

COMPANY NO: 08415302
FEVERTREE DRINKS PLC

FEVER-TREE

PREMIUM NATURAL MIXERS

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

- Fever-Tree pioneered the concept of the premium mixer to partner both the well-established and on-going premiumisation of the spirits category and the increasing focus on simple mixed long drinks
- Sourced from the finest ingredients found across the globe, the product range continues to win international product awards and has received endorsements from the world's top taste makers including Ferran Adria in Spain, Jamie Oliver in the UK and Robert Parker in the US
- With a founder-led management team, Fever-Tree created and remains the market leader of a premium drinks category which has the potential to grow to a £1.6bn category by retail sales value (EY, September 2014)
- With fragmented competition, Fever-Tree continues to consolidate its position as the market leader of the premium mixer drink category
- With strong growth prospects in all of its four reporting geographies, Fever-Tree offers investors a chance of being part of a global premium drinks opportunity

View more online at: www.fever-tree.com

OUR PRODUCTS

Fever-Tree offers a range of all-natural carbonated mixers, including Tonics, Ginger Ale, Ginger Beer, Cola, Bitter Lemon and Lemonades.

The Group currently sells the following range of 14 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 | Aromatic Tonic Water | Clementine Tonic Water (available exclusively in Belgium) | Ginger Beer | Naturally Light Ginger Beer (a low calorie version) | Ginger Ale | Madagascan Cola | Bitter Lemon (or Lemon Tonic in the UK) | Sicilian Lemonade | Lemonade | Spring Soda Water

HIGHLIGHTS

REVENUE (£M)

+73%

£102.2m

2016: £102.2m

2015: £59.3m

2014: £34.7m

2013: £23.3m

ADJUSTED EBITDA (£M)

+97%

£35.8m

2016: £35.8m

2015: £18.2m

2014: £10.0m

2013: £6.7m

**200 MILLION BOTTLES
SOLD IN 2016**

**27 MILLION 150ML
CANS SOLD IN 2016
(FOLLOWING JUNE
2015 LAUNCH)**

**SALES GROWTH OF
118% IN THE UK,
OUR FIRST MARKET**

**REVENUE OF
£102.2M UP BY 73%
(2015: £59.3M)**

**ADJUSTED EBITDA
OF £35.8M UP BY
97% (2015: £18.2M)**

**LAUNCH OF
AROMATIC TONIC
WATER IN UK**

Footnote: Analysis on pages 01 to 12 of this front end of the Annual Report refers to adjusted EBITDA. Adjusted EBITDA for the year ended 31 December 2016 is operating profit of £34.4m before depreciation of £0.2m, amortisation of £0.7m and share based payment charges of £0.5m.

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KEY STRENGTHS

“2016 has been another exceptional year of growth for Fever-Tree, with strong results achieved across all regions, channels and flavours, emphasising the global appeal of the Fever-Tree brand. As the pioneer and market leader of the premium mixer category, in both market share and reputation, our quality, award winning range of products continues to help drive the momentum towards premiumisation and simple long drink mixability that is transforming both the spirits and mixer categories worldwide.”

TIM WARRILLOW,
Chief Executive Officer

A STRONG DISTINCTIVE BRAND

- Fever-Tree is the leading brand in the premium mixer market internationally.
- Protection and enhancement of the brand's market position is a major focus of the Group.

CLEARLY DIFFERENTIATED PRODUCTS WITH PREMIUM PROVENANCE

- The Group uses only the highest quality ingredients in its products and the founders have travelled around the world to track down and source these ingredients.
- This premium provenance is a clear differentiator from Fever-Tree's mass-market competition, and is key to both product quality and brand image.

FIRST MOVER ADVANTAGE

- Fever-Tree was the first mover and innovator of the premium mixer category, which enriches the brand's authenticity and attractiveness to the industry's leading bartenders and trade influencers.

SCALABLE BUSINESS MODEL

- The Group's largely outsourced business model, underpinned by strong, well-established relationships with suppliers, bottlers and distributors, allows for scalability and operational flexibility without the requirement for major capital commitment from the Group.

STRONG AND DIVERSE CUSTOMER RELATIONSHIPS

- The Group has strong well-established relationships with its network of importers and distributors as well as its On-Trade and Off-Trade customers.
- Revenue is diversified across geographies, channels and customers, with no single end customer generating more than 5% of Group revenue.

EXPERIENCED FOUNDER-LED MANAGEMENT TEAM

- The Group's management team includes the founders of the business, who have 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 ADJUSTED EBITDA MARGINS

- The Group requires minimal capital expenditure, and has, to date, achieved strong cash generation.
- In 2016, operating cash flow was 72% of adjusted EBITDA.
- The Group's largely outsourced business model supports its operating margins. In 2016 the Group achieved a gross profit margin of 55.2% and an adjusted EBITDA margin of 35.1% of revenue.

CHAIRMAN'S STATEMENT

“It was pleasing to note that high rates of growth were again achieved across all regions and across all flavours and formats.”

RESULTS

The Group delivered strong results in 2016, with revenue of £102.2m, reflecting a 73% increase compared to 2015. It was pleasing to note that high rates of growth were again achieved across all regions and across all flavours and formats. Of particular note is the exceptional performance achieved in the UK, the Group's longest established market, where revenues increased by 118% against strong comparators from 2016. The Group's growth was underpinned by improving margins, which were helped by advantageous foreign exchange movements, with adjusted EBITDA increasing to £35.8m (2015: £18.2m).

DIVIDEND

The Board is pleased to recommend a final dividend of 4.71 pence per share, bringing the total dividend for 2016 to 6.25 pence per share (2015: 3.08 pence per share). If approved by the shareholders at the AGM on 15 May 2017, it will be paid on 26 May 2017 to shareholders on the register on 21 April 2017.

PEOPLE

It continues to be a great privilege for me to work alongside my fellow Board members and a passionate founder-led executive management team who continue to make the business the success it is today. The announcement of Charles' transition to become a non-executive Director is one that is fully supported by the Board and we look forward to him remaining closely involved in the business.

Fever-Tree is a dynamic business driven by a growing team of talented individuals and on behalf of the Board and all shareholders I would once again like to record our thanks for their fantastic contribution to our continued success.

OUTLOOK

We have had an encouraging start to 2017 and I look forward to working with my Board colleagues and the wider Fever-Tree team to continue to deliver growth.

BILL RONALD

Chairman

CHIEF EXECUTIVE'S REPORT

“Fever-Tree’s range has rapidly become the go-to choice for the world’s best bartenders.”

KATE HAWKINGS
The Telegraph

“No brand dominates Brand Report like Fever-Tree does.”

HAMISH SMITH
Drinks International Brands Report 2016

I am delighted to report on another exceptional year for Fever-Tree. We achieved revenue of £102.2m, representing growth of 73% on 2015, with strong results achieved across all regions, channels and flavours, emphasising the increasingly global appeal of the Fever-Tree brand. Our quality, award-winning range of products is helping to drive the movement towards premiumisation and simple long drink mixability that is transforming both the spirits and mixer categories worldwide.

The revenue growth achieved in 2016 was underpinned by improving margins, with a gross profit margin of 55.2% and adjusted EBITDA margin of 35.1%, resulting in adjusted EBITDA of £35.8m generated in the year, growth of 97% on 2015. We ended the year with a robust balance sheet and net cash of £26.9m (page 11), an increase of £15.3m on last year.

REGIONAL REVIEW

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

The split of the Group’s 2016 sales are shown on the next page. Following a further acceleration of growth in the UK it represented 44% of sales in 2016, with 56% of sales generated overseas.

UK

In our largest and longest established market the Group achieved exceptional sales growth of 118% in 2016, an acceleration of the 84% growth achieved in 2015. Particularly notable growth of 124% in the second half of the year was capped by an exceptional sales performance over the Christmas period, even when measured against strong comparatives from the prior year.

UK performance was strong across both the On-Trade and Off-Trade channels. The exceptional performance in the Off-Trade channel was driven by consistently strong growth across our principal retail customers (Waitrose, Tesco and Sainsbury’s) alongside incremental sales generated by the listing at Asda in May 2016.

As well as distribution gains, strong underlying organic sales growth was achieved, helped by improved promotional positioning on gondola ends and at the front of stores as our retail partners continue to recognise and reflect the increasing relevance and importance of the brand to the wider mixer category.

The success of the 150ml can format since launch in June 2015 is particularly notable and represented 33% of sales in the Off-Trade channel in 2016. The 150ml range was extended to include Elderflower Tonic and Mediterranean Tonic in the year, with further extensions to follow in 2017. Within the travel sector in 2016, a successful listing for the Naturally Light 150ml can on EasyJet was followed by an expansion of the British Airways listing across their entire fleet.

Fever-Tree drove 92% of the value growth in the entire UK mixer category within retail in 2016 and now holds a 24% value share (IRI). This far exceeds the 16.5% proposed as the target value share at maturity for the premium segment of the mixer category (EY, September 2014) and illustrates the extent to which Fever-Tree is rapidly transforming the UK mixer category.

Sales in the On-Trade, where 54% of UK revenue is generated, also grew strongly in 2016. This performance was driven by an increasing distribution footprint, combined with underlying rate of sales growth as the premium gin and tonic movement continues to gather momentum across the UK. In 2016 we expanded our UK sales team in order to work more closely with both key wholesale and managed group partners and also to focus on a wider geographical area, enabling us to continue to drive our first mover advantage more broadly across the market.

Across both channels our range of tonics continues to stimulate interest in the premium gin and tonic sector, allowing consumers the opportunity to find their perfect pairings with the expanding range of premium gins available in the UK. Tonics remain our best-selling and fastest growing products in the UK. Whilst our original Indian Tonic product, which grew at over 100% in 2016, continues to be the cornerstone of the range, it was notable that the Naturally Light Tonic, which grew at 150% and our Mediterranean Tonic and Elderflower Tonic, which each grew at over 200%, have increased their footprint within the sales mix following improved distribution in the Off-Trade channel and the continued success of Fever-Tree-led gin and tonic menus in the On-Trade channel. The launch of pink Aromatic Tonic in 2016 further extended the tonic range and has performed strongly following its initial exclusive launch with certain key partners, and will be more widely distributed in 2017 across both the On and Off-trade.

CONTINENTAL EUROPE

Sales growth of 39% was achieved across Continental Europe in 2016, which represented growth of 24% on a constant currency basis, adjusting for the strengthening Euro. This strong performance was achieved against tough comparators following a number of significant new retail listings secured in 2015. The Group transitioned to new importers in Spain and the Netherlands and begins 2017 well positioned in those markets. Growth and opportunity in the region continues to be driven by the premium gin and tonic trend extending across Western Europe, as evidenced by the notable growth in certain key Western European countries in 2016 including Italy, Germany and Austria. This is further backed by the notable retail listings from 2015 which are performing well, alongside a number of new retail listings achieved in the period.

USA

We were pleased to achieve growth of 55% in the USA, which represented growth of 36% on a constant currency basis, adjusting for the strengthening US dollar. Market data is increasingly evidencing the brand's impact on the mixer category in the USA.

For instance, Fever-Tree contributed 68% of the value growth in the tonic category at retail from a base of 5% value share (IRI). This performance is in turn helping to drive further penetration into the Off-Trade channel, with notable distribution increases achieved in 2016 across the Safeway/Albertsons estate, as well as a significant new listing at Target in September 2016.

Ginger is growing in popularity as a flavour as demonstrated by our Ginger Beer sales, which is our best selling flavour profile in the USA. Encouragingly, our Tonic range is also growing strongly, reflecting the continued rise in popularity of a premium gin and tonic in the region, on which Fever-Tree is well placed to capitalise.

ROW

Growth of 88% was achieved in the RoW region, within which the key territories currently are Australia and Canada, both of which grew by over 100% in 2016. A further 25 territories are also included within this region, and whilst they provide potential for growth in the future they are not expected to be a significant driver of growth in the short term.

OPERATIONAL REVIEW

The Group operates a largely outsourced business model which allows for scalability and flexibility alongside the ability to benefit from specific, focused expertise and experience in key areas of the supply chain. This model enables the Group to grow without the requirement for significant capital investment and allows the management to maintain its focus on realising the Group's strategic growth opportunities.

Manufacturing and distribution is completely outsourced, with the Group responsible for arranging for the delivery of key ingredients, flavours, water, glass, cans and packaging to a manufacturer who then bottles or cans the final product from these component parts.

SALES BY REGION 2016

UK - 44%
 EUROPE - 30%
 USA - 21%
 REST OF WORLD - 5%

HISTORIC SALES BY REGION

	FY11	FY12	FY13	FY14	FY15	FY16
UK						
EUROPE						
USA						
REST OF WORLD						
	0.5	1.1	5.2	13.4	20.5	44.7
	1.8	3.0	10.0	11.1		
	6.3	7.8	7.0			
	3.2	4.4				
				1.8	22.4	
				8.3		
				1.2		
				2.7	31.1	
				13.7		
						5.1
						21.3

CHIEF EXECUTIVE'S REPORT

The Group's primary bottling partner in the UK completed an investment in a new site in 2016 which will double their capacity from 2017 and which further increases production contingency for the Group. In addition to this, the Group also uses a second UK bottler for contingency purposes, fills its 150ml cans with a Netherlands-based canner and continues to bottle locally in Germany with the reusable glass bottles required in that market. Therefore, the Group works with four different partners across three different countries to manufacture its products, which underlines the flexibility of the outsourced model and its ability to scale and fulfil the production demands generated by the strong growth that the Group is achieving. 2016 also saw the transition to a new third-party logistics partner in the UK which will provide a strong platform for future growth.

The outsourced model allows the Group to retain relatively low levels of central overhead and headcount. The addition of an International Marketing Director in 2016, supplementing the addition of an International Director and Supply Chain Director in 2015, has added expertise and experience in key areas, providing further support to the executive management team.

MARKET DEVELOPMENTS

The Group remains the pioneer and market leader of the premium mixer category, in both market share and reputation. For the third year running, Drinks International's survey of the world's top 250 bars has stated that the Fever-Tree brand is the no.1 best-selling and no.1 trending tonic water.

We strongly believe that the established trend towards spirits premiumisation and the increasing focus on simple long drink mixability will continue, and that this will provide mutual support and opportunity for both premium spirits producers and Fever-Tree's range of products across regions, channels and customers.

The Group has a strong new product development pipeline, with 2016 new product launches of our pink Aromatic Tonic Water in the UK and a market-specific Clementine Tonic Water in Belgium, developed in collaboration with the local chef Sergio Harman. The success of Indian Tonic and Naturally Light Tonic in the 150ml can format prompted extensions in the range to Mediterranean Tonic and Elderflower Tonic 150ml cans with further variants to follow in 2017. Alongside this, a new bespoke embossed glass bottle was introduced in the second half of 2016 which represents a significant investment and further underpins the brand's premium credentials.

The Group's sales mix, particularly in the UK and Continental Europe, is currently skewed towards Indian Tonic and other Tonic flavour variants, as the quality and awareness of these products, alongside the reinvigorated gin category, continues to drive growth in the popularity of a premium gin and tonic.

However, it is notable that gin only accounts for 6% of the global premium spirits category. The dark spirits category, on the other hand, accounts for 60% of global premium spirits, 10 times the size. Within the dark spirits category the same trends of premiumisation and mixability that are driving the rise of premium gin and tonic consumption are also emerging, with major premium dark spirits brands actively promoting simple long serves. New Fever-Tree products will be launched in 2017 to complement our existing dark spirit mixing range, reintroducing quality and choice to the trade and consumers of dark spirits. We believe that an exciting opportunity exists to work alongside the premium spirits brands to reinvigorate the dark spirits category, in much the same way we approached the gin category over 10 years ago.

Therefore, we believe that as the premium spirits market further develops, both in the Group's core markets as well as new territories, demand for premium mixers will continue to grow and as such we remain confident about the future opportunities for the Group.

OUTLOOK

We have had an encouraging start to 2017 and remain confident that we are increasingly well positioned to deliver further growth across the business.

TIM WARRILLOW
Chief Executive

STRATEGY AND GROWTH OPPORTUNITIES

CAPITALISING ON MARKET TRENDS

The Group expects to continue to influence and benefit from the twin drivers of global spirit category premiumisation and the move towards simple long drink mixability, as evidenced by the continued rise in popularity of a premium gin and tonic across the UK and Western Europe, the resurgence of the Moscow Mule in the USA and the global opportunity within the wider dark spirits category.

STRENGTHENING DISTRIBUTION IN EXISTING MARKETS

The Group intends to drive increased penetration in all of the markets in which it has established a presence, increasing the number of customers in both the On-Trade and Off-Trade.

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 Fever-Tree's awareness grows with end consumers in each territory.

EXTENSION OF CO-PROMOTION STRATEGY WITH OTHER INDUSTRY BRANDS, INCORPORATING BOTH ON AND OFF-TRADE

Global spirits companies are increasingly focused on driving customers towards higher-margin "premium" products. The Group has proven the value to both parties of co-promoting with leading spirits brands and intends to drive growth from further involvement in co-branded promotional activities with leading spirits brands.

EXPANDING DISTRIBUTION INTO NEW MARKETS

Whilst the Group expects growth to continue to be driven mainly within its existing markets, it intends to generate growth in the medium to long term by entering new markets and is actively assessing new distribution opportunities.

NEW PRODUCT DEVELOPMENT, INCLUDING EXPANSION OF EXISTING RANGE, AS WELL AS DEVELOPMENT OF NEW PRODUCT LINES

There are further opportunities to develop new products and variations of existing flavours. For example, expanding the "Naturally Light" range, a sub-range of all-natural, low calorie mixers also under the Fever-Tree brand. The Group also sees opportunities to develop regional variants of its products, such as the 2016 launch of a new Clementine Tonic in Belgium, a product developed in collaboration with the local chef Sergio Herman.

In addition to new flavours there may be opportunities to launch new formats, such as the 150ml can format launched in the UK in 2015, and to refresh packaging, such as the updated branding applied across the Group's range in 2015 and the new bespoke embossed bottle design introduced in 2016.

FINANCIAL REVIEW

REVENUE

Revenue grew by 73% from £59.3m to £102.2m, underpinned by growth across all regions, flavours and channels as outlined in the Chief Executive's report.

GROSS MARGIN AND OPERATING EXPENSES

In 2016, gross margin improved to 55.2% (2015: 52.1%), driven by the significant strengthening of the US dollar and euro during the year alongside certain underlying production and logistics efficiencies.

Underlying operating expenses as a proportion of revenue reduced to 20.1% (2015: 21.4%). This decrease in spend relative to revenue is a factor of the gearing effect of strong sales growth in the latter stages of the year. It occurred in spite of increased investment in people and systems, the move to a new head office, a 53% increase in marketing spend and increased expense relating to the Group's foreign currency hedging policy. Emphasis remains on ensuring the Group is appropriately resourced to drive and support strong revenue growth and therefore it is not expected that the lower relative level of underlying operating expenditure achieved in 2016 will be used as a benchmark to budget for future years.

The 3.1% improvement in gross profit margin, combined with the 1.3% reduction in underlying operating expenses as a proportion of revenue, resulted in an improved adjusted EBITDA margin of 35.1% (2015: 30.7%) and adjusted EBITDA growth of 97% to £35.8m (2015: £18.2m).

TAX

The effective tax rate in 2016 was 19.84% (2015: 20.46%).

EARNINGS PER SHARE AND DIVIDENDS

The basic earnings per share for the year are 23.86 pence (2015: 11.57 pence) and the diluted earnings per share for the year are 23.70 pence (2015: 11.48 pence).

In order to compare earnings per share, year on year, earnings have been adjusted to exclude amortisation and the statutory tax rates have been applied (disregarding other tax adjusting items) – see Note 9 to the Consolidated Financial Statements. On this basis, normalised earnings per share were 24.31 pence per share for 2016 and were 12.10 pence per share for 2015, an increase of 101%.

The Board is recommending a final dividend of 4.71 pence per share in respect of 2016 (2015: 2.30 pence per share), which brings the total dividend for 2016 to 6.25 pence per share (2015: 3.08 pence per share). If approved by the shareholders at the AGM on 15 May 2017, it will be paid on 26 May 2017 to shareholders on the register on 21 April 2017.

CASH POSITION

The Group had net cash of £26.9m at year end, with £33.0m of cash at the bank offset by £6.1m of bank loans (2015: net cash of £11.6m). The Group has access to a £10m, three-year revolving credit facility provided by Lloyds Bank plc, of which £6.1m is drawn.

WORKING CAPITAL

Working capital increased by £10.2m, which is a 74% increase compared to revenue growth of 73%. The level of working capital held at year end included elevated levels of trade receivables (91% increase on 2015), which is largely due to the very strong trading performance in December in the UK. Despite the build in trade receivables at year end, operating cash flow remains strong at 72% of adjusted EBITDA, with significant cash balances to be collected in 2017.

CAPITAL EXPENDITURE

Due to the Group's outsourced business model, capital expenditure requirements remain low. The main area of capital expenditure in 2016 continued to be investment in crates used to transport reusable bottles within Germany of £0.6m (2015: £0.4m), reflecting the on-going strong growth in that territory.

PERFORMANCE INDICATORS

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

Revenue growth %

Group revenue growth was 72.5% in 2016 which was ahead of Board expectations (2015: 70.8%).

Gross margin %

The Group achieved a gross margin of 55.2% in 2016 which was ahead of Board expectations (2015: 52.1%).

Adjusted EBITDA margin %

The Group achieved an adjusted EBITDA margin of 35.1% which was ahead of Board expectations (2015: 30.7%).

ANDREW BRANCHFLOWER

Finance Director



PRINCIPAL RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

COMPETITION

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. Increased competition and unanticipated actions by competitors could lead to a decline in the Group's market share or downward pressure on prices, which may materially adversely affect the Group's operations and hinder its growth potential. However, the Group's first mover advantage and diverse territorial, channel and customer mix mitigates the risk of increased competition affecting overall Group performance.

ECONOMIC ENVIRONMENT

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.

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. However, the Group grew strongly throughout the period from the 2008 financial crisis and the product's position as an affordable luxury mitigates the impact of an economic downturn on consumer demand.

KEY MANAGEMENT

The Group's success is linked to the efforts and abilities of key personnel and its ability to retain such personnel. The executive management team has significant experience in the industry and has made an important contribution to the Group's growth and success. The loss from the Group of any member of the executive management team could have an adverse effect on operations.

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

DISRUPTION TO OUTSOURCED PRODUCTION AND LOGISTICS

The Group relies predominantly on one main bottling partner in the UK and on outsourced third party warehousing facilities in the UK and the US. In addition, the Group is dependent on the supply of a number of key ingredients for its products, such as quinine and fresh green ginger, for which there are a limited number of suppliers.

The Group would be affected if there were a significant disruption to any of the Group's key raw material suppliers, production, storage or distribution operations. In the event of such disruption the Group may not be able to arrange for alternative supply, production, storage or distribution on as favourable terms, or with sufficient speed to ensure continuity of business.

To mitigate this risk, alongside holding appropriate insurance cover, the Group operates a detailed business continuity plan which monitors and improves redundancy of supply and reduces lead times in the event of disruption in all aspects of the outsourced business model. In addition the Group's principal UK bottling partner manufactures the Group's products across three bottling lines located in three distinct buildings across two separate sites and the Group also bottles at a secondary UK bottler which allows for further contingency.

INCONSISTENT QUALITY OR CONTAMINATION OF THE GROUP'S PRODUCTS

A lack of consistency in the quality of products or contamination of the Group's products, whether occurring accidentally or through deliberate third party action, could harm the integrity of, or consumer support for, the brand and could adversely affect sales.

A significant product liability judgment or a widespread product recall could 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.

To mitigate this risk the Group employs an experienced Quality Control manager, who works closely with key suppliers and our bottlers to ensure appropriate systems and controls are in place to minimise the risk of quality and contamination issues.

FOREIGN EXCHANGE RISK

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. To mitigate this risk the Group employs a dynamic 12-month hedging strategy for euro and US dollars, which includes a degree of natural hedging on both euro and US dollars due to local spend in those currencies, and the implementation of forward contracts against reducing proportions of forecast net inflows of each currency over a 12-month window. In addition the Group has the ability to recalibrate for significant disadvantageous movements in foreign currencies by implementing price rises to its overseas importers.

FINANCIAL CONTROLS

The Group has a system of internal financial controls, which is set out in the Corporate Governance statement on page 15 as part of the Group's consideration and application of Corporate Governance as a whole. The Group recognises that management of the business would become compromised if there were a failure in the internal controls and systems and continues to review its internal controls, but recognises that any such procedures can provide only reasonable, not absolute assurance.

This Strategic Report was approved on behalf of the Board on 20 March 2017.

ANDREW BRANCHFLOWER
Finance Director



BOARD OF DIRECTORS

BILL RONALD (61)

Chairman

Bill Ronald has been the Chairman of the Group since June 2013. Bill has a sales and marketing background, having spent 23 years in a variety of roles at Mars, including Managing Director of the UK confectionery operation. Since leaving Mars, he has been Chief Executive Officer of Uniq and has held non-executive roles in Bezier, Halfords, Alfasca, Dialight and the Compleat Food Group. He is currently Chairman of Fox International.

CHARLES ROLLS (59)

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 becoming Managing Director, and after growing sales 14 times, it was sold to Absolut Vodka in 2001. This experience led Charles to identify an opportunity for a quality tonic water, and after meeting Tim Warrillow in 2003, set to work with him on a premium mixers business, which resulted in the formation of Fever-Tree.

TIM WARRILLOW (42)

Co-founder and Chief Executive Officer

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

ANDREW BRANCHFLOWER (37)

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 worked for a boutique firm specialising in start-ups and fast growing businesses and prior to joining the Group, was Head of Finance at the Design Council. Andrew joined the Group in September 2012, in the run-up to the investment in the Group by Lloyds Development Capital, and was appointed Finance Director in September 2013.

COLINE MCCONVILLE (52)

Independent Non-executive Director

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

DAVID ADAMS (62)

Independent Non-executive Director

David joined the Group as a non-executive Director on 7 November 2014 and is Chair of the Audit Committee. David has over 30 years' experience in retail and consumer businesses, holding several executive and non-executive roles, including Group Finance Director and Deputy CEO at House of Fraser plc and Chairman roles at Moss Bros and Jessops. David's current plc appointments are Chairman of Conviviality Plc, and non-executive Director of Halfords Plc, Hornby Plc, Elegant Hotels Plc and Thinksmart Plc. In addition David is a Trustee of Walk the Walk, a breast cancer charity.

CORPORATE GOVERNANCE STATEMENT

AN INTRODUCTION FROM OUR CHAIRMAN

I have pleasure in introducing the Corporate Governance Statement. In this section of our Report we have set out our approach to governance and provided further information on how the Board and its committees operate. As an AIM listed company, we recognise that applying sound governance principles is essential to the successful running of the Group. The Company is not required to comply with the UK Corporate Governance Code ("the Code") however we intend to continue to adopt the principal provisions of the UK Corporate Governance Code ("the Code") as appropriate for the size and nature of the Company and given the composition of the board. We are also mindful of the recommendations of the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA guidelines").

BILL RONALD

Chairman

THE COMPOSITION OF THE BOARD

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

During the period the Board comprised three non-executive Directors and three executive Directors. In view of his existing appointment as Chairman of the Group prior to admission to AIM, Bill Ronald is not considered to be independent. However, the two non-executive Directors are fully independent and therefore the Board is compliant with the Code requirement that companies below the FTSE 350 should have at least two independent directors.

HOW THE BOARD OPERATES

The Board is responsible for the Company's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. These include matters relating to:

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

BOARD MEETINGS

The Board met six times in 2016. Non-executive Directors communicate directly with executive Directors and senior management between formal Board meetings. The Board held a focused, dedicated Board meeting on strategy on 16 September 2016 and intends to continue to schedule similar meetings annually. At this meeting the Board considered key issues relevant to the Company as part of the business planning process.

Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the year:

	BOARD	AUDIT	REMUNERATION
Bill Ronald	6/6	-	2/2
Charles Rolls	6/6	-	-
Tim Warrillow	6/6	-	-
Andrew Branchflower	6/6	-	-
David Adams	6/6	2/2	2/2
Coline McConville	5/6	2/2	2/2

BOARD DECISIONS AND ACTIVITY DURING THE YEAR

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

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors one week prior to meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. As the Board is small, there is no separate nominations committee and any future recommendations for appointments to the Board will be considered by the Board as a whole. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of all the Committee terms of reference are available on the Company's website (www.fever-tree.com) or on request from the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

CONTINUED

The terms of reference of each Committee have already been reviewed by the Board during the year and it is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each Committee is comprised of non-executive Directors of the Company. The Company Secretary is the secretary of each Committee.

Audit Committee

The Audit Committee is chaired by David Adams and its other member is Coline McConville. David Adams and Coline McConville are fully independent. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and Auditor relating to the annual accounts and the accounting and internal control systems in use throughout the Group. It also advises the Board on the appointment of the Auditor, reviews their fees and discusses the nature, scope and results of the audit with the Auditor. The Audit Committee meets at least twice a year and has unrestricted access to the Group's Auditor. The Chairman, Finance Director and Chief Executive Officer attend the Committee meetings by invitation as required.

Remuneration Committee

The Remuneration Committee is chaired by Coline McConville. Its other members are Bill Ronald and David Adams. David Adams and Coline McConville are fully independent. The Remuneration Committee reviews the performance of the executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive Directors of the Company are set by the Board. The Deputy Chairman, Chief Executive and Finance Director are invited to attend for some parts of the Committee meetings where their input is required although they do not take part in any discussion on their own benefits and remuneration.

The Remuneration Report on pages 19 to 31 contains more detailed information on the Committee's role and the Directors' remuneration and fees.

BOARD EFFECTIVENESS

The skills and experience of the Board are set out in their biographical details on page 14. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

Induction of New Directors

All the Directors have been members of the Board since the Company's listing on the AIM market in November 2014 and took part in a thorough induction process prior to joining the Board. It is intended that, in the future, on joining the Board, new Directors will undergo a formal programme which will be tailored to the existing knowledge and experience of the Director concerned.

Time Commitments

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they can make the required commitment before they were appointed. This requirement is also included in their letters of appointment. The Board is satisfied that the Chairman and each of the non-executive Directors is able to devote sufficient time to the Company's business. There has been no significant change in the Chairman's other time commitments since his appointment.

Evaluation

During the year, a Board evaluation was conducted by way of questionnaire and Chairman interviews. The Board was satisfied that the Board is effective and well run. Directors used the opportunity to raise suggestions regarding the strategic direction of the Company and the Chairman ensured that these were covered by the agenda on the Board strategy day.

Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. Non-executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process. During the year the Finance Director trained the Directors on the requirements of the new Market Abuse Directive using materials developed for the Company by the Group's legal advisers.

External Appointments

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

Conflicts of Interest

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

Independent Professional Advice

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.

Directors' and Officers' Liability Insurance

The Company has purchased Directors' and Officers' liability insurance during the year as allowed by the Company's articles.

Election of Directors

In accordance with the Company's Articles of Association, Andrew Branchflower and David Adams will retire and offer themselves for re-election at the Annual General Meeting.

Internal controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- Close management of the day to day activities of the Group by the executive Directors;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and rapid implementation whilst minimising risks;
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board;
- Detailed monthly reporting of performance against budget; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review and develop its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture.

Relations with Shareholders

The Group maintains communication with institutional shareholders through individual meetings with executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are considered and questions answered. General information about the Group is also available on the Group's website (www.fever-tree.com). This includes an overview of activities of the Group and details of all recent Group announcements. The non-executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent non-executive Directors will attend meetings with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the Board's agenda.

Annual General Meeting

The Annual General Meeting of the Company will take place on 15 May 2017. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements.

AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee report for the year ended 31 December 2016.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and meeting with external auditors outside the committee schedule to ensure there is full opportunity for discussion.

MEMBERS OF THE AUDIT COMMITTEE

The Committee consists of two independent non-executive Directors: me (as Chairman) and Coline McConville. Bill Ronald, Andrew Branchflower and Tim Warrillow may attend Committee meetings by invitation if required. The Committee met twice in the year.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a chartered management accountant and I have served as Finance Director in a number of listed companies and I am currently Chair of the Audit Committees of Halfords plc, Thinksmart and Hornby plc. A representative from Prism Cossec acts as Secretary to the Committee. I report the Committee's deliberations at the next Board meeting and the minutes of each meeting are made available to all members of the Board.

DUTIES

The main duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company's website (www.fever-tree.com) and are available on request from the Company Secretary.

The main items of business considered by the Audit Committee during the year included:

- review of the financial statements and Annual Report;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the 2016 audit plan and audit engagement letter;
- review of suitability of the external Auditor;
- review of the risk management and internal control systems;
- review and approval of the interim results and dividend;
- assessment of the need for an internal audit function;
- review of whistleblowing policy and procedures; and
- meeting with the external Auditor without management present.

ROLE OF THE EXTERNAL AUDITOR

The Audit Committee monitors the relationship with the external Auditor, BDO LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external Auditor. The breakdown of fees between audit and non-audit services is provided in note 5 of the Group's financial statements. The non-audit fees relate to tax advice for the Group.

The Audit Committee also assesses the Auditor's performance. Having reviewed the Auditor's independence and performance, the Audit Committee recommends that BDO LLP be reappointed as the Company's Auditor at the next AGM.

AUDIT PROCESS

The Auditor prepares an audit plan for its review of the full year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following its review, the Auditor presented their findings to the Audit Committee for discussion. No major areas of concern were highlighted by the Auditor during the year, however, areas of significant risk and other matters of audit relevance are regularly communicated.

INTERNAL AUDIT

At present the Group does not have an internal audit function and the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one.

RISK MANAGEMENT AND INTERNAL CONTROLS

As described on page 17 of the Corporate Governance Statement, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively.

WHISTLEBLOWING

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

DAVID ADAMS

Audit Committee Chairman

REMUNERATION COMMITTEE REPORT

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the 2016 Directors' Remuneration Report, which sets out the remuneration policy and the remuneration paid to the Directors for the year.

Fever-Tree has continued to considerably outperform the market this year and is still a very fast growing company. Although we only listed on AIM in November 2014, our market capitalisation performance has been unusually good and is now over 10 times the level at IPO, ranking us in the top few companies in the AIM by market cap. However, we remain a small company, with fewer than 50 employees and a keen control of our costs. As such, our remuneration arrangements are designed to support management in its ambitious growth plan and strategy, and to enable the company to be flexible and agile in light of the fast pace of our growth.

The Remuneration Committee is aware of recent developments in corporate governance and best practice in executive remuneration and intends to make gradual adjustments to its executive remuneration arrangements to align with these where appropriate for the business. Consistent with this, the Committee reviewed Fever-Tree's executive remuneration arrangements in the year and has made a number of changes to ensure they remain appropriately aligned with best practice, shareholder interests, and continue to motivate and retain key talent. Significant changes to the Remuneration Policy include:

- Executive director shareholding guideline of 200% of salary
- Introducing malus and clawback provisions that apply to all incentives

During the year, the Committee also reviewed pay in light of our significant growth; since IPO the company's revenue has increased by 195% and EBITDA has grown by 258%. As we have grown rapidly, our pay arrangements have fallen further behind an appropriate market level and have ceased to appropriately reflect the size and complexity of our business. As such, we conducted a pay benchmarking exercise during the year against a group of comparable AIM companies (in terms of size and sector) and the Committee determined to increase the Executive Deputy Chairman and CEO's salaries to £315k and the Finance Director's to £200k, effective 1 January 2017. The Committee also determined to align the Finance Director's annual bonus opportunity with that for the Executive Deputy Chairman and CEO at 150% of salary, and to increase his LTIP award size to 200% of salary. These changes maintain our intention to weight the packages more heavily towards variable pay than typical market practice, reflecting our continued appetite to grow the business.

During the year the Committee also reviewed the Chairman's fee and we have adjusted this to a more market-appropriate level of £125k p.a. effective 1 January 2017.

The Board met separately to review the NED fees. These also have not been reviewed since 2014 and have fallen behind an appropriate market level. The base fee has therefore been adjusted to £48k p.a. In line with typical practice in the market, an additional fee of £10k p.a. has been introduced for the Chairs of the Audit and Remuneration Committees, to reflect the additional responsibilities and time commitment of these roles.

Whilst Fever-Tree is listed on the Alternative Investment Market and therefore only required to prepare remuneration disclosures on a voluntary basis, we have revised the structure of the Directors' Remuneration Report this year to improve transparency and alignment with best practice. This includes having a separate Remuneration Policy and Annual Report on Remuneration.

I look forward to meeting with you at our AGM on 15 May 2017 and will be available to answer any questions you may have.

COLINE MCCONVILLE

Chairman of the Remuneration Committee

REMUNERATION COMMITTEE REPORT

CONTINUED

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy for executive Directors. The objective of the Group's remuneration policy is to attract, motivate and retain high quality individuals who will contribute fully to the success of the Group. To achieve this objective, the Group provides competitive pay to all employees. Executive Directors' remuneration is set to create an appropriate balance between both fixed and performance-related elements. Remuneration is reviewed each year in light of the Group's business objectives and designed to support the growth strategy. It is the Committee's intention that remuneration should reward achievement of objectives and that these are aligned with shareholders' interests over the medium term.

EXECUTIVE DIRECTOR POLICY TABLE

ELEMENT (PURPOSE AND LINK TO STRATEGY)	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<p>Base salary To reflect market value of the role and individual's performance and contribution.</p>	<p>Reviewed on an annual basis, with any increases taking effect from 1 January. Payable in cash.</p> <p>The Committee reviews base salaries with reference to:</p> <ul style="list-style-type: none"> the individual's role, performance and experience; business performance and the external economic environment; salary levels for similar roles at relevant comparators; and salary increases across the Group. 	<p>Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group. In respect of existing executive Directors, the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive, for example, if the business experiences significant growth in the year.</p>	<p>Company and individual performance are considerations in setting executive Director base salaries.</p>
<p>Pension To provide market competitive pension.</p>	<p>Executive Directors may participate in the Group pension scheme.</p> <p>Salary is the only element of remuneration that is pensionable.</p>	<p>Executive Directors do not currently receive any pension, although the Committee reserves the right to introduce some pension contribution in the future, in line with the rest of the workforce.</p>	<p>Not performance related.</p>

ELEMENT (PURPOSE AND LINK TO STRATEGY)	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<p>Benefits To provide market competitive benefits.</p>	<p>Benefits may include car allowance and private health insurance. Other benefits may be awarded as appropriate and include relocation and other expatriate benefits.</p>	<p>Benefits vary by role and individual circumstances; eligibility and cost is reviewed periodically.</p> <p>The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the company's control have changed materially (e.g. increases in insurance premiums).</p>	<p>Not performance related.</p>
<p>Annual bonus To reinforce and reward delivery of annual strategic business priorities, thus delivering value to shareholders and being consistent with the delivery of the strategic plan.</p>	<p>Performance is measured on an annual basis for each financial year.</p> <p>Performance measures are reviewed prior to the start of the year to ensure they remain appropriate and reinforce the business strategy. Stretching targets are set.</p> <p>At the end of the year the Committee determines the extent to which these were achieved.</p> <p>Awards are paid in cash.</p> <p>Clawback (of any bonus paid) may be applied in the event of gross misconduct or a material mis-statement.</p>	<p>The Committee determines the maximum bonus opportunity to ensure that the overall remuneration package remains competitive.</p> <p>For FY2017, the maximum annual bonus opportunity will be 150% of salary for all executive Directors.</p> <p>25% of maximum annual bonus opportunity will be paid at Threshold, 60% at Target and 100% at Maximum, with straight-line vesting between each.</p>	<p>Performance measures are selected, and their respective weightings may vary from year to year, depending on financial and strategic priorities. Measures may include personal performance objectives provided no less than 75% of the annual bonus is based on financial measures.</p> <p>For 2017, performance measures are:</p> <ul style="list-style-type: none"> • 75% on turnover • 25% on EBITDA <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p> <p>Further details of performance conditions are provided in the Annual Report on Remuneration on page 26.</p>

REMUNERATION COMMITTEE REPORT

CONTINUED

ELEMENT (PURPOSE AND LINK TO STRATEGY)	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<p>LTIP To drive sustained long-term performance that supports the creation of shareholder value.</p>	<p>Annual awards of shares or nil-cost options may be made to participants. Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate.</p> <p>Awards made under the LTIP will have a performance period of at least three years and a minimum vesting period of three years.</p> <p>Dividend equivalents may accrue on LTIP awards and are paid on those shares which vest.</p> <p>Malus (of any unvested LTIP) and clawback (of any vested LTIP) may be applied in the event of gross misconduct or a material mis-statement.</p>	<p>The LTIP provides for annual awards of up to 300% of salary for Executive Directors. The Committee reserves the right to review the maximum opportunity to ensure that the overall remuneration package remains competitive.</p> <p>For FY2017, the LTIP opportunity will be 250% of salary for the Executive Deputy Chairman and Chief Executive Officer and 200% of salary for the Financial Director.</p> <p>Under each measure, threshold performance will result in 25% of maximum vesting for that element, rising on a straight-line to full vesting for achieving Stretch performance.</p>	<p>Vesting of LTIP awards is subject to Company performance and continued employment.</p> <p>For 2017, performance measures are:</p> <ul style="list-style-type: none"> • 75% on turnover • 25% on EBITDA <p>The Committee has discretion to adjust the performance measures to ensure that they continue to be linked to the delivery of Company strategy.</p> <p>The Committee has discretion to adjust the formulaic LTIP outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p> <p>Further details of performance conditions are provided in the Annual Report on Remuneration on page 26.</p>

NOTES TO THE POLICY TABLE

Performance measurement selection

For 2017, Turnover and EBITDA have been selected as measures for the annual bonus and LTIP as, in the current growth phase of the Company, they are the two most important key performance indicators best aligned with Fever-Tree's short- and long-term strategy. Fever-Tree operates in a segment which is attractive to new entrants and it is therefore critical to drive penetration and consequent revenue growth as fast as possible. The Committee has considered other measures but these are felt to be most appropriate to the business at this time. Returns and cashflow measures are more appropriate for more mature companies than Fever-Tree, and TSR is felt to be too volatile to be a reliable measure of Fever-Tree's performance.

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

Shareholding guidelines

The Committee continues to recognise the importance of executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines have been introduced that require executive Directors to acquire a holding equivalent to 200% of base salary. Until the relevant shareholding levels are acquired, vesting but unexercised awards are included in shareholding guidelines. Details of the executive Directors' current personal shareholdings are provided in the Annual Report on Remuneration.

NON-EXECUTIVE DIRECTOR POLICY TABLE

Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

ELEMENT (PURPOSE AND LINK TO STRATEGY)	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<p>Fees To attract and retain non-executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.</p>	<p>Chairman and non-executive Directors receive a basic fee for their respective roles. Additional fees may be payable to non-executive Directors for additional services such as acting as Senior Independent Director or as Chairman of any of the Board's Committees, etc.</p> <p>Fee levels are reviewed from time-to-time against similar roles at comparable companies, taking into account time commitment and responsibility, with any adjustments effective 1 January in the year following review.</p> <p>The fees paid to the Chairman are determined by the Committee, whilst the fees of the non-executive Directors are determined by the Board.</p>	<p>Non-executive Director fee increases are applied in line with the outcome of the annual fee review. Fees for the year commencing 1 January 2017 are set out in the Annual Report on Remuneration.</p> <p>It is expected that increases to non-executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a non-executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.</p>	<p>Not performance related.</p>

REMUNERATION COMMITTEE REPORT

CONTINUED

PAY SCENARIO CHARTS

The graphs below provide estimates of the potential future reward opportunity for each of the three current executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On Target' and 'Maximum'.

TIM WARRILLOW

CHARLES ROLLS

ANDREW BRANCHFLOWER

Potential reward opportunities illustrated above are based on the remuneration policy, applied to the base salary as at 1 January 2017. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2017. For the LTIP, the award opportunities are based on those LTIP awards which are expected to be granted in 2017. It should be noted that LTIP awards granted in a year normally vest on the third anniversary of the date of grant. The projected value of LTIP amounts excludes the impact of share price movement over the vesting period.

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

	COMPONENT	'MINIMUM'	'ON-TARGET'	'MAXIMUM'
Fixed	Base salary	Latest known salary		
	Pension	Zero		
	Other benefits	Zero		
Annual bonus		No bonus payable	Target bonus (60% of maximum)	Maximum bonus
LTIP		No LTIP vesting	Threshold vesting (25% of maximum)	Maximum vesting

APPROACH TO RECRUITMENT REMUNERATION

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

In determining appropriate remuneration for a new executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the pay arrangements are in the best interests of Fever-Tree and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the Policy, for example to buy out incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider all relevant factors including the expected value of all outstanding equity awards, the toughness of performance conditions attached to these awards and the likelihood of those conditions being met, and ensure that any replacement is on a like-for-like basis.

SERVICE CONTRACTS

Executive Directors

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

EXECUTIVE DIRECTOR	DATE OF SERVICE CONTRACT
Tim Warrillow	3 November 2014
Charles Rolls	3 November 2014
Andy Branchflower	3 November 2014

Non-Executive Directors

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

NON-EXECUTIVE DIRECTOR	INITIAL AGREEMENT DATE	EXPIRY DATE OF CURRENT AGREEMENT
Bill Ronald	16 October 2014	15 October 2017
Coline McConville	16 October 2014	15 October 2017
David Adams	16 October 2014	15 October 2017

EXIT PAYMENT POLICY

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

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

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE COMPANY

Fever-Tree remains a small company, with fewer than 50 employees. In making remuneration decisions, the Committee also considers the pay and employment conditions for our other employees. In particular, the Committee considers the range of base pay increases across the Company as a factor in determining the base salary increases for executives.

The Remuneration Committee does not specifically consult with employees over the effectiveness and appropriateness of the remuneration policy and framework, although as members of the Board, they receive updates from the executives on their discussions and consultations with employees.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee is committed to on-going dialogue with shareholders and welcomes feedback on directors' remuneration. Throughout the year, the Remuneration Committee has responded to a number of shareholders' enquiries about executive remuneration and taken their views into account for future decisions on remuneration policy and its implementation. The Committee will continue to monitor trends and developments in corporate governance, market practice and shareholder views to ensure the structure of the executive remuneration remains appropriate. Further details of shareholder consultation during the year are given on page 17.

REMUNERATION COMMITTEE REPORT

CONTINUED

ANNUAL REPORT ON REMUNERATION

The following section provides details of how Fever-Tree's remuneration policy was implemented during the financial year ending 31 December 2016.

REMUNERATION COMMITTEE MEMBERSHIP AND ACTIVITIES IN 2016

The Remuneration Committee's members are Coline McConville, who is the Chair of the Committee, Bill Ronald and David Adams. The Committee operates under the Group's agreed Terms of Reference and is responsible for reviewing all senior executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of executive Directors. The Remuneration Committee met twice during 2016.

Remuneration Committee activities during the year were as follows:

- Approval of the Directors' Remuneration Report for 2015
- Review of executive Director and non-executive Director remuneration arrangements
- Review of long-term incentives and approval of a new LTIP
- Benchmarking of executive Directors' and Chairman's total remuneration and Chairman
- Reviewed and approved the executive Directors' performance against 2015 annual objectives
- Determined performance targets for the executive Directors' 2016 bonus and LTIP awards
- Review of LTIP performance conditions in advance of making 2016 awards
- Review of developments in corporate governance and best practice
- Review of Chairman's fee

ADVISERS

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

During the year, the Committee appointed Kepler Associates, a brand of Mercer (Kepler), to provide independent advice on executive remuneration matters. Kepler is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to Kepler in relation to advice provided to the Committee for 2016 were £26,466. The Committee evaluates the support provided by Kepler annually and is comfortable that they do not have any connections with Fever-Tree that may impair their independence. No non-remuneration related advice was provided by Kepler to the Group in the year.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS

The audited table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2016 and the prior year:

	BASIC SALARY/FEEES (£K)		TAXABLE BENEFITS (£K)		PENSION (£K)		ANNUAL BONUS (£K)		LTIP (£K) ²		TOTAL (£K)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Executive Directors												
Tim Warrillow	290	230	-	-	-	-	435	230	-	-	725	460
Charles Rolls ¹	213	165	-	-	-	-	435	230	-	-	648	395
Andrew Branchflower	175	110	-	-	-	-	210	88	-	-	385	198
Non-Executive Directors												
Bill Ronald	60	60	-	-	-	-	-	-	-	-	60	60
Coline McConville	35	35	-	-	-	-	-	-	-	-	35	35
David Adams	35	35	-	-	-	-	-	-	-	-	35	35

¹ Charles Rolls is not contracted to work full time and his basic salary is pro-rated to days worked accordingly

² There were no LTIP awards vesting for performance ending in 2015 or 2016. Share options awarded on IPO will vest on 7 November 2017

INCENTIVE OUTCOMES FOR THE YEAR ENDED 31 DECEMBER 2016

Annual bonus in respect of 2016 performance

The maximum annual bonus award for 2016 was 150% of annualised salary for Tim Warrillow and Charles Rolls and 120% of salary for Andrew Branchflower. Performance was measured based 75% on turnover and 25% on EBITDA. Performance delivered in 2016 was exceptional, largely exceeding the stretch targets on both measures, resulting in a 100% bonus payout. Annual bonus performance targets for 2016 are considered to be commercially sensitive at this time and will be disclosed retrospectively within two years from the date of this report, subject to commercial sensitivity at that time.

SCHEME INTERESTS AWARDED IN 2016

2016 LTIP

In 2016, LTIP awards were granted with a face value of 250% of salary for the Chief Executive Officer and Executive Deputy Chairman and 180% of salary for the Financial Director. The awards will vest on the third anniversary of the date of grant, 24 May 2019. The performance condition is based 75% on turnover and 25% on EBITDA. The three-year performance period began on 1 January 2016 and will end on 31 December 2018.

EXECUTIVE DIRECTOR	DATE OF GRANT	FACE VALUE ¹	END OF PERFORMANCE PERIOD	PERFORMANCE MEASURES
Tim Warrillow	24 May 2016	115,299 shares (£725k)	31 December 2018	75% on turnover 25% on EBITDA
Charles Rolls	24 May 2016	115,299 shares (£725k)		(25% vests for threshold performance, increasing on a straight line to full vesting for stretch performance)
Andrew Branchflower	24 May 2016	50,095 shares (£315k)		

¹ Face value is based on the average mid-market price of an ordinary share in the Company for the two months immediately preceding the date of grant of £6.288

LTIP performance targets for 2016-18 were set taking into account internal and external reference points, to be stretching but achievable with regard to our strategic priorities and the economic environment. Targets for 2016-18 are considered to be commercially sensitive and will be disclosed retrospectively within two years from the date of this report, subject to commercial sensitivity at that time.

REMUNERATION COMMITTEE REPORT

CONTINUED

2016 Restricted Shares

In 2016, Andrew Branchflower was issued a one-off award of £88k of restricted stock to vest on the first anniversary of the date of grant, 24 May 2017, subject only to continued employment.

EXECUTIVE DIRECTOR	DATE OF GRANT	FACE VALUE ¹	END OF HOLDING PERIOD
Andrew Branchflower	24 May 2016	13,995 shares (£88k)	24 May 2017

¹ Face value is based on the average mid-market price of an ordinary share in the Company for the two months immediately preceding the date of grant of £6.288

EXIT PAYMENTS MADE IN THE YEAR

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

PAYMENTS TO PAST DIRECTORS

There were no payments to past Directors in the year.

SHAREHOLDER CONSULTATION IN THE YEAR

Since IPO in 2014, Fever-Tree has grown significantly to become one of the largest companies on AIM by market capitalisation. In view of this, and to acknowledge the fact that Fever-Tree is now a more established business, the Committee, in conjunction with its independent advisor, Kepler, undertook a review of executive Director remuneration arrangements. The results of this review indicated that executive Director remuneration was significantly below market levels and no longer appropriate for a company of Fever-Tree's size. Changes proposed as a result of this review included increases to salary and bonus opportunities, a new LTIP and an award of restricted shares made to the Financial Director in recognition of his exceptional performance and contribution to the growth in shareholder value since IPO. These changes were required to ensure:

- executive remuneration remains appropriate and aligned with the market following Fever-Tree's significant growth since IPO
- remuneration arrangements align with the forward-looking strategy
- remuneration arrangements are sufficient to motivate and retain an ambitious and highly talented executive team over the next few years
- executive Director interests are aligned with those of shareholders

During the year, the Committee engaged with several of Fever-Tree's largest shareholders on these changes and received a good level of support. However, some shareholders had concerns regarding the level of disclosure of incentive targets and the lack of a vote on remuneration. The Remuneration Committee Chair had one-on-one conversations with those concerned, and the Committee is pleased that it was able to alleviate a number of those concerns and achieve a high level of support overall. In drafting this remuneration report, we have considered requests from shareholders for greater transparency and made a number of changes to improve disclosure.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2017

Base salary

In the year, the Committee reviewed the base salary of the executive directors and considered the external economic environment, individual performance, experience and rates of salary for similar jobs in companies of similar sector and size, and salary increases across the Company. The following salary increases are proposed for 2017:

	2017 £000	2016 £000
Tim Warrillow	315	290
Charles Rolls ¹	315	290
Andrew Branchflower	200	175

¹ Charles Rolls is not contracted to work full time and his basic salary is pro-rated to days worked accordingly. His incentives are not pro-rated and are paid against full time equivalent salary.

The Committee agreed on these salary increases to reflect the exceptionally strong growth delivered, with the company's revenue having increased by 195% and EBITDA having grown by 258% since IPO. As we have rapidly grown, our pay arrangements have fallen further behind an appropriate market level and have ceased to appropriately reflect the size and complexity of our business. This was illustrated by the pay benchmarking exercise we conducted during the year, against a group of comparable AIM companies (in terms of size and sector). The executive Directors' pay arrangements continue to be weighted more heavily towards variable pay than typical market practice, reflecting our continued appetite to grow the business.

Pension

Executive Directors do not receive a pension contribution at this time, but this may be reviewed in line with the wider workforce.

Annual bonus

For 2017, the maximum bonus potential for executive Directors will be unchanged at 150% of salary for the Executive Deputy Chairman and the Chief Executive Officer and brought from 120% to 150% of salary for the Finance Director. Performance will be measured based 75% on turnover and 25% on EBITDA. Annual bonus performance targets for 2017 are considered to be commercially sensitive and will be disclosed retrospectively within two years from the date of this report, subject to commercial sensitivity at that time. The bonus will be payable entirely in cash and will be subject to clawback in the event of a material mis-statement of results or gross misconduct.

LTIP

For 2017, LTIP awards will be unchanged at 250% of salary for the Executive Deputy Chairman and the Chief Executive Officer and brought from 180% to 200% of salary for the Finance Director. LTIP awards will vest after three years based 75% on turnover and 25% on EBITDA performance over three years. Targets for 2017 LTIP awards are considered to be commercially sensitive and will be disclosed retrospectively within two years from the date of this report, subject to commercial sensitivity at that time. The award will be subject to malus and/or clawback in the event of a material misstatement of results or gross misconduct.

Chairman and Non-Executive Director fees

Chairman and non-executive Directors' fees were reviewed in the year and the following increases proposed for 2017:

	2017 £000	2016 £000
Chairman	125	60
Non-executive Director base fee	48	35
Audit and Remuneration Committee Chair fee	10	-

Following consideration of current fee levels in comparable companies and general non-executive Director fee increases across the market, it was determined that Chairman and non-executive Director fees should be brought in line with practices of boards of companies of equivalent size and market visibility.

In line with best practice, additional fees have been introduced for Chairmanship of the Audit and Remuneration Committees to reflect the increased responsibility and time commitment.

REMUNERATION COMMITTEE REPORT

CONTINUED

Pay for performance

The following chart compares the total shareholder return performance (TSR) of the Group vs. the FTSE 250 and AIM 100 indices since IPO.

The chart shows the value by 31 December 2016, of £100 invested in Fever-Tree on 7 November 2014 compared with the value of £100 invested in the FTSE 250 Index and the FTSE AIM 100 Index on the same date.

	2014 £000	2015 £000	2016 £000
CEO single figure (£000)	487	460	725
Annual bonus payout (% of maximum)	100%	100%	100%
LTIP vesting (% of maximum)	-	-	-

DIRECTORS' INTERESTS AND SHAREHOLDING

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2016:

DIRECTOR	SHARES HELD			OPTIONS HELD		S/HOLDING REQ. (% SALARY)	REQ. MET?
	ORDINARY SHARES AT 31 DECEMBER 2016	UNVESTED AND NOT SUBJECT TO PERFORMANCE	UNVESTED AND SUBJECT TO PERFORMANCE	VESTED BUT NOT EXERCISED	UNVESTED AND SUBJECT TO CONTINUED EMPLOYMENT		
Tim Warrillow	7,684,352	-	115,299	-	275,820	200%	Yes
Charles Rolls	17,427,505	-	115,299	-	275,820	200%	Yes
Andrew Branchflower	166,488	13,995	50,095	-	137,910	200%	Yes
Bill Ronald	442,771	-	-	-	-		
Coline McConville	11,253	-	-	-	-		
David Adams	15,004	-	-	-	-		

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

	DATE OF GRANT	SHARE PRICE	EXERCISE PRICE	NUMBER OF SHARES/OPTIONS AWARDED	FACE VALUE AT GRANT	PERFORMANCE PERIOD	RELEASE DATE
Tim Warrillow							
LTIP	24/05/16	628.80p ¹	0.25p	115,299	£725,000	01/01/2016 – 31/12/2018	24/05/17
Share options	07/11/14	134.00p ²	134.00p	275,820	£369,599	-	07/11/17
Charles Rolls							
LTIP	24/05/16	628.80p ¹	0.25p	115,299	£725,000	01/01/2016 – 31/12/2018	24/05/17
Share options	07/11/14	134.00p ²	134.00p	275,820	£369,599	-	07/11/17
Andrew Branchflower							
LTIP	24/05/16	628.80p ¹	0.25p	50,095	£315,000	01/01/2016 – 31/12/2018	24/05/17
Restricted stock	24/05/16	628.80p ¹	0.25p	13,995	£88,000	-	24/05/17
Share options	07/11/14	134.00p ²	134.00p	137,910	£184,799	-	07/11/17

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

² placing price under the Group's initial public offering

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2016. The Corporate Governance Statement on pages 15 to 17 also forms part of this Directors' Report.

PRINCIPAL ACTIVITY

Fevertree Drinks plc is a public limited company incorporated in the United Kingdom, registered number 08415302, which is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. Its principal activity is that of a holding and investment company.

The principal activity of the Group in the year under review continued to be that of developer and marketer of premium mixer drinks, growing sales into the UK, European, North American and wider international markets.

REVIEW OF BUSINESS

The Chairman's Statement on page 5 and the Strategic Report on pages 2 to 12 provide a review of the business, the Group's trading for the year ended 31 December 2016, key performance indicators and an indication of future developments and risks, and form part of this Directors' Report.

RESULT AND DIVIDEND

The Group has reported its Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's results for the year are set out in the Consolidated Statement of Comprehensive Income on page 36.

The Group's profit for the year was £27.5m (year ended 31 December 2015: £13.3m).

The Group's 2016 turnover of £102.2m, gross margin of 55.2% and 2016 adjusted EBITDA of £35.8m are ahead of expectations and represent a successful year for the business. The Company continued to strengthen its position within the UK mixer drink market. It also continued to cultivate its presence within overseas mixer drink markets, presently being sold in 57 countries.

The Board is pleased to recommend a final dividend of 4.71 pence per share, bringing the total dividend for 2016 to 6.25 pence per share (2015: 3.08 pence per share).

DIRECTORS

The Directors of the Company during the period were:

- WDG Ronald
- CL McConville
- DAR Adams
- C T Rolls
- TDG Warrillow
- AJ Branchflower

The names of the Directors, along with their brief biographical details are given on page 14.

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Remuneration Report on pages 19 to 31.

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

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

DIRECTORS' INDEMNITY PROVISIONS

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

POLITICAL DONATIONS

The Company made no political donations in the financial period.

DISCLOSURE OF INFORMATION TO AUDITOR

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

FINANCIAL INSTRUMENTS

The financial risk management objectives of the Group, including credit risk, interest rate risk and currency risk, are provided in Note 3 to the Consolidated Financial Statements on pages 46 to 49.

SHARE CAPITAL STRUCTURE

At 31 December 2016, the Company's issued share capital was £288,102 divided into 115,240,896 ordinary shares of 0.25p each.

The holders of ordinary shares are entitled to one vote per share at the meetings of the Company.

SHARE OPTION SCHEMES

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

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

AUDITOR

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 15 May 2017.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2016, the re-election of Directors, the reappointment of BDO LLP as Auditor and authorisation of the Directors to determine the Auditor's remuneration.

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

APPROVAL

This Directors' Report was approved on behalf of the Board on 20 March 2017.

ANDREW BRANCHFLOWER

Finance Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

WEBSITE PUBLICATION

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

INDEPENDENT AUDITOR'S REPORT

To the members of FEVERTREE DRINKS PLC

We have audited the financial statements of FEVERTREE DRINKS PLC for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and the related notes to the accounts.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006


In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material mis-statements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


SOPHIA MICHAEL

(senior statutory auditor)
For and on behalf of BDO LLP,
statutory auditor
55 Baker Street
London
W1U 7EU

20 March 2017

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTE	2016 €	2015 £
Revenue	4	102,237,354	59,252,617
Cost of sales		(45,815,263)	(28,377,765)
Gross profit		56,422,091	30,874,852
Administrative expenses		(22,049,714)	(13,606,120)
Adjusted EBITDA*		35,838,989	18,182,469
Depreciation		(249,318)	(123,924)
Amortisation		(720,000)	(720,000)
Share based payment charges		(497,294)	(69,813)
Operating profit	5	34,372,377	17,268,732
Finance costs			
Finance income	7	79,821	27,970
Finance expense	7	(150,318)	(536,189)
Profit before tax		34,301,880	16,760,513
Tax expense	8	(6,804,222)	(3,429,730)
Profit for the year and comprehensive income attributable to equity holders of the parent company		27,497,658	13,330,783
Earnings per share for profit attributable to the owners of the parent during the year			
Basic (pence)	9	23.86	11.57
Diluted (pence)	9	23.70	11.48

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share based payment charges and finance costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

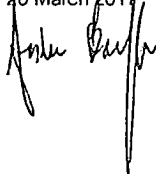
At 31 December 2016

	NOTE	2016 £	2015 £
Non-current assets			
Property, plant and equipment	10	1,163,103	589,410
Intangible assets	11	43,130,655	43,850,655
Total non-current assets		44,293,758	44,440,065
Current assets			
Inventories	13	10,523,754	6,376,673
Trade and other receivables	14	30,392,649	16,796,154
Cash and cash equivalents		32,963,225	17,641,024
Total current assets		73,879,628	40,813,851
Total assets		118,173,386	85,253,916
Current liabilities			
Trade and other payables	15	(16,128,246)	(9,256,511)
Loans and borrowings	17	-	(936,086)
Corporation tax liability		(3,761,308)	(1,642,096)
Derivative financial instruments	16	(981,071)	(267,718)
Total current liabilities		(20,870,625)	(12,102,411)
Non-current liabilities			
Loans and borrowings	17	(6,081,932)	(5,137,500)
Deferred tax liability	18	(2,228,081)	(2,590,959)
Total non-current liabilities		(8,310,013)	(7,728,459)
Total liabilities		(29,180,638)	(19,830,870)
Net assets		88,992,748	65,423,046
Equity attributable to equity holders of the Company			
Share capital	19	288,102	288,102
Share premium	19	53,521,386	53,521,386
Capital Redemption Reserve	19	93,189	93,189
Retained earnings	21	35,090,071	11,520,369
Total equity		88,992,748	65,423,046

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

ANDREW BRANCHFLOWER

Finance Director
20 March 2017



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	SHARE CAPITAL £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	RETAINED EARNINGS £	TOTAL £
Equity as at 31 December 2014	288,102	53,521,386	93,189	(635,625)	53,267,052
Profit and comprehensive income for the year	-	-	-	13,330,783	13,330,783
Dividends paid	-	-	-	(1,244,602)	(1,244,602)
Share based payments	-	-	-	69,813	69,813
Equity as at 31 December 2015	288,102	53,521,386	93,189	11,520,369	65,423,046
Profit and comprehensive income for the year	-	-	-	27,497,658	27,497,658
Dividends paid	-	-	-	(4,425,250)	(4,425,250)
Share based payments	-	-	-	497,294	497,294
Equity as at 31 December 2016	288,102	53,521,386	93,189	35,090,071	88,992,748

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 £	2015 £
Operating activities		
Profit before tax	34,301,880	16,760,513
Finance expense	150,318	536,189
Finance income	(79,821)	(27,970)
Depreciation of property, plant and equipment	249,318	123,925
Amortisation of intangible assets	720,000	720,000
Share based payments	497,294	69,813
	35,838,989	18,182,470
(Increase) in trade and other receivables	(13,596,495)	(8,405,952)
(Increase) in inventories	(4,147,081)	(2,030,505)
Increase in trade and other payables	7,585,088	5,143,693
	(10,158,488)	(5,292,764)
Cash generated from operations	25,680,501	12,889,706
Income taxes paid	(5,047,888)	(2,534,707)
Net cash flows from operating activities	20,632,613	10,354,999
Investing activities		
Purchase of property, plant and equipment	(823,011)	(361,635)
Net cash used in investing activities	(823,011)	(361,635)
Financing activities		
Interest (paid)	(141,972)	(294,021)
Interest received	79,821	27,970
Loans repaid	-	(425,000)
Dividends paid	(4,425,250)	(1,244,602)
Net cash used in financing activities	(4,487,401)	(1,935,653)
Net increase in cash and cash equivalents	15,322,201	8,057,711
Cash and cash equivalents at beginning of period	17,641,024	9,583,313
Cash and cash equivalents at end of period	32,963,225	17,641,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparation

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

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

Description of business

FeverTree Drinks plc is a public limited company domiciled in the United Kingdom. The principal activity of the Group is that of developer and supplier of premium mixer drinks.

Changes in accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRC Interpretations issued by the International Accounting Standards Board as adopted by the European Union for periods beginning 1 January 2016.

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 these financial statements, 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 2018. 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. The Group has considered the implications of IFRS 15 to have an immaterial impact.
- IFRS 9 Financial instruments (effective from 1 January 2018) 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. The Group has considered the implications of IFRS 9 to have an immaterial impact.
- IFRS 16 Leases (effective 1 January 2019) sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The Group has considered the implications of IFRS 16 to have an immaterial impact.

Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the acquisition 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.

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.

1. ACCOUNTING POLICIES CONTINUED

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.

Goodwill

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

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

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

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken annually for the reporting year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset is judged to exceed its recoverable amount (i.e. the higher of value in use or the fair value less costs to sell), the asset is written down accordingly. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

Impairment charges, and the reversal of previous impairment charges, are expensed/credited to the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

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 for both externally and internally acquired intangible assets is recognised within administrative expenses.

Intangible assets acquired as part of a business combination

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

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

INTANGIBLE ASSET	USEFUL ECONOMIC LIFE	VALUATION METHOD
Brands	20 years	Fair value

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and, where appropriate, provision for impairment in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. ACCOUNTING POLICIES CONTINUED

Property, plant and equipment

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

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

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

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 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 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 goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. 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 consolidated statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

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

Fair value through profit or loss

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

1. ACCOUNTING POLICIES CONTINUED

Other financial liabilities

- Bank loans which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. The interest expense includes initial transaction costs and premiums payable on redemption, as well as any interest coupon payable while the liability is outstanding.
- Trade payables, other borrowings and other short-term monetary liabilities 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 reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. ACCOUNTING POLICIES CONTINUED

Inventories

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

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 although the Group's activity is generated from global sales across four regions (as shown in the Chairman's statement and note 4), there is ultimately one overarching reporting and operating segment as defined under IFRS 8. Management review the performance of the Group by reference to total results against budget.

The total profit measures are operating profit, adjusted EBITDA and profit for the year, all of which are 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 statements.

Share-based payments

Where share options are awarded to employees, the fair value of the option at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where share options are cancelled, their remaining unamortised fair value is fully written off through the Consolidated Statement of Comprehensive Income.

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 the consolidated statement of comprehensive income.

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.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

(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 estimated 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 financial 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 judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact on the taxation charge made in the consolidated statement of comprehensive income 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 the fair value less costs to sell using the quoted price for the Company as a estimate of the fair value. More information including carrying values is included in note 11.

(e) Fair Value of financial instruments

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The Group determines the fair value of financial instruments that are not quoted using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

The fair value measurement of the Group's 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 financial instruments relating to foreign exchange contracts (note 16) at fair value (Level 2).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The Group is exposed to the following financial risks:

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

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

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

To the extent that financial instruments are not carried at fair value in the consolidated statement of financial position, the carrying values approximate fair values at 31 December 2016 and 31 December 2015.

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	Financial assets at fair value through profit or loss		Loans and receivables	
	2016	2015	2016	2015
	£	£	£	£
Cash and cash equivalents	–	–	32,963,225	17,641,024
Trade and other receivables	–	–	28,789,348	15,439,838
Derivative financial instruments	–	–	–	–
Total financial assets	–	–	61,752,753	33,080,862

FINANCIAL LIABILITIES	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	31 DECEMBER 2016	31 DECEMBER 2015	31 DECEMBER 2016	31 DECEMBER 2015
	£	£	£	£
Trade and other payables	–	–	14,812,574	9,015,964
Loans and borrowings	–	–	6,081,932	6,073,586
Derivative financial instruments	981,071	267,718	–	–
Total financial liabilities	981,071	267,718	20,894,506	15,089,550

Cash and cash equivalents are categorised as loans and receivables.

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

Derivative financial instruments forward currency contracts are categorised as financial assets at fair value through profit or loss.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2016 the Group has net trade receivables of £27,478,988 (2015: £14,368,750).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

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 ageing of overdue debtors is included in note 14.

Some provisions have been recognised but no material provisions have been recognised for bad and doubtful debts.

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

Liquidity risk

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

The Group actively manages its cash and currently holds substantial cash balances in Sterling, US Dollars and Euros. The Group also has access to additional equity funding and, for short-term flexibility, a revolving credit facility is arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. See bank loans note (note 17).

Liquidity timing

	WITHIN ONE YEAR £	ONE TO TWO YEARS £	TWO TO FIVE YEARS £	OVER FIVE YEARS £
31 DECEMBER 2016				
Trade and other payables	14,812,574	-	-	-
Bank borrowings principal	-	-	6,075,000	-
Bank borrowings interest	78,621	71,689	5,974	-
Derivative financial instruments	981,071	-	-	-
	WITHIN 1 YEAR £	ONE TO TWO YEARS £	TWO TO FIVE YEARS £	OVER FIVE YEARS £
31 DECEMBER 2015				
Trade and other payables	9,015,964	-	-	-
Bank borrowings principal	37,500	937,500	4,200,000	-
Bank borrowings interest	232,826	201,757	234,696	-
Derivative financial instruments	267,718	-	-	-

For further details on bank loans, see note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Market risk

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

(a) Interest rate risk

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

The Group carries significant borrowings. Interest on bank loans has a variable element and to mitigate this risk historically the Group had an Interest Swap arrangement in place at 31 December 2015 over three quarters of the loan balance, which ceased in March 2016. Changes in the fair value of the interest rate swap and the interest on borrowings are both recognised in profit or loss.

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

(b) Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group is exposed to transaction foreign exchange risk as it operates within the USA and Europe where transactions are predominantly denominated in US Dollars and Euros respectively.

The carrying value of the Group's foreign currency denominated assets comprise the trade receivables held in currencies other than Sterling are detailed 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 immaterial impact on both the result for the year and equity.

Forward contracts are used to manage 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 consolidated statement of financial position at the rate of exchange at the period end. Derivative instruments are carried at fair value.

At 31 December 2016 there were commitments to purchase foreign currency exchange forward contracts with a total Sterling value of approximately £22.8 million (2015: £10.4 million) in Euros and US Dollars. All contracts mature within 12 months of the reporting date.

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

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Non-financial risk management

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

Capital Management

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

	2016 £	2015 £
Revenue arises from:		
Sale of goods	102,237,354	59,252,617
Analysis of concentration of customers top 3 and other:		
Customer 1	11%	12%
Customer 2	5%	7%
Customer 3	5%	5%
Other	79%	76%
	100%	100%

An analysis of turnover by geographical market is given below:

	2016 £	2015 £
United Kingdom	44,685,328	20,460,667
United States of America	21,273,333	13,690,012
Europe	31,114,109	22,360,850
Rest of the World	5,164,584	2,741,088
	102,237,354	59,252,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5 PROFIT FROM OPERATIONS

Operating profit is stated after charging:

	2016 £	2015 £
Foreign exchange realised gain/(loss)	(703,516)	341,371
Foreign exchange unrealised gain/(loss)	(915,413)	(163,197)
Depreciation of property, plant and equipment	249,318	123,924
Amortisation of intangible assets	720,000	720,000
Operating lease payments		
– Premises	112,033	69,408
– Vehicles	24,457	17,170
Logistics and warehousing	6,806,546	4,348,834
Discretionary marketing	8,782,466	5,747,332
Auditor's remuneration:		
Fees for audit of the Company	24,500	28,750
Fees for audit of subsidiaries	40,000	28,750
Taxation services	34,170	35,500

6. STAFF COSTS

	2016 £	2015 £
Wages and salaries	4,232,873	2,341,324
Share based payments	497,294	69,813
Social security costs	592,162	450,785
Employers national insurance	626,955	170,640
	5,949,284	3,032,562

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

	2016 £	2015 £
Sales & Marketing	26	17
Production and Administration	14	12
	40	29

	2016 £	2015 £
Directors' remuneration, included in staff costs		
Salaries	805,377	635,128
Bonuses	1,080,000	548,000
Share based payments	448,064	53,394
	2,333,441	1,236,522

6. STAFF COSTS CONTINUED

Total remuneration regarding the highest paid Director is as follows:

	£	€
	725,000	460,000

7. FINANCE INCOME AND EXPENSES

	2016 £	2015 €
Finance income		
Bank interest	79,821	27,970
	79,821	27,970
Finance expense		
Bank loan interest	141,972	294,223
Loan fee amortisation	8,346	238,410
Fair value adjustment on derivative instruments	-	3,556
	150,318	536,189

8. INCOME TAX

	2016 £	2015 €
Current tax expense		
Current tax on profits for the period	7,105,389	3,516,847
Adjustment in respect of prior period	61,711	162,973
US state income tax	-	(161,388)
	7,167,100	3,518,432
Deferred tax expense		
Origination and reversal of temporary differences	(89,278)	(88,702)
Impact on deferred tax of the change in tax rate	(273,600)	-
	(362,878)	(88,702)
Total tax expense	6,804,222	3,429,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

8. INCOME TAX CONTINUED

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

	2016 £	2015 £
Profit for the year	34,301,880	16,760,513
Expected tax charge based on corporation tax rate of 20% in 2016 (20.25% in 2015)	6,860,376	3,394,004
Expenses not deductible for tax purposes	155,736	34,141
Adjustment in respect of prior period	61,710	162,973
Impact on deferred tax of the change in the tax rate	(273,600)	-
US state income tax	-	(161,388)
Total tax expense	6,804,222	3,429,730

9. EARNINGS PER SHARE

Basic earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial year of 115,240,896 (2015: 115,240,896). Diluted earnings per ordinary share are calculated with reference to 116,034,569 (2015: 116,094,588) ordinary shares. The effect of the exercise of options on the weighted average number of ordinary shares in issue is 793,673 (2015: 853,692).

	2016 £	2015 £
Profit		
Profit used in calculating basic and diluted EPS	27,497,658	13,330,783
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	115,240,896	115,240,896
Weighted average number of employee share options outstanding	793,673	853,692
Weighted average number of shares for the purpose of diluted earnings per share	116,034,569	116,094,588
Basic earnings per share (pence)	23.86	11.57
Diluted earnings per share (pence)	23.70	11.48

Earnings have been adjusted to exclude amortisation and the statutory tax rates have been applied (disregarding other tax adjusting items).

9. EARNINGS PER SHARE CONTINUED

NORMALISED EPS	2016 £	2015 £
Profit		
Reported profit before tax	34,301,880	16,760,513
Add back:		
Amortisation	720,000	720,000
Adjusted profit before tax	35,021,880	17,480,513
Tax – assume standard rate (20%/20.5%)	(7,004,376)	(3,539,804)
Normalised Earnings	28,017,504	13,940,709
Number of shares		
	115,240,896	115,240,896
Basic earnings per share (pence)	24.31	12.10

10. PROPERTY, PLANT AND EQUIPMENT

	REUSABLE CRATES £	MOTOR VEHICLES £	FIXTURES AND FITTINGS £	COMPUTER EQUIPMENT £	TOTALS £
Cost					
At 31 December 2014	300,954	87,416	32,838	35,157	456,365
Additions	361,281	–	354	–	361,635
At 31 December 2015	662,235	87,416	33,192	35,157	818,000
Additions	613,140	63,460	146,411	–	823,011
At 31 December 2016	1,275,375	150,876	179,603	35,157	1,641,011
Depreciation					
At 31 December 2014	51,013	23,129	11,854	18,670	104,666
Charge for the year	84,887	17,483	11,333	10,221	123,924
At 31 December 2015	135,900	40,612	23,187	28,891	228,590
Charge for the year	172,854	27,444	43,955	5,065	249,318
At 31 December 2016	308,754	68,056	67,142	33,956	477,908
Net book value					
At 31 December 2016	966,621	82,820	112,461	1,201	1,163,103
At 31 December 2015	526,335	46,804	10,005	6,266	589,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

11. INTANGIBLE ASSETS

	GOODWILL £	BRANDS £	TOTALS £
Cost			
At 31 December 2014, 2015 and 2016	31,469,614	14,400,000	45,869,614
Amortisation			
At 31 December 2014	-	1,298,959	1,298,959
Charge for the year	-	720,000	720,000
At 31 December 2015	-	2,018,959	2,018,959
Charge for the year	-	720,000	720,000
At 31 December 2016	-	2,738,959	2,738,959
Net book value			
At 31 December 2016	31,469,614	11,661,041	43,130,655
At 31 December 2015	31,469,614	12,381,041	43,850,655

Intangible assets represent the fair value at the 12 March 2013 acquisition date of the "Fever-Tree" brand. The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the Brands. The key management assumptions are around growth forecasts (over 20 years and at an ongoing growth rate of 3%), discount factors (a discount factor of 20% was used) and royalty percentage utilised. A brand useful life of 20 years has been deemed appropriate and projected cash flows have been discounted over this period.

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

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

12. SUBSIDIARIES

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

NAME	PRINCIPAL ACTIVITY	2016 OWNERSHIP %	2015 OWNERSHIP %
Fevertree Limited	Development and sale of premium mixer drinks	100%	100%

The Company acquired Fevertree Limited, registered in the UK (at the same registered company address on the company information page), on 12 March 2013.

13. INVENTORIES

	2016 £	2015 £
Raw materials	2,905,917	1,670,776
Finished goods	7,617,837	4,705,897
	10,523,754	6,376,673

The cost of inventories recognised as an expense and included in the cost of sales amounted to £38,516,988 (2015: £23,617,804).

14. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Trade receivables	28,434,855	14,934,537
Bad debt provision	(955,867)	(565,787)
Net trade receivables	27,478,988	14,368,750
Other receivables	1,310,360	1,071,088
Total financial assets other than cash and cash equivalents classified as loans and receivables	28,789,348	15,439,838
Prepayments	1,566,955	1,233,399
Recoverable VAT	36,346	122,917
Total trade and other receivables	30,392,649	16,796,154

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

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

Trade and other receivables that have not been received within the payment terms agreed are classified as overdue. The ageing of these overdue amounts excluding provisions at 31 December is as follows:

	2016 £	2015 £
Less than 30 days	3,653,754	1,799,637
Over 30 days	2,897,464	1,321,226
	6,551,218	3,120,863

The provision for impairment is analysed as follows:

	2016 £	2015 £
Balance at beginning of the period	565,787	196,343
Increase in provision	390,080	369,444
Balance at end of the period	955,867	565,787

The creation and release of provision for impaired receivables has been included in the Consolidated Statement of Comprehensive Income under administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. TRADE AND OTHER RECEIVABLES CONTINUED

Receivables held in currencies other than Sterling are as follows:

	2016 £	2015 £
Euro	4,384,953	4,877,163
US Dollar	3,632,132	2,584,162
Other	300,278	279,014
	8,317,363	7,740,339

15. TRADE AND OTHER PAYABLES

CURRENT	2016 £	2015 £
Trade payables	6,531,657	4,100,946
Accruals	6,796,007	3,957,679
Other	1,484,910	957,339
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	14,812,574	9,015,964
Social security & other taxes	1,315,672	240,547
Total trade and other payables	16,128,246	9,256,511

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

No significant balances were denominated in currencies other than the Group's reporting currency.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 £	2015 £
Foreign currency exchange contracts	(981,071)	(267,297)
Interest rate swaps	-	(421)
Total derivative financial instruments	(981,071)	(267,718)

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

The fair value of foreign exchange and interest swap derivatives is based on bank valuations. The fair value of foreign exchange contracts are based on the forward exchange rates as at the balance sheet date.

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

The movement in fair value on forward contracts (2016: (713,353), 2015: (275,213)) has been included within the unrealised losses stated in note 5 along with the foreign exchange movements in debtors and cash balances.

17. LOANS AND BORROWINGS

	2016 £	2015 £
Bank loans	6,081,932	6,073,586
Total loans and borrowings	6,081,932	6,073,586
Classified as follows:		
Bank loans	-	936,086
Current portion	-	936,086
Bank loans	6,081,932	5,137,500
Non-current portion	6,081,932	5,137,500

Note the full sum of bank loans above is considered non-current given that Fevertree Drinks Plc refinanced to a three year fixed term deal in January 2016. The previous terms were extinguished and the business undertook a £10,000,000 Revolving Credit Facility at a rate of 0.60% above LIBOR with additional fees of 0.20% on utilised amounts and 0.24% on non-utilised amounts, in place of the existing bank loans. This also led to an acceleration of bank loan issue costs being amortised.

18. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the substantially enacted corporation tax rates. The movement on the deferred tax account is as shown below:

	2016 £	2015 £
Opening balance	2,590,959	2,679,661
Recognised in profit and loss	(362,878)	(88,702)
Closing balance	2,228,081	2,590,959

Details of the deferred tax liability are as follows:

	ACCELERATED CAPITAL ALLOWANCES £	FAIR VALUATION OF INTANGIBLE ASSETS £	OTHER TEMPORARY DIFFERENCES	CREDITED TO STATEMENT OF COMPREHENSIVE INCOME £
At 31 December 2014	81,088	2,620,208	(21,635)	2,679,661
Comprehensive income credit	55,298	(144,000)	-	(88,702)
At 31 December 2015	136,386	2,476,208	(21,635)	2,590,959
Comprehensive income credit	(15,145)	(369,368)	21,635	(362,878)
At 31 December 2016	121,241	2,106,840	-	2,228,081

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

19. SHARE CAPITAL

	2016 NUMBER	2016 €	2015 NUMBER	2015 €
Ordinary shares of £0.0025 each				
At beginning and end of the period	115,240,896	288,102	115,240,896	288,102

The movement on the share premium and capital redemption reserves are reconciled as follows:

	SHARE PREMIUM 2016 €	CAPITAL REDEMPTION 2016 €	SHARE PREMIUM 2015 €	CAPITAL REDEMPTION 2015 €
Balance at beginning and end of the period	53,521,386	93,189	53,521,386	93,189

20. SHARE BASED PAYMENTS

In November 2014 the Group established two incentive plans whereby share options are granted to employees. In May 2016 the Group established a third "LTIP" incentive plan to grant share options to employees.

The Company Share Option Plan ("CSOP")

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

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

Unapproved Scheme

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

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

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

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

Long Term Incentive Plan ("LTIP")

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

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

20. SHARE BASED PAYMENTS CONTINUED

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

	2016	
	NUMBER OF SHARES NUMBER	WEIGHTED AVERAGE EXERCISE PRICE £
CSOP		
Outstanding at beginning of the year	163,320	1.47
Granted	-	-
Outstanding at the end of the year	163,320	1.47
Vested and exercisable	Nil	Nil
	2015	
	NUMBER OF SHARES NUMBER	WEIGHTED AVERAGE EXERCISE PRICE £
CSOP		
Outstanding at beginning of the year	156,713	1.34
Granted	6,607	4.54
Outstanding at the end of the year	163,320	1.47
Vested and exercisable	Nil	Nil
	2016	
	NUMBER OF SHARES NUMBER	WEIGHTED AVERAGE EXERCISE PRICE £
Unapproved scheme		
Outstanding at beginning of the year	708,947	1.44
Granted	-	-
Outstanding at the end of the year	708,947	1.44
Vested and exercisable	Nil	Nil
	2015	
	NUMBER OF SHARES NUMBER	WEIGHTED AVERAGE EXERCISE PRICE £
Unapproved scheme		
Outstanding at beginning of the year	685,818	1.34
Granted	23,129	4.54
Outstanding at the end of the year	708,947	1.44
Vested and exercisable	Nil	Nil
	2016	
	NUMBER OF SHARES NUMBER	WEIGHTED AVERAGE EXERCISE PRICE £
LTIP		
Outstanding at beginning of the year	-	-
Granted	315,363	0.0025
Outstanding at the end of the year	315,363	0.0025
Vested and exercisable	Nil	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

20. SHARE BASED PAYMENTS CONTINUED

The weighted average grant date fair value of options granted during the period was determined at £6.02 per option. The outstanding options have a weighted average remaining contractual life of eight years and exercise prices between £0.0025 and £4.54. The weighted average share price at date of grant for options granted during the period was £6.99.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	2016	2015
Risk-free interest rate	0.61%	0.71%
Expected life	5 years	5 years
Expected volatility	31.76%	34.10%
Expected dividend yield	0.87%	1.25%

For 2016 option grants, a volatility of 31.76% has been used reflecting the historical volatility based on share transactions since listing. The maximum vesting period was used as a basis to determine the expected life of the option. The expected life used in the valuation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free rate was based on the Bank of England spot yields in effect at the time of grant. The expected dividend yield reflects management's and market expectations based on budget projections.

The Group recognised total expenses of £497,294 relating to equity-settled share-based payments in 2016 (2015: £69,813).

21. RESERVES

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

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

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

22. DIVIDENDS

In the current period dividends were paid with a value of £4,425,250. Dividends of £1,244,602 were paid in the prior year. The Directors are proposing a final dividend of 4.71 pence per share - £5,427,846. This dividend has not been accrued in the consolidated statement of financial position.

23. OPERATING LEASES

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

	2016 £	2015 £
Land and buildings		
Not later than one year	103,783	94,055
Later than one year and not later than five years	150,590	261,427
	254,373	355,482
Other leases		
Not later than one year	11,384	11,384
Later than one year and not later than five years	5,419	16,802
	16,803	28,186
	271,176	383,668

24. RELATED PARTY TRANSACTIONS

Compensation of key management personnel (this is deemed to be the Directors):

	2016 £	2015 £
Short-term employee benefits	805,377	635,128
Accrued bonus	1,080,000	548,000
Share based payments	448,065	53,394
Employers national insurance	626,955	170,640
	2,960,397	1,407,162

25. ULTIMATE CONTROLLING PARTY

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

COMPANY BALANCE SHEET

At 31 December 2016

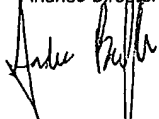
COMPANY NUMBER 08415302	NOTE	2016 £	2015 £
Fixed assets			
Fixed asset investments	3	60,493,564	60,493,564
Current assets			
Debtors	4	8,289,123	5,946,599
Cash at bank and in hand		17,481,200	3,606,816
		25,770,323	9,553,415
Creditors: amounts falling due within one year	5	(2,172,983)	(2,047,329)
Derivative financial instrument		-	(421)
		(2,172,983)	(2,047,750)
Net current assets		23,597,340	7,505,665
Total assets less current liabilities		84,090,904	67,999,229
Creditors: amounts falling due after more than one year	6	(6,081,932)	(5,137,500)
Net assets		78,008,972	62,861,729
Capital and reserves			
Called up share capital	7	288,102	288,102
Share premium	8	53,521,386	53,521,386
Capital redemption reserve	8	93,189	93,189
Profit and loss account	8	24,106,295	8,959,052
Shareholders' funds		78,008,972	62,861,729

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent company has not been presented. The parent company's profit for the year was £19,075,199 (2015: £6,865,677).

The financial statements were approved by the Board of Directors on 14 and were signed on its behalf by:

ANDREW BRANCHFLOWER

Finance Director



20 March 2017

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	SHARE CAPITAL €	SHARE PREMIUM €	CAPITAL REDEMPTION RESERVE €	RETAINED EARNINGS €	TOTAL €
Adjusted equity as at 31 December 2014	288,102	53,521,386	93,189	3,268,164	57,170,841
Comprehensive income for the year	-	-	-	6,865,677	6,865,677
Dividends paid	-	-	-	(1,244,602)	(1,244,602)
Share based payments	-	-	-	69,813	69,813
Equity as at 31 December 2015	288,102	53,521,386	93,189	8,959,052	62,861,729
Comprehensive income for the year	-	-	-	19,075,199	19,075,199
Dividends paid	-	-	-	(4,425,250)	(4,425,250)
Share based payments	-	-	-	497,294	497,294
Equity as at 31 December 2016	288,102	53,521,386	93,189	24,106,295	78,008,972

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Fevertree Limited have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling.

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

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

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

- Share based payments;
- Business combinations;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and

The following principal accounting policies have been applied:

Investments

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

Deferred tax

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 nor 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.

1 ACCOUNTING POLICIES CONTINUED

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

Financial instruments

The Company does not hold or issue derivative financial instruments for trading purposes.

Share-based payments

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

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

2. STAFF COSTS

Compensation of key management personnel, consisting of 3 executive Directors and 3 non-executive Directors.

	2016 £	2015 £
Short-term employee benefits	805,377	635,128
Accrued bonus	1,080,000	548,000
Share based payments	448,065	53,394
Employers national insurance	626,955	170,640
	2,960,397	1,407,162

3 FIXED ASSET INVESTMENT

	SUBSIDIARY UNDERTAKINGS £
At 31 December 2015 and 2016	60,493,564

4 DEBTORS

	2016 £	2015 £
Amounts owed by Group undertakings	7,986,769	5,803,730
Other debtors	302,354	142,869
	8,289,123	5,946,599

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans (see note 5)	–	936,085
Trade creditors	90,687	20,928
Other taxation and social security	798,679	273,487
Accruals	1,283,617	816,828
	2,172,983	2,047,329

6 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Bank loans	6,081,932	5,137,500
	6,081,932	5,137,500

Note the full sum of bank loans above is considered non-current given that Fevertree Drinks plc refinanced to a three year fixed term deal in January 2016. The previous terms were extinguished and the business undertook a £10,000,000 Revolving Credit Facility at a rate of 0.60% above LIBOR with additional fees of 0.20% on utilised amounts and 0.24% on non-utilised amounts, in place of the existing bank loans. This also led to an acceleration of bank loan issue costs being amortised.

7. SHARE CAPITAL

See consolidated accounts note 19 for share capital section.

8 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow Group companies. Related party transactions with key management personnel (including Directors) are shown in note 24 of the consolidated financial statements.

9 SHARE-BASED PAYMENTS

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

Details of the share options in existence are shown in note 20 of the Consolidated Financial Statements.

COMPANY INFORMATION

REGISTERED OFFICE

Kildare House
3 Dorset Rise
London
EC4Y 8EN

HEAD OFFICE

Unit 38/39
Chelsea Wharf
15 Lots Road
London
SW10 0QJ

COMPANY WEBSITE

www.fever-tree.com

COMPANY SECRETARY

Prism Cosec Limited

ADVISERS

Nominated Adviser and Broker

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Legal advisers to the Company

Osborne Clarke
One London Wall
London
EC2Y 5EB

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

REGISTRARS

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

FEVERTREE DRINKS PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the "AGM") of Fevertree Drinks plc (the "Company") will be held at the office of FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD on 15 May 2017 at 11:30 a.m. for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2016 together with the directors' reports and the auditors' report on those annual accounts.

2. Declaration of dividend

To declare a final dividend of 4.71p per ordinary share for the year ended 31 December 2016 payable on 26 May 2017 to shareholders who are on the register of members of the Company on 21 April 2017.

3. Re-election of David Adams

To re-elect David Adams as a director, who retires by rotation in accordance with the Company's articles of association.

4. Re-election of Andrew Branchflower

To re-elect Andrew Branchflower as a director, who retires by rotation in accordance with the Company's articles of association.

5. Re-appointment of auditors

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

6. Auditors' remuneration

To authorise the directors to determine the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions.

7. Directors' authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551, Companies Act 2006 (the "Act"):

- 7.1 to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £96,000 provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

8. Directors' power to issue shares for cash

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and they are empowered to allot equity securities (as defined in Section 560 of the Act of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 7 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:

- (a) the power conferred by this resolution shall be limited to:

(i) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 7, by way of a rights issue only):

- (A) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

(B) to holders of any other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

(ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £14,000; and

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

9. Authority to purchase shares (market purchases)

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

9.1 the maximum number of Ordinary Shares authorised to be purchased is 11,524,000;

9.2 the minimum price which may be paid for any such Ordinary Share is 0.25p;

9.3 the maximum price which may be paid for an Ordinary Share shall be the higher of:

- (a) an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
- (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and

9.4 this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

Dated: 5 April 2017

Registered Office:
Kildare House
3 Dorset Rise
London
EC47 8EN

By order of the Board

PRISM COSEC LIMITED
Company Secretary

FEVERTREE DRINKS PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at the close of business on 11 May 2017 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
2. If you wish to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to prove your identity in order to gain admission.
3. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
4. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: Either by the appointment of a proxy (described in Note 6 below) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
5. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 9 a.m. on the day of the AGM until its conclusion: Copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings.
6. CREST members who wish to appoint a proxy or proxies through the CREST proxy appointment service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Capita Registrars, RA10 by 11.30 a.m. on 11 May 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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

FEVERTREE DRINKS PLC

NOTICE OF ANNUAL GENERAL MEETING - EXPLANATORY NOTES

Resolution 1 – Receiving the account and reports

All quoted companies are required by law to lay their annual accounts before a general meeting of the Company, together with the directors' reports and auditors' report on the accounts. At the AGM, the directors will present these documents to the shareholders for the financial year ended 31 December 2016.

Resolution 2 – Declaration of dividend

This resolution concerns the Company's final dividend payment. The directors are recommending a final dividend of 4.71p per ordinary share in respect of the year ended 31 December 2016 which, if approved, will be payable on 26 May 2017 to the shareholders on the register of members on 21 April 2017.

Resolution 3 – Re-election of David Adams

This resolution concerns the re-election of David Adams who is retiring at the meeting by rotation in accordance with the Company's articles of association.

Resolution 4 – Re-election of Andrew Branchflower

This resolution concerns the re-election of Andrew Branchflower who is retiring at the meeting by rotation in accordance with the Company's articles of association.

Resolution 5 – Re-appointment of auditors

This resolution concerns the re-appointment of BDO LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

Resolution 6 – Auditors' remuneration

This resolution authorises the directors to fix the auditors' remuneration.

Resolution 7 – Directors' power to allot shares

This resolution grants the directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £96,000, representing approximately one third of the nominal value of the issued ordinary share capital of the Company as at 20 March 2017, being the latest practicable date before publication of this notice.

The directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 8 – Directors' power to issue shares for cash for pre-emptive issues and general purposes

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £14,000, representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 20 March 2017 being the latest practicable date before publication of this notice). Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 18 months after the passing of the resolution, whichever is the earlier.

FEVERTREE DRINKS PLC

NOTICE OF ANNUAL GENERAL MEETING - EXPLANATORY NOTES

Resolution 9 – Authority to purchase shares (market purchase)

This resolution authorises the board to make market purchases of up to 11,524,000 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 20 March 2017, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier. The directors intend to seek renewal of this authority at subsequent Annual General Meetings.

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

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

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

SHAREHOLDERS' NOTES