of the Company	7,750	11,275	7,000	3,500	4,000
Fees for audit of subsidiaries	–	–	20,000	10,000	28,500
Other taxation services	–	250	4,595	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

\* Exceptional items comprise advisors' fees and non-audit fees incurred by Fevertree Limited and Fevertree Topco Limited in respect of the acquisition of Fevertree Limited by Fevertree Topco Limited on March 12, 2013. Included in the 2013 costs are £115,000 paid to the current auditors for non-audit services. In 2014 additional advisors' fees and non-audit services provided by the Auditors have been incurred in respect of the considered AIM listing.

## 6. Staff costs

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
Wages and salaries	1,185,735	1,329,156	1,489,715	651,667	779,152
Social security costs	152,418	171,299	187,193	81,820	97,890
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>1,338,153</u>	<u>1,500,455</u>	<u>1,676,908</u>	<u>733,487</u>	<u>877,042</u>

The average monthly number of employees during the period was as follows:

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i>	<i>Year ended</i> <i>31 December</i> <i>2012</i>	<i>Year ended</i> <i>31 December</i> <i>2013</i>	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i>	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i>
Directors	2	2	2	2	2
Staff	11	12	13	12	18
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>13</u>	<u>14</u>	<u>15</u>	<u>14</u>	<u>20</u>
<b>Directors' remuneration, included in staff costs</b>	£	£	£	£	£
Salaries	240,000	276,000	284,815	144,729	138,000
Bonuses	693,605	687,175	655,999	247,693	299,999
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>933,605</u>	<u>963,175</u>	<u>940,814</u>	<u>392,422</u>	<u>437,999</u>

Information regarding the highest paid director is as follows:

<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Six months</i>	<i>Six months</i>
<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>ended</i>	<i>ended</i>
<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>30 June</i>	<i>30 June</i>
<i>£</i>	<i>£</i>	<i>£</i>	<i>2013</i>	<i>2014</i>
			<i>£</i>	<i>£</i>
466,803	481,588	447,734	199,576	219,000

## 7. Finance income and expenses

<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>	
<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Six months</i>	<i>Six months</i>	
<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>ended</i>	<i>ended</i>	
<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>30 June</i>	<i>30 June</i>	
<i>£</i>	<i>£</i>	<i>£</i>	<i>2013</i>	<i>2014</i>	
			<i>£</i>	<i>£</i>	
<b>Finance income</b>					
Bank interest	4,013	10,031	16,139	4,510	5,167
<b>Finance expense</b>					
Bank loan interest	–	–	296,585	123,423	187,094
Derivatives	–	–	(43,010)	(29,376)	886
Loan note interest	–	–	3,641,415	1,344,155	2,307,617
Other interest	–	5,519	–	–	–
Loan fee amortisation	–	–	201,467	76,262	123,612
	–	5,519	4,096,457	1,514,464	2,619,209

## 8. Income tax

<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>	
<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Six months</i>	<i>Six months</i>	
<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>ended</i>	<i>ended</i>	
<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>30 June</i>	<i>30 June</i>	
<i>£</i>	<i>£</i>	<i>£</i>	<i>2013</i>	<i>2014</i>	
			<i>£</i>	<i>£</i>	
<b>Current tax expense</b>					
Current tax on profits/(losses) for the period	858,825	970,864	949,180	430,880	546,127
US state income tax	–	–	236,000	236,000	–
	858,825	970,864	1,185,180	666,880	546,127
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences	2,169	984	(224,067)	(102,602)	(74,512)
<b>Total tax expense</b>	860,994	971,848	961,113	564,278	471,615

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/(loss) for the year are as follows:

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
Profit/(loss) for the period	3,172,095	3,620,291	(1,097,058)	(1,895,174)	1,126,730
Expected tax charge based on corporation tax rate of 22% in 2014 (23.25% in 2013, 24.5% in 2012, 26.49% in 2011)	840,288	886,971	(255,066)	(440,628)	247,881
Expenses not deductible for tax purposes	20,706	84,877	1,004,825	768,906	223,734
Prior year adjustment	–	–	(24,646)	–	–
US state income tax	–	–	236,000	236,000	–
<b>Total tax expense</b>	<b>860,994</b>	<b>971,848</b>	<b>961,113</b>	<b>564,278</b>	<b>471,615</b>

## 9. Earnings/(loss) per share

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
<b>Profit/(loss)</b>					
Profit/(loss) used in calculating basic and diluted EPS	–	–	(2,058,171)	(2,459,452)	655,115
<b>Number of shares</b>					
Weighted average number of shares for the purpose of basic and diluted earnings per share	–	–	3,152,846	2,392,313	3,900,979
Earnings/(loss) per share (pence)	–	–	(65.28)p	(102.81)p	16.79p

Earnings/(loss) per share is calculated based on the share capital of Fevertree Topco Limited and the earnings of the Group. There are no potential ordinary shares in issue that may dilute earnings per share.

The acquisition of Fevertree Limited by Fevertree Topco Limited took place on 12 March 2013. To this end, the 2011 and 2012 periods have no comparative EPS calculations. For the sake of comparability and consistency, 2013 has been calculated using a weighted average number of shares between acquisition and period end. This basis has been used for the year ended 2013 and the period ended June 2013.

The table below has been inserted to illustrate the impact on EPS on the basis that 3,900,979 shares had been in issue for the whole period in order to provide more meaningful analysis to show the position had Fevertree Topco Limited acquired Fevertree Limited on 1 January 2013.

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
<b>Profit/(loss)</b>					
Profit/(loss) used in calculating basic and diluted EPS	-	-	(2,058,171)	(2,459,452)	655,115
<b>Number of shares</b>					
Weighted average number of shares for the purpose of basic and diluted earnings per share	-	-	3,900,979	3,900,979	3,900,979
Earnings/(loss) per share (pence)	-	-	(52.76)p	(63.05)p	16.79p

## 10. Property, plant and equipment

	<i>Re-usable crates</i> £	<i>Motor vehicles</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Totals</i> £
<b>COST</b>					
At 1 January 2011	–	–	–	9,779	9,779
Additions	–	–	8,650	4,309	12,959
At 31 December 2011	–	–	8,650	14,088	22,738
Additions	–	–	813	12,974	13,787
At 31 December 2012	–	–	9,463	27,062	36,525
Additions	105,055	56,716	162	12,019	173,952
At 31 December 2013	105,055	56,716	9,625	39,081	210,477
Additions	141,487	18,200	29,077	8,846	197,610
At 30 June 2014	246,542	74,916	38,702	47,927	408,087
<b>DEPRECIATION</b>					
At 1 January 2011	–	–	–	3,227	3,227
Charge for year	–	–	2,162	4,116	6,278
At 31 December 2011	–	–	2,162	7,343	9,505
Charge for year	–	–	3,083	7,180	10,263
At 31 December 2012	–	–	5,245	14,523	19,768
Charge for year	1,751	8,767	3,191	8,761	22,470
At 31 December 2013	1,751	8,767	8,436	23,284	42,238
Charge for period	20,304	6,245	3,570	5,362	35,480
At 30 June 2014	22,055	15,012	12,006	28,646	77,718
<b>NET BOOK VALUE</b>					
At 31 December 2011	–	–	6,488	6,745	13,233
At 31 December 2012	–	–	4,218	12,539	16,757
At 31 December 2013	103,304	47,949	1,189	15,797	168,239
At 30 June 2014	224,487	59,904	26,696	19,281	330,369

## 11. Intangible assets

	<i>Audited</i>			<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
<b>BRANDS</b>				
<b>COST</b>				
Opening balance	–	–	–	14,400,000
Acquisition	–	–	14,400,000	–
Disposal	–	–	–	–
Additions	–	–	–	–
	<u>–</u>	<u>–</u>	<u>14,400,000</u>	<u>14,400,000</u>
Closing balance	<u>–</u>	<u>–</u>	<u>14,400,000</u>	<u>14,400,000</u>
<b>AMORTISATION</b>				
Opening balance	–	–	–	581,918
Charge for period	–	–	581,918	357,041
	<u>–</u>	<u>–</u>	<u>581,918</u>	<u>938,959</u>
Closing balance	<u>–</u>	<u>–</u>	<u>581,918</u>	<u>938,959</u>
<b>NET BOOK VALUE</b>				
Closing balance	<u>–</u>	<u>–</u>	<u>13,818,082</u>	<u>13,461,041</u>
<b>GOODWILL</b>				
<b>COST</b>				
Opening balance	–	–	–	31,469,614
Acquisition	–	–	31,469,614	–
	<u>–</u>	<u>–</u>	<u>31,469,614</u>	<u>31,469,614</u>
Closing balance	<u>–</u>	<u>–</u>	<u>31,469,614</u>	<u>31,469,614</u>
<b>INTANGIBLE ASSETS</b>				
<b>NET BOOK VALUE</b>				
	<u>–</u>	<u>–</u>	<u>45,287,696</u>	<u>44,930,655</u>

Intangible assets represent the fair value at the 12 March 2013 acquisition date of the brand (but not recognised as assets by Fevertree Limited). 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 discount factors and royalty percentage utilised. A brand useful life of 20 years has been deemed appropriate and projected cash flows have been discounted over this period.

Goodwill is recognised upon the acquisition of Fevertree Limited on 12 March 2013 and is the difference between the consideration paid and the fair value of assets acquired and liabilities assumed. In line with IAS 36, a cash-generating unit to which goodwill has been allocated shall be 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.

The impairment model for goodwill is established by the model mentioned above, which derives a value for net future cash flows by discounting the future performance of the business. The impairment model includes projections based on the 3 year plan for the business which are then modelled for the remainder of a 20 year period using a growth rate of 3% and discount factor of 20 per cent. Management adopted a prudent approach regarding all aforementioned variables along with the 3 year plan for the business. The growth rate adopted beyond the projected cash flows reflects management judgment and is underpinned by historical growth and management experience, whilst considering competition and other potential risk factors.

Further details of the acquisition of Fevertree Limited are in note 24.

## 12. Subsidiary

The subsidiary of the Company, which has been included in the consolidated financial information, is as follows:

Name	Principal activity	Audited			Audited
		Year ended 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2014
		Ownership %	Ownership %	Ownership %	Ownership %
Fevertree Limited	Development and sale of premium mixer drinks	–	–	100%	100%

The Company acquired Fevertree Limited, registered in the UK, on 12 March 2013.

## 13. Inventories

	Audited			Audited
	As at 31 December 2011 £	As at 31 December 2012 £	As at 31 December 2013 £	As at 30 June 2014 £
Raw materials	491,948	313,126	483,927	748,418
Finished goods	537,668	1,268,579	2,057,846	2,562,430
	<u>1,029,616</u>	<u>1,581,705</u>	<u>2,541,773</u>	<u>3,310,848</u>

There are no material stock provisions made at any period end.

## 14. Trade and other receivables

	Audited			Audited
	As at 31 December 2011 £	As at 31 December 2012 £	As at 31 December 2013 £	As at 30 June 2014 £
Trade receivables	2,950,950	3,842,529	5,332,502	6,683,660
Bad debt provision	(23,643)	(83,643)	(143,643)	(145,164)
Other receivables	1,079,214	165,526	469,625	183,022
Total financial assets other than cash and cash equivalents classified as loans and receivables	4,006,521	3,924,412	5,658,484	6,721,518
Prepayments	78,687	125,233	84,250	513,669
Recoverable VAT	118,099	172,531	253,652	351,550
Total trade and other receivables	<u>4,203,307</u>	<u>4,222,176</u>	<u>5,996,386</u>	<u>7,586,737</u>

The ageing of trade receivables is as follows:

0 to 3 months	2,906,811	3,606,706	5,038,756	6,212,667
Over 3 months	44,139	235,822	293,746	470,993

There are no material impairments made by Fevertree Limited in any of the period ends reported above.

Receivables held in currencies other than sterling are as follows:

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	£	£	£	£
Euro	676,135	1,674,770	1,611,928	1,955,618
US Dollar	387,124	502,914	749,869	1,048,279
Other	115,414	150,815	154,730	160,961
	<u>1,178,673</u>	<u>2,328,499</u>	<u>2,516,527</u>	<u>3,164,858</u>

## 15. Trade and other payables

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	£	£	£	£
<b>Current</b>				
Trade payables	637,415	486,020	1,171,262	1,956,914
Related party payables	293,572	219,980	254,112	–
Accruals	963,553	1,136,058	1,347,121	1,589,734
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	1,894,540	1,842,058	2,772,495	3,546,648
Other	6,900	–	4,028	163,454
Social security & other taxes	7,328	28,937	128,832	222,688
Total trade and other payables	<u>1,908,768</u>	<u>1,870,995</u>	<u>2,905,355</u>	<u>3,932,790</u>
	<i>Audited</i>			<i>Audited</i>
	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	£	£	£	£
<b>Non current</b>				
Deferred tax	1,813	2,797	2,658,730	2,584,218
Bank loans	–	–	6,253,231	6,111,752
Shareholders loans	–	–	45,982,528	47,253,661
	<u>1,813</u>	<u>2,797</u>	<u>54,894,489</u>	<u>55,949,631</u>

Carrying values approximate to fair values.

## 16. Loans and borrowings

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i> <i>31 December</i> <i>2011</i> £	<i>As at</i> <i>31 December</i> <i>2012</i> £	<i>As at</i> <i>31 December</i> <i>2013</i> £	<i>As at</i> <i>30 June</i> <i>2014</i> £
Bank loans	–	–	6,545,815	6,402,785
Shareholders loans	–	–	45,982,528	47,253,661
<b>Total loans and borrowings</b>	<b>–</b>	<b>–</b>	<b>52,528,343</b>	<b>53,656,446</b>
Bank loans	–	–	292,584	291,033
Shareholder loans	–	–	–	–
<b>Current</b>	<b>–</b>	<b>–</b>	<b>292,584</b>	<b>291,033</b>
Bank loans	–	–	6,253,231	6,111,752
Shareholder loans	–	–	45,982,528	47,253,661
<b>Non-current</b>	<b>–</b>	<b>–</b>	<b>52,235,759</b>	<b>53,365,413</b>

Bank loans and loan notes are secured by a fixed and floating charge over the group's assets.

Principal terms and the debt repayment schedule of the Group's loan and borrowings are as follows:

	<i>Nominal</i> <i>Currency</i>	<i>Year of</i> <i>Conditions</i>	<i>Rate %</i>	<i>Maturity</i>
Bank loans A	Sterling	Secured	LIBOR + 3.5%	2017
Bank loans B	Sterling	Secured	LIBOR + 4.0%	2019
Shareholder loan notes	Sterling	Secured	10.0% fixed	2020
Shareholder loan notes	Sterling	Unsecured	10.0% fixed	2020

## 17. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent. The movement on the deferred tax account is as shown below:

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i> <i>31 December</i> <i>2011</i> £	<i>As at</i> <i>31 December</i> <i>2012</i> £	<i>As at</i> <i>31 December</i> <i>2013</i> £	<i>As at</i> <i>30 June</i> <i>2014</i> £
Opening balance	–	1,813	2,797	2,658,730
Recognised on acquisition of Fevertree Limited	–	–	2,880,000	–
Recognised in profit and loss	1,813	984	(224,067)	(74,512)
Closing balance	<u>1,813</u>	<u>2,797</u>	<u>2,658,730</u>	<u>2,584,218</u>

Details of the deferred tax liability are as follows:

	2011	2012	2013	2014
Accelerated capital allowances	1,813	2,797	37,085	70,600
Intangibles	–	–	2,763,616	2,692,208
Other temporary differences	–	–	(140,158)	(178,590)
Closing balance	<u>1,813</u>	<u>2,797</u>	<u>2,658,730</u>	<u>2,584,218</u>

The deferred tax has arisen due to the timing difference on accelerated capital allowances and the recognition at acquisition of the Brand intangible asset in Fevertree Limited.

Further details of the acquisition of Fevertree Limited are in note 24.

## 18. Share capital

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	£	£	£	£
<b>Allotted, issued and fully paid</b>				
1,335,340 A Ordinary shares of £0.10 each	–	–	133,534	133,534
2,000,000 B Ordinary shares of £0.05 each	–	–	100,000	100,000
175,540 C Ordinary shares of £0.05 each	–	–	8,777	8,777
273,070 D Ordinary shares of £0.10 each	–	–	27,307	27,307
117,030 E Ordinary shares of £0.10 each	–	–	11,703	11,703
	<u>–</u>	<u>–</u>	<u>281,321</u>	<u>281,321</u>

49.9 per cent. voting rights are shared pro-rata among holders of B shares and the remaining 50.1 per cent. of voting rights are shared pro-rata among the holders of A, C and D shares. As regards rights to distribution, each A, B, C, D and E ordinary share has attributed to it rights to dividends and to participate in capital distributions (including on winding up), save that the ratchet provisions contained in the articles shall apply. None of the shares confer any right of redemption.

Share capital prior to the 12 March 2013 acquisition of Fevertree Limited is disclosed as 'Fevertree Invested Capital' in the consolidated statement of financial position and the consolidated statement of changes in equity.

## 19. Reserves

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

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

Fevertree Invested Capital relates to the total equity attributable to the equity holders of Fevertree Limited from 1 January 2011 to the date of acquisition.

## 20. Operating leases

The Group leases its office premises. The total value of minimum lease payments due until the end of the lease is payable as follows:

	<i>Audited</i>			<i>Audited</i>
	<i>As at</i> <i>31 December</i> <i>2011</i> £	<i>As at</i> <i>31 December</i> <i>2012</i> £	<i>As at</i> <i>31 December</i> <i>2013</i> £	<i>As at</i> <i>30 June</i> <i>2014</i> £
Not later than one year	27,060	27,060	9,020	61,000
Later than one year and not later than five years	36,080	9,020	–	229,000
	<u>63,140</u>	<u>36,080</u>	<u>9,020</u>	<u>290,000</u>

## 21. Dividends

No dividends were declared or paid in any period.

## 22. Related party transactions

Compensation of key management personnel (including Directors):

	<i>Audited</i>			<i>Unaudited</i>	<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2013</i> £	<i>As at</i> <i>30 June</i> <i>2014</i> £
Short term employee benefits	240,000	276,000	284,815	144,729	138,000
Bonus	693,605	687,175	655,999	247,693	299,999
Employers national insurance	119,501	130,851	127,708	52,031	58,248
	<u>1,053,106</u>	<u>1,094,026</u>	<u>1,068,522</u>	<u>444,453</u>	<u>496,247</u>

The following loans (from) directors existed:

	<i>Audited</i>			<i>Audited</i>
	<i>Year ended</i> <i>31 December</i> <i>2011</i> £	<i>Year ended</i> <i>31 December</i> <i>2012</i> £	<i>Year ended</i> <i>31 December</i> <i>2013</i> £	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2014</i> £
Charles Rolls				
Opening balance	–	–	–	(12,658,581)
Amounts advanced to company	–	–	(12,316,092)	–
Capitalised interest	–	–	(342,489)	(315,597)
Closing balance	<u>–</u>	<u>–</u>	<u>(12,658,581)</u>	<u>(12,974,178)</u>
Tim Warrillow				
Opening balance	–	–	–	(4,711,337)
Amounts advanced to company	–	–	(4,583,868)	–
Capitalised interest	–	–	(127,469)	(117,461)
Closing balance	<u>–</u>	<u>–</u>	<u>(4,711,337)</u>	<u>(4,828,798)</u>

The terms of the loans are disclosed in note 16.

The following table details the related party transactions which occurred during the year which are on normal commercial terms and on an arms' length basis.

Related party	Nature of relationship	Turnover	2011		2012		2013		2014
			Year end balance	Turnover	Year end balance	Turnover	Year end balance	Turnover	Period end Balance
Treetops LLP	Charles Rolls controls Treetops LLP	-	-	3,100	-	5,700	-	1,120	-
Brothers Drinks Co Ltd	Equity investor in Fevertree Topco Limited	2,037,413	293,572	2,999,591	219,980	4,099,229	354,112	1,874,605	-

### 23. Control

In the opinion of the directors there is no one ultimate controlling party.

### 24. Acquisition of Fevertree Limited

Details of the acquisition balance sheet and the subsequent fair value exercise carried out by management are shown below:

	At book value £	Fair value adjustments £	At fair value £
Brands identified at acquisition	-	14,400,000	14,400,000
Property, plant and equipment	17,275	-	17,275
Receivables	2,745,202	-	2,745,202
Stocks	1,567,327	-	1,567,327
Cash and cash equivalents	6,321,962	-	6,321,962
Deferred tax liability	(2,797)	(2,880,000)	(2,882,797)
Payables	(3,158,457)	-	(3,158,457)
Net assets	7,490,512	11,520,000	19,010,512
Goodwill			31,469,614
Consideration			50,480,126
Satisfied by:			
Cash consideration			50,480,126

Other assets including inventories acquired at net book value are considered to be at their fair value.

Goodwill is the difference between the consideration paid and the fair value of assets acquired and liabilities assumed.

Deferred tax liability represents the temporary differences at 20 per cent. for the acquired Brands.

Expenses of the acquisition amounting to £2,213,437 were written to the Statement of Comprehensive Income.

The acquisition of Fevertree Limited resulted in the following cash flows:

	£
Revenue from Fevertree Limited included in the consolidated financial information since acquisition for the period to December 2013	20,468,981
Profit from Fevertree Limited included in the consolidated financial information since acquisition for the period to December 2013	4,548,921

## 25. Transition to IFRS

From 1 January 2011 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its financial statements, other than as noted under 'Basis of Preparation' in note 1.

The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below:

### IAS 39 'Financial Instruments'

The use of forward foreign exchange contracts and interest rate swaps as informal hedging arrangements is prescribed by the standard and requires the fair value of the informal hedging instrument to be recognised on the balance sheet from the transition date.

### IFRS 3 'Business combinations'

Business combinations that occurred after the transition date have been restated to comply with IFRS 3 'Business Combinations'. Goodwill carried at the transition date is no longer amortised and is subject to annual impairment testing and, in addition, the acquired assets are subject to fair valuation which includes the valuation and recognition on the balance sheet of additional intangible assets which comply with the IAS 38 'Intangible assets' definition. A deferred tax liability arose on the recognition of the brand at acquisition (note 24).

Detailed reconciliations between UK GAAP and IFRS of both equity and profit are shown below:

Reconciliation of equity as at 1 January 2011 (transition date):

	UK GAAP £	IAS 39 'Financial Instruments' £	IFRS £
Retained earnings	–	–	–
Fevertree invested capital	2,612,710	34,562	2,647,272
Total equity and liabilities	<u>2,612,710</u>	<u>34,562</u>	<u>2,647,272</u>

An adjustment was made to unwind the 2010 balance on forward contracts, as an opening balance sheet adjustment, reflecting the unrealised exchange rate variance.

Reconciliation of equity as at 31 December 2011:

	<i>UK GAAP</i>			<i>IFRS</i>
	£	£	£	£
		<i>IAS 39</i>	<i>Other</i>	
		<i>'Financial</i>	<i>adjustments</i>	
		<i>Instruments'</i>		
Equity				
Capital and reserves	-	-	-	-
Issued capital	-	-	-	-
Share premium	-	-	-	-
Retained earnings	-	-	-	-
Fevertree invested capital	4,996,418	(8,832)	(29,213)	4,958,373
Total equity	<u>4,996,418</u>	<u>(8,832)</u>	<u>(29,213)</u>	<u>4,958,373</u>

An adjustment was made to unwind the 2010 balance on forward contracts, as an opening balance sheet adjustment, in addition to the fair value recognised on new forward contracts reflecting the unrealised exchange rate variance,.

A previously recognised trademark and its accumulated amortisation was released to the Statement of Comprehensive Income under IFRS within 'other adjustments'.

Reconciliation of equity as at 31 December 2012:

	<i>UK GAAP</i>			<i>IFRS</i>
	£	£	£	£
		<i>IAS 39</i>	<i>Other</i>	
		<i>'Financial</i>	<i>adjustments</i>	
		<i>Instruments'</i>		
Equity				
Capital and reserves	-	-	-	-
Issued capital	-	-	-	-
Share premium	-	-	-	-
Retained earnings	-	-	-	-
Fevertree invested capital	7,665,720	(29,213)	29,691	7,606,816
Total equity	<u>7,665,720</u>	<u>(29,213)</u>	<u>29,691</u>	<u>7,606,816</u>

An adjustment was made to unwind the 2011 balance on forward contracts, as an opening balance sheet adjustment, in addition to the fair value recognised on new forward contracts reflecting the unrealised exchange rate variance.

A previously recognised trademark and its accumulated amortisation was released to the Statement of Comprehensive Income under IFRS within 'other adjustments'.

Reconciliation of equity as at 31 December 2013:

	UK GAAP		IFRS	
	£	£	£	£
		IFRS 3 Business Combinations	IAS 39 Financial Instruments	
<b>Fixed Assets</b>				
Goodwill	42,710,636	(11,241,022)	–	31,469,614
Intangible Assets	52,273	13,765,809	–	13,818,082
Tangible Assets	168,239	–	–	168,239
<b>Current Assets</b>	42,931,148	2,524,787	–	45,455,935
Inventories	2,541,773	–	–	2,541,773
Trade & other receivables	6,015,539	(15,774)	(3,379)	5,996,386
Derivatives	–	–	46,389	46,389
Cash	3,353,018	–	–	3,353,018
	11,910,330	(15,774)	43,010	11,937,566
<b>Current liabilities</b>				
Amounts < 1 year	(3,972,764)	–	–	(3,972,764)
<b>Net current assets</b>	7,937,566	(15,774)	43,010	7,964,802
<b>Total assets less current liabilities</b>	50,868,714	2,509,013	43,010	53,420,737
Non-current liabilities > 1 year	(52,235,759)	–	–	(52,235,759)
Provisions for liabilities	104,886	(2,763,616)	–	(2,658,730)
<b>Net Assets</b>	(1,262,159)	(254,603)	43,010	(1,473,752)
<b>Capital and Reserves</b>				
Share capital	281,321	–	–	281,321
Share premium	186,796	–	–	186,796
Retained earnings	(1,730,276)	254,603	43,010	(1,941,869)
	(1,262,159)	254,603	43,010	(1,473,752)

At acquisition, the book value of assets and liabilities relating to Fevertree Limited were recognised under invested capital and the expenses of the acquisition were written off to the Statement of Comprehensive Income.

Reconciliation of total comprehensive income for the year ended 31 December 2011:

	UK GAAP	UK GAAP	UK GAAP		IFRS
	£	£	£	£	£
		Presentation adjustment	Adjusted	Other adjustments	
Revenue	12,038,420	(196,260)	11,842,160	–	11,842,160
Cost of sales	(5,858,101)	1,801	(5,856,300)	–	(5,856,300)
Gross profit	6,180,319	(194,459)	(5,985,860)	–	(5,985,860)
Administrative expenses	(2,939,630)	194,459	(2,745,171)	(72,607)	(2,817,778)
Finance income/(expense)	4,013	–	4,013	–	4,013
Profit before tax	3,244,702	–	3,244,702	(72,607)	3,172,095
Taxation	(860,994)	–	(860,994)	–	(860,994)
Profit for the period/ Total comprehensive income	2,383,708	–	2,383,708	(72,607)	2,311,101

The presentation adjustment represents the reclassification of promotional support that was related to discounts.

The explanation for the 'other adjustments' can be found under the previous 31 December 2011 transition to IFRS table within this note.

Reconciliation of total comprehensive income for the year ended 31 December 2012:

	<i>UK GAAP</i> £	<i>UK GAAP</i> £ <i>Presentation adjustment</i>	<i>UK GAAP</i> £ <i>Adjusted</i>	£ <i>IAS 39 Financial Instruments</i>	<i>IFRS</i> £
Revenue	16,249,967		16,249,967	–	16,249,967
Cost of sales	(8,684,684)	(31,537)	(8,716,221)	–	(8,716,221)
Gross profit	7,565,283	(31,537)	7,533,746	–	7,533,746
Administrative expenses	(3,659,765)	31,537	(3,628,228)	(20,859)	(3,649,087)
Finance income/(expense)	4,512	–	4,512	–	4,512
Acquisition costs	(268,880)	–	(268,880)	–	(268,880)
Profit before tax	3,641,150	–	3,641,150	(20,859)	3,620,291
Taxation	(971,848)	–	(971,848)	–	(971,848)
Profit for the period/ Total comprehensive income	<u>2,669,302</u>	<u>–</u>	<u>2,669,302</u>	<u>(20,859)</u>	<u>2,648,443</u>

The presentation adjustment represents the reclassification of certain packaging costs.

The explanation for the 'other adjustments' can be found under the previous 31 December 2012 transition to IFRS table within this note.

Reconciliation of total comprehensive income for the year ended 31 December 2013:

	<i>UK GAAP</i> £	£ <i>IFRS 3 'Business Combinations'</i>	£ <i>Acquisition expenses</i>	£ <i>Other adjustments</i>	<i>IFRS</i> £
Revenue	23,302,281	–	–	–	23,302,281
Cost of sales	(11,419,105)	–	–	–	(11,419,105)
Gross profit	11,883,176	–	–	–	11,883,176
Administrative expenses	(7,591,149)	1,841,300	–	–	(5,749,849)
Finance income/(expense)	(4,123,328)	–	–	43,010	(4,080,318)
Acquisition costs	(936,630)	–	(2,213,437)	–	(3,150,067)
Profit before tax	(767,931)	1,841,300	(2,213,437)	43,010	(1,097,058)
Taxation	(1,077,497)	116,384	–	–	(961,113)
Profit for the period/ Total comprehensive income	<u>(1,845,428)</u>	<u>1,957,684</u>	<u>(2,213,437)</u>	<u>43,010</u>	<u>(2,058,171)</u>

### **Cashflow**

As a result of the transition to IFRS the following changes have resulted in the cashflow statement.

Under UK GAAP payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' whilst under IFRS such payments have been reclassified as part of 'Investing activities'.

There are no other material differences between the cashflow statement presented under IFRS and that presented under UK GAAP other than the presentational convention.

## 26. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board and their policies are outlined below. Level 2 has been used for valuation purposes.

### (a) **Market risk**

#### *Foreign exchange risk*

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 carrying value of the Group's foreign currency denominated assets comprises the trade receivables in note 14.

The majority of the group's financial assets are held in Sterling but movements in the exchange rate of the Euro and the US Dollar against Sterling have an impact on both the result for the year and equity. The Group considers its most significant exposure is to movements in the Euro.

Forward contracts are used to control foreign exchange risk. Those receivables in currencies other than Sterling may be the subject of informal hedging arrangements using forward contracts where the counterparty is the Group's banker or an independent broker. The receivable is carried in the balance sheet at the rate of exchange at the period end. The derivative is carried at fair value with that value being the difference between the contract value at the contract exchange rate and at the spot exchange rate.

#### *Interest rate risk*

The Group carries significant borrowings, however the majority of these are funds supplied by shareholders in the form of loans with fixed interest rates. Interest on bank loans has a variable element and to mitigate this risk the Group has an Interest Swap arrangement in place over two thirds of the loan balance until March 2016. Changes between the Interest Rate Swap and the interest on borrowings are recognised at fair value through the consolidated statement of comprehensive income. As a result the directors consider that there is no significant interest rate risk.

### (b) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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. The maximum exposure to credit risk is the value of the outstanding amount.

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 aging of debtors is included in note 14. There are no material impairments to trade or other receivables.

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

(c) **Liquidity risk**

The Group currently holds substantial cash balances in Sterling, US Dollars and Euros to provide funding for normal trading activity. The Group also has access to additional equity funding and, for short term flexibility, an unused revolving credit facility is arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine.

	<i>Within 1 year £'000</i>	<i>One to two years £'000</i>	<i>Two to five years £'000</i>	<i>Over five years £'000</i>
2011				
Trade payables	930,987	–	–	–
Accruals	965,553	–	–	–
2012				
Trade payables	706,000	–	–	–
Accruals	1,136,058	–	–	–
Derivative instrument	15,959	–	–	–
2013				
Trade payables	1,425,374	–	–	–
Accruals	1,347,121	–	–	–
Bank borrowings	645,000	706,000	4,654,500	2,123,625
Shareholders loans	–	–	–	84,604,144
2014				
Trade payables	1,956,914	–	–	–
Accruals	1,589,734	–	–	–
Derivative instrument	495	–	–	–
Bank borrowings	675,500	953,750	6,177,375	–
Shareholders loans	–	–	–	84,604,144

(d) **Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure. Currently no dividends are paid to shareholders.

**27. Post balance sheet events**

On 17 October 2014, Fevertree Topco Limited changed its name to Fevertree Drinks Limited and on the same date was re-registered as a public limited company.

On 3 November 2014:

- A shares of £0.10 nominal value were converted into double the number of deferred shares of £0.05 nominal value.
- B shares of £0.05 nominal value were converted into the same number of deferred shares of £0.05 nominal value.

- C shares of £0.05 nominal value were converted into the same number of deferred shares of £0.05 nominal value.
- All of the remaining B and C shares of Fevertree Drinks plc were reorganised into a single class of ordinary share with a nominal value of £0.05.
- All of the remaining A, D and E shares were split into one single class of ordinary share with nominal value of £0.05 and one deferred share with a nominal value of £0.05.
- Following this reorganisation on the same date, all of the ordinary shares of nominal value £0.05 were split into 20 ordinary shares of nominal value £0.0025.
- The deferred shares were then bought back by the Company with each investor receiving £1 (£9 in total) and the deferred shares were cancelled.
- The shareholder debt in the business was restructured. Shareholder loan notes from management, together with 80 per cent. of any accrued interest, were capitalised into newly issued ordinary shares. The remaining loan notes, together with accrued interest, were capitalised into newly issued ordinary shares.

**PART IV**  
**ADDITIONAL INFORMATION**

**1. The Company**

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 22 February 2013 with the name Fevertree Topco Limited and with registered number 08415302. On 17 October 2014, the Company was re-registered as a public company with the name Fevertree Drinks plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The registered office of the Company is at Kildare House, 3 Dorset Rise, London EC4Y 8EN. The head office of the Company is at The Plaza, 535 Kings Road, London SW10 0SZ. The telephone number of the Company is 0207 349 4922.

**2. Corporate reorganisation**

- 2.1 In connection with Admission, the Group undertook a corporate reorganisation (the “**Corporate Reorganisation**”). The Corporate Reorganisation steps comprised:
- (a) The ratchet provisions in the Company’s then current articles of association were operated, by converting a number of B and C shares held by LDC, Brothers and Anthony Rice into deferred shares (effectively transferring value to the D and E shares held by Charles Rolls, Tim Warrillow and Andrew Branchflower (among others)).
  - (b) The resulting A, B, C, D and E shares were redesignated and sub-divided into one class of Ordinary Shares and some deferred shares.
  - (c) All of the deferred shares resulting from the operation of the ratchet and the conversion of the previous different classes of shares into one class of Ordinary Shares were purchased by the Company.
  - (d) The outstanding loan notes issued by the Company were capitalised in consideration for the issue of Ordinary Shares.
- 2.2 The Corporate Reorganisation did not affect the Group’s operations, which will continue to be carried out through its operating subsidiary.

**3. Share capital and loan capital**

- 3.1 As at 22 February 2013 being the date of incorporation of the Company, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
A ordinary shares of £0.10 each	1	£0.10

- 3.2 On 12 March 2013, the Company issued 1,335,336 A ordinary shares of £0.10 each, 2,000,000 B ordinary shares of £0.05 each, 174,544 C ordinary shares of £0.05 each, 273,068 D ordinary shares of £0.10 each and 117,030 E ordinary shares of £0.10 each, following which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
A ordinary shares of £0.10 each	1,335,337	133,533.70
B ordinary shares of £0.05 each	2,000,000	100,000.00
C ordinary shares of £0.05 each	175,544	8,777.20
D ordinary shares of £0.10 each	273,068	27,306.80
E ordinary shares of £0.10 each	117,030	11,703

- 3.3 As at 31 December 2013, being the latest date to which audited accounts for the Company have been prepared, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
A ordinary shares of £0.10 each	1,335,337	133,533.70
B ordinary shares of £0.05 each	2,000,000	100,000.00
C ordinary shares of £0.05 each	175,544	8,777.20
D ordinary shares of £0.10 each	273,068	27,306.80
E ordinary shares of £0.10 each	117,030	11,703

- 3.4 On 3 November 2014, 47,357 A ordinary shares of £0.10 each were converted into 94,714 deferred shares of £0.05 each, 83,273 B ordinary shares of £0.05 each were converted into 83,273 deferred shares of £0.05 each and 7,716 C ordinary shares of £0.05 each were converted into 7,716 deferred shares of £0.05 each, as a result of which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
A ordinary shares of £0.10 each	1,287,980	128,798.00
B ordinary shares of £0.05 each	1,916,727	95,836.35
C ordinary shares of £0.05 each	167,828	8,391.40
D ordinary shares of £0.10 each	273,068	27,306.80
E ordinary shares of £0.10 each	117,030	11,703
Deferred shares of £0.05 each	185,703	9,285.15

- 3.5 On 3 November 2014, immediately following the conversion described in paragraph 3.4 above, the Company converted and subdivided the A, B, C, D and E ordinary shares into one class of ordinary shares with a nominal value of £0.05 each and some deferred shares of £0.05 each, as a result of which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
Ordinary shares of £0.05 each	3,762,633	188,131.65
Deferred shares of £0.05 each	1,863,781	93,189.05

- 3.6 On 3 November 2014, immediately following the conversion described in paragraph 3.5 above, the Company sub-divided each ordinary share of £0.05 each into 20 Ordinary Shares of £0.0025 each, as a result of which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares of £0.0025 each	75,252,660	188,131.65
Deferred shares of £0.05 each	1,863,781	93,189.05

- 3.7 On 3 November 2014, immediately following the sub-division described in paragraph 3.6 above, the Company bought back all of the issued deferred shares as a result of which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares of £0.0025 each	75,252,660	188,131.65

- 3.8 On 3 November 2014, immediately following the buy back of the deferred shares described in paragraph 3.7 above, the principal and interest in respect of loan notes issued by the Company were capitalised in consideration for the issue of Ordinary Shares, all of which were fully paid up, as a result of which the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares of £0.0025 each	112,255,821	280,639.55

- 3.9 The issued share capital of the Company, all of which will be fully paid up on or before Admission, as it is expected to be immediately following Admission is as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares	115,240,896	288,102.24

- 3.10 Details of the total number of options under the Share Option Schemes outstanding as at 3 November 2014 (being the latest practicable date prior to the publication of this document) are as follows:

*CSOP:*

<i>Date of grant</i> <sup>1</sup>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
03.11.14	156,713	134	07.11.14-06.11.17

*Unapproved Scheme*<sup>1</sup>:

<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
03.11.14	685,818	134	07.11.14-06.11.17

*Note:*

1. These grants become unconditional upon Admission.

- 3.11 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly there is no limit on the maximum amount of shares that may be allotted by the Company.
- 3.12 Pursuant to an ordinary resolution of the Company dated 3 November 2014, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “**relevant securities**”) up to an aggregate nominal amount of £103,462.688, such authority to be limited to the allotment of:
- (a) 2,985,075 Ordinary Shares pursuant to the Placing;
  - (b) relevant securities other than pursuant to sub-paragraph (a) above, having an aggregate nominal value equal to £96,000,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and 30 June 2015, except that the Directors can during such period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

- 3.13 Pursuant to a special resolution of the Company dated 3 November 2014, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 3.12 above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:
- (a) the allotment of equity securities which fall within sub-paragraph (a) of paragraph 3.12 above; and
  - (b) the allotment of equity securities in connection with an invitation or offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the 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
  - (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above) of equity securities up to an aggregate nominal value equal to £14,000,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and 30 June 2015, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 3.14 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 3.13 above.
- 3.15 Save as set out in this paragraph 3:
- (a) no unissued share or loan capital of the Company or its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;
  - (b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
  - (c) there are no outstanding convertible securities issued by the Company; and

- (d) no share capital or loan capital of the Company or its subsidiary (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.
- 3.16 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.
- 3.17 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.
- 3.18 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BRJ9BJ26 and the Stock Exchange Daily Official List number (SEDOL) is BRJ9BJ2.
- 3.19 The Placing Price of 134 pence per Ordinary Share represents a premium of 133.75 pence over the nominal value of 0.25 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.

#### 4. Subsidiary undertaking

The Company is the holding company of the Group.

The Company currently has the following subsidiary:

<i>Name</i>	<i>Registration number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Percentage of voting share capital held</i>
Fevertree Limited	05291668	Active	England and Wales	100

#### 5. Summary of the Articles of Association of the Company

The Articles, which were adopted by a special resolution of the Company passed on 3 November 2014, contain, *inter alia*, provisions to the following effect:

(a) **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles.

The Articles do not contain any restrictions on the objects of the Company.

(b) **Rights attaching to Ordinary Shares**

(i) *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a vote on a show of hands, a proxy appointed by one member has one vote and a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members, and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts

payable by him in respect of that share in the Company have been paid or credited as having been paid.

(ii) *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that out of profits available for distribution dividends be paid to members of the Company according to their respective rights and interests in the profits of the Company. However, no such dividend shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid pro rata according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

(iii) *Return of capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) ***Transfer of shares***

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless it is:

- (i) in respect of a share which is fully paid up;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or not more than four joint transferees;
- (v) duly stamped (if so required); and

- (vi) delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board may not exercise such discretion in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

There exist no provisions in the Articles that would delay, defer or prevent a change of control in the Company.

(d) **Disclosure of interests in shares**

The provisions of rule 5 of the Disclosure and Transparency Rules govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *inter alia*, this requires a person who is interested in 3 per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1 per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice ("**disenfranchisement notice**") pursuant to which the following sanctions shall apply:

- (i) the member shall not, with effect from the service of the disenfranchisement notice, be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
- (A) any dividend or other money payable in respect of the shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
- (B) subject, in the case of uncertificated shares to the CREST Regulations, no transfer, other than an approved transfer, of any shares held by the member shall be registered unless:
- the member is not himself in default as regards supplying the information required; and
  - the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise) unless a separate notice is issued in respect of such further shares.

(e) **Purchase of own shares**

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(f) **Variation of rights**

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation.

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(g) **General meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- in the case of an annual general meeting, at least 21 clear days; and
- in any other case, at least 14 clear days.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chairman may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he shall determine. The chairman may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least 7 clear days' notice is

required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(h) **Board authorisation of conflicts**

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation shall be effective only if:

- (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director;
- (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director; and
- (iii) the conflicted Director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the matter or situation which is the subject of the conflict or possible conflict.

(i) **Directors' interests**

Provided permitted by any relevant legislation and provided that he has disclosed to the Board the nature and extent of his interest in accordance with the Articles, a Director, notwithstanding his office:

- (i) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (ii) may hold any other office or position of profit under the Company (except that of auditor of the Company or of any subsidiary of the Company) and may act by himself or through his firm in a professional capacity for the Company;
- (iii) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any Director having any such interest or receiving any such dividend, profit, remuneration, payment or benefit.

(j) **Directors' ability to vote and count for quorum**

A Director shall not vote on or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;

- (iv) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors;
- (vii) the funding of expenditure by one or more Directors in defending proceedings against him or them or doing anything to enable such Directors to avoid incurring such expenditure provided that such funding is consistent with, or no more beneficial to him or them than the provisions of the Articles and is permitted pursuant to the provisions of the relevant legislation;
- (viii) the giving of an indemnity or indemnities in favour of one or more Directors which is/are consistent with, or no more beneficial to him or them than any such indemnities provided pursuant to the Articles (and provided such indemnities are permitted pursuant to the relevant legislation).

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(k) **Directors**

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £250,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any Director has held office for less than the whole of the relevant period in respect of which the fees are paid).

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as Director. If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(l) **Pensions and benefits**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director or any director of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any scheme, institution, club, trust or fund and pay premiums.

(m) **Indemnification of Directors**

Subject to, and to the fullest extent permitted by, law, every Director and every director of any associated company, former Director, alternate Director secretary or other officer of the Company (other than an auditor) may (at the discretion of the Board) be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(n) **Borrowing powers**

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or future) and uncalled capital, or any part or parts thereof, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The aggregate principal amount at any one time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of £5,000,000 and an amount equal to 2.5 times the aggregate of:

- (i) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries, whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

**6. Directors and employees**

6.1 The Directors and each of their respective functions are set out in Part I of this document.

6.2 The business address of the Directors is The Plaza, 535 Kings Road, London SW10 0SZ.

6.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Age</i>	<i>Commencement date in office</i>
William (Bill) Ronald	59	4 June 2013
Charles Rolls	56	22 February 2013
Timothy Warrillow	39	22 February 2013
Andrew Branchflower	35	16 October 2014
Coline McConville	50	On Admission
David Adams	59	On Admission

6.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
William (Bill) Ronald	Dialight plc Muscular Dystrophy Group of Great Britain and Northern Ireland TCFG Holdings Limited Helsinki Topco Limited	Ingenious Film Partners 2 LLP Halfords Group plc Bezier Holdings Limited Pointer Design and Manufacture Limited Lur Berri UK Limited Bezier Acquisitions Limited (dissolved) Poulter Group Limited (dissolved) Poulter Marketing Group Limited (dissolved)
Charles Rolls	Treetops Aircraft LLP Airtime Aircraft Leasing Limited	Pallant House Gallery
Timothy Warrillow	–	–
Andrew Branchflower	–	–
David Adams	Walk the Walk in Action Limited Walk the Walk Worldwide Walkwear Limited Halfords Group Plc Stafford Place Consulting Limited Conviviality Retail Plc Wine Rack Limited Hornby Plc Ecovision (Group) Limited Park Cameras Limited	WOC Realisations Limited (in liquidation) JJB Sports Plc (in administration) MacKinnon's of Dyce Limited (in liquidation) Alexon Group Plc (in administration) Blane Leisure Limited (in administration) HMV Group plc (in liquidation) Jessops plc (dissolved) Mayfind Limited (dissolved) Moss Bross Group plc Snap Equity Limited Musto Limited Musto Topco Limited Musto Limited Musto Midco Limited Musto Bidco Limited JGLCC Camera Company Limited (in liquidation) BRC Trading Limited
Coline McConville	Tui Travel Plc Pitch Green Investments Limited Wembley National Stadium Limited UTV Media Plc Inchcape Plc	Shed Media Limited Grant Thornton International Limited

#### 6.5 **Director confirmations**

- (a) On 8 July 2004, Charles Rolls was appointed as a director of Culpeper Limited. On 29 April 2005, the company was placed into administration and is now dissolved. Charles Rolls has not been the subject of public criticism in connection with the administration.
- (b) On 3 January 2006, Bill Ronald was appointed as a director of Bezier Acquisitions Limited. On 19 August 2011, the company was placed into administration and was dissolved on 20 May 2013. Bill Ronald has not been the subject of public criticism in connection with administration.

- (c) On 30 April 2009, Bill Ronald was appointed as a director of Bezier Limited. On 24 January 2014, the company entered into a creditors' voluntary liquidation, which is still on-going. Bill Ronald has not been the subject of public criticism in connection with the creditors' voluntary liquidation.
- (d) On 30 April 2009, Bill Ronald was appointed as a director of Pointer Design and Manufacture Limited. On 24 January 2014, the company entered into a creditors' voluntary liquidation, which is still ongoing. Bill Ronald has not been the subject of public criticism in connection with the creditors' voluntary liquidation.
- (e) On 16 April 2008, David Adams was appointed as a director of WOC Realisations Limited (then named Whittards of Chelsea Plc). On 6 November 2009, WOC Realisations Limited entered a creditors' voluntary liquidation, which is on-going. David Adams has not been the subject of public criticism in connection with the creditors' voluntary liquidation.
- (f) On 1 September 2010, David Adams was appointed as a director of Alexon Group Plc. On 29 September 2011, the company was put into administration, which is ongoing. David Adams has not been the subject of public criticism in connection with the administration.
- (g) On 29 January 2010, David Adams was appointed as a director of JJB Sports Plc. On 1 October 2012, the company was put into administration, which is ongoing. David Adams has not been the subject of public criticism in connection with administration.
- (h) On 3 May 2007, David Adams was appointed as a director of Jessops Plc. The company entered a members' voluntary liquidation on 21 January 2010 and was dissolved on 25 April 2011. David Adams has not been the subject of public criticism in connection with the members' voluntary liquidation.
- (i) On 28 September 2009, David Adams was appointed as a director of Snap Equity Limited. He resigned on 29 February 2012. On 24 May 2013, the company entered a voluntary creditors' liquidation, which is on-going. David Adams has not been the subject of public criticism in connection with the voluntary creditors' liquidation.
- (j) On 1 June 2012, David Adams was appointed as a director of HMV Group Plc. On 15 January 2013, the company was put into administration, which is ongoing. David Adams has not been the subject of public criticism in connection with the administration.
- (k) On 21 August 2012, David Adams was appointed as a director of Blane Leisure Limited, a subsidiary of JJB Sports Plc. On 8 October 2012, the company was put into administration, which is on-going. David Adams has not been the subject of public criticism in connection with the administration.
- (l) On 21 August 2012, David Adams was appointed as a director of Mayfind Limited, a subsidiary of JJB Sports Plc. The company entered a creditor's voluntary liquidation on 20 March 2013, which is on-going. David Adams has not been the subject of public criticism in connection with the creditor's voluntary liquidation.
- (m) On 28 May 2010, David Adams was appointed as a director of Mackinnon's of Dyce Limited, a subsidiary of Snap Equity Limited. A winding up order was made against the company, and liquidators were appointed on 22 February 2011. The liquidation remains on-going. David Adams has not been the subject of public criticism in connection with the liquidation.

6.6 Save as disclosed in paragraph 6.5 above, at the date of this document none of the Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company

voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;

- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.7 Details of the number of the Group's employees for each of the three financial years ended 31 December 2013 are as follows:

<i>Period</i>	<i>Average number of employees</i>
Financial year ended 31 December 2011	13
Financial year ended 31 December 2012	14
Financial year ended 31 December 2013	15
Six months ended 30 June 2014	20

6.8 As at 30 June 2014, the employees of the Group were employed as follows:

Office and management	10
Sales and marketing	11
Total	21

## **7. Directors' and other interests**

7.1 The interests of the Directors, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Director</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
William Ronald	737,951	0.7	442,771	0.4
Timothy Warrillow	14,230,280	12.7	8,538,168	7.4
Charles Rolls	32,273,156	28.7	19,363,894	16.8
Andrew Branchflower	156,040	0.1	166,488	0.1
Coline McConville	Nil	Nil	11,194	0.0
David Adams	Nil	Nil	14,925	0.0

7.2 Details of the total number of options granted to the Directors under the Share Option Schemes outstanding as at 3 November 2014 (being the latest practicable date prior to the publication of this document) are as follows:

*Unapproved Scheme:*

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise period</i>
Charles Rolls	03.11.14	134	275,820	07.11.14-06.11.17
Timothy Warrillow	03.11.14	134	275,820	07.11.14-06.11.17
Andrew Branchflower	03.11.14	134	115,522	07.11.14-06.11.17

*Unapproved Scheme:*

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise period</i>
Andrew Branchflower	03.11.14	134	22,388	07.11.14-06.11.17

7.3 Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

7.4 In addition to the interests of the Directors set out in paragraphs 7.1 to 7.3 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in 3 per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
LDC <sup>1</sup>	59,564,862	53.1	11,912,973	10.3
Brothers	4,639,781	4.1	4,639,781	4.0

*Note:*

1. Held by LDC (Nominees) Limited and LDC Parallel (Nominees) Limited as nominees for LDC II LP, LDC Parallel II LP and LDC Equity II LP.

7.5 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7.6 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

7.7 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

- 7.8 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 7.9 There are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.
- 7.10 Save as disclosed in paragraph 27 of Section B of Part III of this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 30 June 2014.
- 7.11 There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties he or she may have.
- 7.12 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

## **8. Directors' remuneration and service agreements**

- 8.1 Charles Rolls is employed as Executive Deputy Chairman pursuant to the terms of a service agreement with the Company dated 3 November 2014 and effective from Admission. The agreement is terminable by either party on not less than 12 months' written notice. Mr Rolls works four days each week and is paid a basic full time equivalent annual salary of £230,000 and is entitled to receive a bonus equal to 100 per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. Mr Rolls is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.
- 8.2 Timothy Warrillow is employed as Chief Executive Officer pursuant to the terms of a service agreement with the Company dated 3 November 2014 and effective from Admission. The agreement is terminable by either party on not less than 12 months' written notice. Mr Warrillow currently works four days each week but will work full time from 1 January 2015. He is paid a basic full time equivalent annual salary of £230,000 and is entitled to receive a bonus equal to 100 per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. Mr Warrillow is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.
- 8.3 Andrew Branchflower is employed as Finance Director pursuant to the terms of a service agreement with the Company dated 3 November 2014 and effective from Admission. The agreement is terminable by either party on not less than 12 months' written notice. Mr Branchflower is paid a basic annual salary of £110,000 and is entitled to receive a bonus of up to 80 per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. Mr Branchflower is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.
- 8.4 Pursuant to the terms of a letter of engagement with the Company dated 16 October 2014, Bill Ronald has agreed to serve as an Non-executive Chairman of the Board for an annual fee of £60,000 with effect from Admission. This appointment is terminable by either party giving not less than one month's notice in writing, but will terminate automatically if Mr Ronald is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.5 Pursuant to the terms of a letter of engagement with the Company dated 16 October 2014, David Adams has agreed to serve as independent Non-executive director and chairman of the Audit Committee for an annual fee of £35,000 with effect from Admission. This appointment is terminable

by either party giving not less than one month's notice in writing, but will terminate automatically if Mr Adams is removed from office by a resolution of the Shareholders or is not re-elected to office.

- 8.6 Pursuant to the terms of a letter of engagement with the Company dated 16 October 2014, Coline McConville has agreed to serve as an independent Non-executive Director and chairman of the Remuneration Committee for an annual fee of £35,000 with effect from Admission. This appointment is terminable by either party giving not less than one month's notice in writing, but will terminate automatically if Ms McConville is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 8.7 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.
- 8.8 Andrew Ronald, who is the son of Bill Ronald, was employed by the Group as Head of UK Off Trade Sales in September 2014. Bill Ronald was not involved in the decision to employ Andrew Ronald, who is considered by the other Directors to have suitable skills and experience for this role. Bill Ronald will not be involved in any decisions relating to the employment or remuneration of Andrew Ronald.

## **9. The Share Option Schemes**

All Options granted under the CSOP and the Unapproved Scheme will vest, in normal circumstances, on the third anniversary of grant, provided any performance conditions imposed at grant have been satisfied.

### **9.1 CSOP**

The CSOP satisfies the requirements for tax relief under Schedule 4, ITEPA.

The following is a summary of the rules of the CSOP:

(a) *Eligibility*

All employees and full-time directors of the Group are eligible to participate at the discretion of the Remuneration Committee.

(b) *Grant of options*

Options may be granted by the Remuneration Committee normally during a period of 42 days starting on the announcement to the London Stock Exchange of the Company's interim or final results. In circumstances deemed exceptional by the Remuneration Committee, Options may be granted outside the normal period. Options may not be granted more than 10 years after the date of adoption of the CSOP. No consideration is payable for the grant of an Option. Options granted under the CSOP are personal to a participant and, except on his death, may not be transferred, assigned or charged.

When granting Options the Remuneration Committee may specify objective performance targets to be satisfied before those Options can be exercised. No performance conditions will apply to the first grant of Options.

(c) *Exercise price*

The price at which participants in the CSOP may acquire Ordinary Shares shall not be less than the greater of the nominal value of an Ordinary Share and its market value on the date of grant. The market value is set in accordance with the basis agreed with HMRC Shares and Assets Valuation and will normally be taken as the price for an Ordinary Share at close of business on the business day ending immediately prior to the date of the grant.

(d) *Individual limits*

No Option may be granted to a participant which would result in the aggregate exercise price of Ordinary Shares comprised in Options (which remain unexercised, and have not lapsed or been cancelled or surrendered) granted to him under the CSOP and any other equivalent

Schedule 4 company share option plan of the Company or any associated company exceeding £30,000.

(e) *Exercise, lapse and exchange of options*

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.

(f) *Limits on the issue of shares*

The maximum number of Ordinary Shares in respect of which Options may be granted under the Share Option Schemes and any other share incentive arrangement operated by the Company shall not exceed 10 per cent. of the Company's issued share capital in any 10 year period.

Options or other rights to acquire Ordinary Shares which lapse or have been released do not count towards this limit.

(g) *Adjustments*

The number of shares comprised in an Option and/or exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company's share capital occurs, provided the legislative requirements are met.

(h) *Rights attaching to shares*

All Ordinary Shares allotted under the CSOP will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

(i) *Amendments*

The Remuneration Committee may at any time amend the CSOP provided that the prior approval of the Company in general meeting is obtained for amendments to the material advantage of participants relating to eligibility, share capital and individual limits and the variation or adjustment of Options. However, such prior approval will not be required in relation to any amendment which is made to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable taxation treatment of any participating company or any participant.

(j) *Income tax and national insurance*

The participant indemnifies the Company for any income tax liability and primary Class 1 (employee) national insurance liability which arises on the grant to him or exercise by him of an option. The Remuneration Committee has the ability to require participants to cover any secondary Class 1 (employer) national insurance contributions which will arise for the Company on gains made on the exercise of options, but it has discretion to waive their requirement.

## 9.2 **Unapproved Scheme**

The provisions of the Unapproved Scheme conform substantially to those of the CSOP as summarised above, save to the extent that they do not need to satisfy the requirements for tax relief under a CSOP. In addition, there is no £30,000 limit under the Unapproved Scheme. Instead, Options can be granted over Ordinary Shares with a value of up to three times annual basic salary.

## 10. **Taxation**

**The following statements are intended only as a general guide current as at 3 November 2014 (being the latest practicable date prior to publication of this document) to United Kingdom tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.**

### 10.1 **Stamp Duty and Stamp Duty Reserve Tax**

Save in relation to non EU depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("**SDRT**") should arise on the issue of new Ordinary Shares pursuant to the Placing or on their registration in the names of applicants following a change to the stamp duty and SDRT legislation from 28 April 2014 after the Finance Act 2014 received Royal Assent in July 2014.

As a result of the change to the legislation referred to above, a subsequent transfer on the sale of Ordinary Shares will not be subject to stamp duty or SDRT for so long as the Company is not admitted to trading on any other market.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

### 10.2 **Dividends**

The United Kingdom taxation implications relevant to the receipt of dividends on the new Ordinary Shares are as follows:

There is no United Kingdom withholding tax on dividends. Individual holders of new Ordinary Shares will be taxable on the total of the dividend and the related notional tax credit ("**gross dividend**"), which will be regarded as the top slice of the individual's income.

The notional tax credit on dividends is one-ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit). For individuals, the income tax rates on dividend income are such that basic rate taxpayers will have no further tax liability on a dividend receipt. Individuals who pay tax at the higher rate of 40 per cent. will pay tax on dividends at 32.5 per cent. so that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability (which is also equal to 25 per cent. of the cash dividend received). An individual who receives

a dividend falling above the threshold for higher rate tax will be subject to tax on the gross dividend exceeding the threshold at the rate of 37.5 per cent. (which is also equal to approximately 30.6 per cent. of the cash dividend received).

Generally, holders of new Ordinary Shares will not be entitled to reclaim the tax credit attaching to any dividends paid.

A holder of new Ordinary Shares which is a company resident for tax purposes in the United Kingdom will have to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the United Kingdom, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder.

Shareholders resident for tax purposes outside the UK may be subject to foreign taxation on dividends received on their new Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. Such shareholders will not be subject to any further UK tax on their dividends where they have no other sources of income from the UK and do not have a UK permanent establishment, representative or, in the case of trustees, there are no UK resident beneficiaries of the trust. Entitlement to claim repayment of any part of a tax credit, however, will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident (however, given the rate of the tax credit on dividends, the holder will not generally be able to claim repayment). Non-UK resident shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received; what relief, credit or entitlement to a refund of any tax credit may be available in the jurisdiction in which they are resident for tax purposes; or other taxation consequences arising from their ownership of the new Ordinary Shares.

### 10.3 ***Disposal of shares acquired under the Placing***

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. Capital gains tax is charged at a rate of 28 per cent. where income and gains exceed the threshold for higher rate tax, and 18 per cent. if income and gains are below this level.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal.

A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief).

**Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.**

**These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.**

## 11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the period of two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which any member of the Group has an obligation or entitlement to the Group as at the date of this document:

- (a) A placing agreement dated 4 November 2014 and made between (1) the Company (2) the Directors (3) the Selling Shareholders and (4) Investec pursuant to which Investec has agreed, subject to certain conditions, to act as agent for the Company and the Selling Shareholders and to use its reasonable endeavours to procure placees to subscribe for and purchase the Placing Shares at the Placing Price, or failing which to subscribe for or purchase (as the case may be) itself, as principal, the Placing Shares at the Placing Price.

The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 7 November 2014 (or such later date as the Company and Investec may agree, being not later than 8.00 a.m. on 28 November 2014). The Placing Agreement contains warranties from the Company and the Directors in favour of Investec in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. It also contains warranties from the Selling Shareholders in favour of Investec in relation to, amongst other things, title to the Sale Shares. In addition, the Company has agreed to indemnify Investec in respect of certain liabilities it may incur in respect of the Placing. Investec has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties or a force majeure event.

- (b) A lock-in and orderly market agreement dated 4 November 2014 and made between (1) the Company (2) the Directors and (3) Investec pursuant to which each of the Directors have undertaken to the Company and Investec (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company), not to dispose of the Ordinary Shares held by each of them following Admission or any other securities in exchange for or convertible into, or substantially similar to, Ordinary shares (or any interest in them or in respect of them) at any time prior to the first anniversary of Admission (the "**Lock-in Period**"), without the prior written consent of Investec.

Furthermore, each of the Directors have also undertaken to the Company and Investec not to dispose of their Ordinary Shares for the 12 month period following the expiry of the Lock-in Period (the "**Orderly Marketing Period**") otherwise than through Investec for such time as it shall remain broker to the Company.

- (c) A lock-in and orderly market agreement dated 4 November 2014 and made between (1) the Company (2) LDC and (3) Investec on substantially the same terms as the lock-in and orderly market agreement entered into by the Directors, save that the Lock-in Period and Orderly Market Period is each six months.
- (d) A lock-in and orderly market agreement dated 4 2014 and made between (1) the Company (2) Brothers and (3) Investec on substantially the same terms as the lock-in and orderly market agreement entered into by the Directors, save that the Lock-in Period and Orderly Market Period is each six months.
- (e) A lock-in and orderly market agreement dated 4 November 2014 and made between (1) the Company (2) Anthony Rice (3) Saskia Stoop and (4) Investec on substantially the same terms as the lock-in agreement entered into by the Directors, save that the Lock-in Period and Orderly Market Period is each six months.
- (f) A nominated adviser and broker agreement dated 4 November 2014 and made between (1) the Company and (2) Investec pursuant to which the Company has appointed Investec to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Company has agreed to pay Investec a fee of £75,000 plus VAT per annum for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to Investec. The agreement is for a fixed term of 12 months from the date of Admission and thereafter is terminable upon not less than 30 days' prior written notice by either the Company or Investec.

- (g) A relationship agreement dated 4 November 2014 and made between (1) the Company and (2) LDC to regulate the relationship between the Company and LDC after Admission. The Relationship Agreement, which provides for the autonomous operation of the Company by the Board independently of LDC, will take effect on Admission and will be binding on LDC until it ceases, directly or indirectly, to exercise control over at least 30 per cent. of the voting rights in respect of the entire issued share capital of the Company. Pursuant to the Relationship Agreement, LDC also undertakes, amongst other things, that it will (and, in relation to its associates, will procure that each of its associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Group on an arm's length basis and on normal commercial terms; (ii) ensure that no contract of arrangement between it and any member of the Group is entered into or varied without the prior approval of a majority of independent Directors; and (iii) exercise its voting rights to procure in so far as LDC is able that the Company is able at all times to carry on its business independently of LDC.
- (h) A facility agreement dated 12 March 2013 (as amended) and made between (amongst others), (1) the Company and (2) Lloyds Bank plc (the "**Lender**") (the "**Facility Agreement**") pursuant to which the Lender made available to the Company and its subsidiary sterling term and revolving credit facilities of £9,000,000 (the "**Facilities**"). The Facilities comprise (i) a £2,800,000 sterling amortising loan maturing on 31 December 2017 ("**Facility A**"), and (ii) a £4,200,000 sterling amortising loan maturing in 2019 ("**Facility B**"), and (iii) a £2,000,000 multi-currency revolving credit maturing on in 2019 (the "**RCF**").

Facility A and Facility B were made available for payment to the Vendors of the purchase price for the Target Shares under the RSCH SPA and the SPA, for the payment of the acquisition costs and for the purposes of refinancing certain existing indebtedness of the Group to third parties, and the RCF is available for the general corporate purposes of the Group.

Interest is payable on each of the Facilities outstanding on the last day of each relevant interest period (as selected by the Company as either periods of 1 (in the case of the RCF), 3 or 6 months (for all Facilities). The interest rate at which interest is charged is the aggregate of the applicable margin (3.5 per cent. for Facility A, 4 per cent. for Facility B and 3.5 per cent. for the RCF), LIBOR. In addition certain arrangement fees payable in respect of the Facilities on-going commitment and monitoring fees are payable. The Facility Agreement contains certain customary representations, undertakings and events of default and the Facilities are secured by cross guarantees and security granted by certain members of the Group.

## 12. Working capital

In the opinion of the Directors having made due and careful enquiry, taking into account the bank facilities available to the Group, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

## 13. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

## 14. Significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2014, being the end of the period to which the historical financial information on the Group set out in Section B of Part III of this document was prepared.

## 15. Consents

- 15.1 Investec Bank plc of 2 Gresham Street, London EC2V 7QP is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

- 15.2 BDO LLP, Chartered Accountants and Registered Auditors, of 55 Baker Street, London W1U 7EU, has given and has not withdrawn its written consent to the inclusion in this document of its report in Section A of Part III of this document, in the form and context in which it appears.

## **16. General**

- 16.1 The net proceeds of the Placing receivable by the Company are expected to be approximately £3.0 million and the net proceeds of the sale of the Sale Shares are expected to be approximately £87.5 million. Expenses estimated at £1.0 million, excluding VAT, are payable by the Company (out of the gross proceeds of the placing of the New Ordinary Shares) in connection with the Placing.
- 16.2 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
  - (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 16.3 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 16.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 16.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 16.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 16.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 16.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 16.9 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.
- 16.10 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Act. Under section 979 of the Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less

than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not acquired the offer on the terms of the offer.

16.11 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.

16.12 The current accounting reference period of the Company will end on 31 December 2014.

16.13 The financial information contained in Parts I and III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The auditors for the two years ended 31 December 2012 were Langdon West Williams Plc, Chartered Accountants and Registered Auditors, of 24 High Street, Banstead, Surrey SM7 2LJ. The auditors for the year ended 31 December 2013 and the period ended 30 June 2014 were BDO LLP, Chartered Accountants and Registered Auditors, of 55 Baker Street, London W1U 7EU. A copy of the audited statutory accounts of the Company for the period ended 31 December 2013 has been delivered to the Registrar of Companies in England and Wales. The auditors' report for the period ended 31 December 2013 under section 495 of the Act on those accounts was unqualified and did not contain any statement under section 498 of the Act.

## 17. Selling Shareholders

The names and business addresses of each of the Selling Shareholders are set out below:

<i>Name</i>	<i>Address</i>	<i>Number of Sale Shares</i>
LDC <sup>1</sup> :	One Vine Street, London W1J 0AH	47,651,889
Charles Rolls	The Plaza, 535 Kings Road, London SW10 0SZ	12,909,262
Timothy Warrillow	The Plaza, 535 Kings Road, London SW10 0SZ	5,692,112
Bill Ronald	The Plaza, 535 Kings Road, London SW10 0SZ	295,180
Anthony Rice	The Plaza, 535 Kings Road, London SW10 0SZ	115,142

*Note:*

1. Comprising LDC (Nominees) Limited and LDC Parallel (Nominees) Limited as nominees for LDC II LP, LDC Parallel II LP and LDC Equity II LP.

## 18. Availability of this document

A copy of this document is available at the Company's website [www.fever-tree.com](http://www.fever-tree.com).

Dated: 4 November 2014



**FEVER-TREE**

Premium Natural Mixers